

REGISTERED NUMBER 05108142 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2015
for
Alpha FX Limited**



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for the Year Ended 31 December 2015**

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Alpha FX Limited

**Company Information
for the Year Ended 31 December 2015**

DIRECTORS:

M J Tillbrook
M P Tillbrook
L J Halfnight
J C Currie
T Georgeson

REGISTERED OFFICE:

5th Floor
Brunel House
17-27 Station Road
Reading
Berkshire
RG1 1LG

REGISTERED NUMBER:

05108142 (England and Wales)

AUDITORS:

Grunberg & Co Limited
Chartered Accountants & Statutory Auditors
10-14 Accommodation Road
Golders Green
London
NW11 8ED

BANKERS:

Lloyds TSB Plc
25 Gresham Street
London
EC2V 7HN

**Strategic Report
for the Year Ended 31 December 2015**

The Directors present their strategic report for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

Alpha provides outsourced treasury support and execution services for corporates exposed to currency market volatility. Activities range from initial design and implementation of hedging strategies, to ongoing management and monitoring of currency market risks.

REVIEW OF BUSINESS

Alpha has already established itself as a leading provider of foreign exchange risk management services. We now intend to strengthen our market position through talent acquisition and professional development, as we continue to build on our own high standards in 2016.

2015 was another record breaking year for Alpha. Revenues, profits and staff numbers all grew significantly, as we set about advancing our position as the leading provider for foreign exchange risk management services to the mid-cap market. Against this backdrop of growth, we made a number of key appointments to our management team, whilst consolidating our internal controls and compliance, ensuring the company maintains solid foundations as we look to scale in the future.

Alpha's Directors have reported an operating profit for the year of £2,994,657 (2014: £1,437,405), resulting in a profit before tax of £2,966,199 (2014: £1,434,036). These results represent increases of 108% and 107% respectively from 2014.

In addition, Alpha has increased its currency turnover to £1,172,250,867 (a 106% increase on 2014's figure of £568,601,970). Therefore, the Directors can confirm that combined with a significant rise in profits, Alpha's sixth year of trading has been extremely successful.

Key Performance Indicators	2015 £	2014 £	
Turnover	1,172,250,867	568,601,970	+106%
Gross Profit	5,137,801	2,959,887	+74%
Net Profit Before Tax	2,966,199	1,434,036	+107%
Shareholder Funds	4,045,314	1,972,590	+105%
Working Capital	4,679,894	2,510,915	+86%
Cash	6,083,216	3,737,889	+63%

Alpha continues to maintain high levels of client retention, whilst also accelerating the pace of new client acquisitions. This momentum is also driven by increasing brand awareness in the marketplace, with an increasing number of recommendations and referrals.

In order to protect and develop our market share, The Board is consistently exploring new ways of improving our service. Looking to 2016, specific focus will be placed on streamlining our client offering, whilst developing internal systems and operations that will enable our team to enhance our service delivery and reputation.

As part of this drive, Alpha invested heavily in technology during 2015 and is due to launch an upgraded client portal in Q1 of 2016. This will host a range of new capabilities to simplify and enhance user experience. As well as this, a number of security upgrades have been introduced, including the integration of two-factor authentication. To support this internally, we have also introduced more straight-through processing, minimising potential for error, whilst accelerating settlement speeds. This will ultimately improve efficiency and profitability along with client experience.

When it comes to recruitment, our focus on 'quality over quantity' has always ensured Alpha maintains high levels of profitability, with revenue generation per head substantially increasing in 2015. As the business expands our focus will continue on recruiting and retaining high calibre employees, as well as maximising performance through training and development. In support of this, we have recently moved to a new office in Reading, investing significantly to provide an inspiring and positive working environment.

The Board have agreed to launch an employee share scheme to reward committed employees and further motivate the team to strengthen our position in the market.

Alpha FX Limited

Strategic Report for the Year Ended 31 December 2015

2015 has been another year of significant and proportionate growth across all key performance indicators. The Directors are therefore delighted to confirm Alpha's sixth year of trading has once again been extremely rewarding and look forward to delivering again in 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing Alpha are as follows:

Operational Risk

This is the risk of a direct or indirect loss resulting from inadequacies or failures in projects, processes or controls, due to, technology, staff, organisational or external factors. To monitor and control operational risk, Alpha maintains a system of comprehensive policies and controls, which provide a sound and well-disciplined operational environment.

Liquidity

The Directors are aware that it is imperative to maintain sufficient liquidity to meet our working capital requirements, and ensure trading is resilient to adverse market conditions. Alpha subsequently monitors its liquidity levels in accordance with our Risk Framework and has mitigations in place to reduce risks to liquidity. The Company's counterparty relationships are operated via ISDA's, which increases liquidity and lowers the administrative burden, as well as reflecting our true risk position.

Market Risk

Alpha operates as a match principal broker and does not have a proprietary trading book. It is therefore not subject to direct market risk arising from positions held. It is recognised however that Alpha may occasionally be subject to market risk during the settlement process, if a client fails to settle a transaction. This Pre-Settlement Risk is taken into account within the credit assessment of our clients by setting and maintaining deposit and variation margin levels relevant to the financial standing of each client and the currency to be settled.

Credit Risk

A client's failure to settle a contracted trade carries the risk of loss equal to the prevailing fair value of the trade. Alpha employs stringent internal procedures and on-going monitoring to ensure the individual risk of any one client defaulting is never material in the context of our business.

The possibility of Concentration Risk exists in the level of aggregated exposure to our clients' unsettled transactions. Alpha controls this exposure to clients through the application of customer parameters, including: individual product limits, notional limits, and real-time aggregated exposure valuations (based on the mark-to-market exposure of their unsettled foreign exchange contracts). This monitoring restricts the acceptance of further client exposure when any one of the limits is exceeded.

Settlement Credit Risk

Settlement Risk is the risk that, on settlement date a client defaults on their contractual obligation to make payment for a transaction after the corresponding value has been paid away by Alpha to the client. In practice, Alpha is not exposed to this risk as settlement is invariably effected on a 'Delivery-versus-Payment' ('DvP') basis. Alpha has stringent controls in place to ensure we are not exposed to Settlement Risk.

Accidental Positions

Alpha is exposed to market risk in relation to accidental positions in foreign exchange contracts arising as a result of our failure to match counterparties' orders precisely with our client's orders. Alpha's risk management principles and policies minimise the likelihood of such trade mismatches and, in the event that any do arise, our policy is to immediately correct the position.

Alpha FX Limited

Strategic Report for the Year Ended 31 December 2015

Regulatory Risk

Alpha is exposed to regulatory risk from non-compliance and future changes in regulation that would impact the business. To ensure Alpha continues to remain compliant with regulation, great lengths have been taken to foster a culture of compliance throughout all levels of the business. Significant time and resources have also been invested in developing appropriate systems and controls. All staff take part in ongoing in-house compliance training programmes, supported by external courses for Senior Management. To uphold and enforce Alpha's robust controls, we are pleased to announce that Manmeet Singh was appointed as Director of Risk & Compliance. Manmeet has significant experience across both Risk & Compliance, joining us from The British Business Bank where he also held the position of Director of Risk & Compliance.

The Board is aware that 'Regulation' is only likely to become more stringent. Evidence of this can be seen in European Markets Infrastructure Reporting (EMIR) and possible ramifications of MiFIDII and UK GAAP changes. Whilst the reporting burden will inevitably require an increase in time and resources, the company ultimately embraces moves to tighten regulations, since it increases barriers to entry, whilst holding other competitors to account.

Profits in Currencies other than GBP

The Board are aware of the risks associated with exchange rate movements on profits versus GBP, when they are in a currency other than GBP in the period between the Contract Date and Value Date. To mitigate these risks, Alpha sell material future foreign currency profits in order to buy GBP on the original contract date, for the future Value Date.

IT Systems Failure

IT resilience is key to our operations. We therefore make significant ongoing investment in its infrastructure to ensure any system 'outages' are minimised. This is further supported by a comprehensive IT continuity plan, a key pillar of which is regular fail-over testing.

Fraud

The Board has identified fraud as a key risk indicator and throughout 2015 ensured all members of staff, regardless of seniority, were provided with regular training. In addition to Alpha's robust governance arrangements, a strong security culture has ensured all members of staff understand the importance of their role in identifying fraud, and take ownership for its mitigation. As part of our commitment to remain at the forefront of fraud prevention, one of our staff undertook extensive training on the prevention of cybercrime, becoming one of the first in the United Kingdom to pass the Cyber Security Exam for the Chartered Institute of Security and Investments.

Staff Costs, Recruitment & Retention

Inflationary pressures in the economy may give rise to requirements for higher wages. However, since the vast majority of remuneration is derived from commissions (dependent on generating income) the inflationary effect on salaries would be marginal. Costs will increase as the company makes necessary expansion to its Risk and Compliance team, however this is adequately offset by increasing profit margins.

Strong earning potential, attractive career prospects, and a unique working environment all serve to uphold Alpha's high levels of employee retention. Furthermore, with our offices and staff predominantly based outside of London, the threat of losing employees to other competitors remains low, as employees enjoy the improved work life balance of not having to commute.

Counterparty Risk

Alpha relies on third party institutions in order to trade and settle funds. In recent years, there has been a notable reduction in appetite from major UK clearing banks to offer client accounts and trading facilities to third parties. In our opinion though, Alpha's treasury operating model along with our clientèle, turnover, systems and controls, and net worth will ensure the banks' appetite to service Alpha's requirements will continue.

In line with continuity procedures, we have also established trading and settlement lines with several institutional counterparties, ensuring that if a banking provider were to withdraw their services, the impact on our business would be minimal and short lived. At present, Alpha's primary banking partner is Lloyds Banking Group.

**Strategic Report
for the Year Ended 31 December 2015**

Potential Adoption of the Euro

The possibility of the UK adopting the Euro within the foreseeable future is unanimously rejected by The Board. The lack of political inclination, economic climate, and conditions within both Europe and the Eurozone make such a move inconceivable for the long-term.

However, we are mindful that if the political and economic appetite for the Euro became more positive and subsequently led to the UK joining the Euro, this would affect both turnover and profitability. Nevertheless, any change would be far from sudden and contingency could be made in good time. Accordingly, we continue to monitor the situation.

Political Reform

The United Kingdom's European Union membership will be subject to a referendum in June 2016. The Board recognises that the lead up to this referendum, as well as the result, could have potentially far reaching consequences on the UK economy. The extent of this impact is not immediately quantifiable, but Alpha has undertaken multiple stress tests to ensure a vote either way would be manageable within our defined tolerances.

Unwinding of the Euro

The company has always acknowledged that there exists a possibility of significant change to the Euro. These include a 'winding back' of the Euro to original sovereign currency of Eurozone-Members, or the departure of Euro members from the Eurozone.

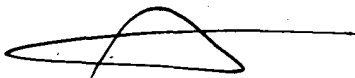
Whilst both scenarios are relatively remote, The Board believes this would unlock opportunities as well as risks. The former would arise in the form of increased trading in less liquid minor currencies, which would generate larger market spreads. The latter would occur through settlement risks, and less stable economies adopting protectionist measures to deal with speculators.

FUTURE PROSPECTS

The Board believes that, with continued acquisition of quality personnel and further investment in professional development, systems and technology, turnover and profits will continue to increase in 2016 and beyond, in line with our long-term goals and objectives.

We look forward to delivering further growth in the coming year and continuing to meet the expectations of our shareholders and loyal employees.

ON BEHALF OF THE BOARD:



M J Tillbrook - Director

23 February 2016

**Report of the Directors
for the Year Ended 31 December 2015**

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

This has been disclosed within the company's strategic report.

DIVIDENDS

An interim dividend of £290,046 per share was paid on the A Ordinary £1 shares on 31 December 2015. No dividends were paid on any other classes of shares.

The total distribution of dividends for the year ended 31 December 2015 will be £290,046.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

M J Tillbrook
M P Tillbrook
L J Halfnight
J C Currie
T Georgeson

Other changes in directors holding office are as follows: K Hickey - resigned 12 November 2015

FINANCIAL INSTRUMENTS

The financial risk management objectives, policies and exposure to risk in respect of financial instruments are detailed in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

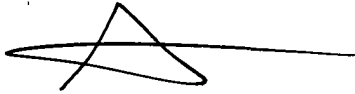
Alpha FX Limited (Registered number 05108142)

**Report of the Directors
for the Year Ended 31 December 2015**

AUDITORS

The auditors, Grunberg & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a stylized 'M' and 'J' followed by a long horizontal line.

M J Tillbrook - Director

23 February 2016

Report of the Independent Auditors to the Members of Alpha FX Limited

We have audited the financial statements of Alpha FX Limited for the year ended 31 December 2015 on pages ten to twenty two. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Gedalia Waldman BA FCA (Senior Statutory Auditor)
for and on behalf of Grunberg & Co Limited
Chartered Accountants & Statutory Auditors
10-14 Accommodation Road
Golders Green
London
NW11 8ED

29 February 2016

**Statement of Comprehensive Income
for the Year Ended 31 December 2015**

	Notes	2015 £	2014 £
TURNOVER	2	1,172,250,867	568,601,970
Cost of sales		<u>1,167,113,066</u>	<u>565,642,083</u>
GROSS PROFIT		5,137,801	2,959,887
Administrative expenses		<u>2,143,144</u>	<u>1,522,482</u>
OPERATING PROFIT	4	2,994,657	1,437,405
Interest payable and similar charges	5	<u>28,458</u>	<u>3,369</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,966,199	1,434,036
Tax on profit on ordinary activities	6	<u>603,429</u>	<u>301,505</u>
		2,362,770	1,132,531
PROFIT FOR THE FINANCIAL YEAR OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,362,770</u></u>	<u><u>1,132,531</u></u>

Alpha FX Limited (Registered number: 05108142)

**Balance Sheet
31 December 2015**

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	8	235,920	121,675
CURRENT ASSETS			
Debtors	9	257,594,078	150,348,606
Cash at bank and in hand		<u>6,083,216</u>	<u>3,737,889</u>
		263,677,294	154,086,495
CREDITORS			
Amounts falling due within one year	10	<u>258,997,400</u>	<u>151,575,580</u>
NET CURRENT ASSETS		<u>4,679,894</u>	<u>2,510,915</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,915,814	2,632,590
CREDITORS			
Amounts falling due after more than one year	11	<u>870,500</u>	<u>660,000</u>
NET ASSETS		<u><u>4,045,314</u></u>	<u><u>1,972,590</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	500,000	500,000
Retained earnings	16	<u>3,545,314</u>	<u>1,472,590</u>
SHAREHOLDERS' FUNDS		<u><u>4,045,314</u></u>	<u><u>1,972,590</u></u>

The financial statements were approved by the Board of Directors on 23 February 2016 and were signed on its behalf by:



M J Tillbrook - Director



J C Currie - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 31 December 2015**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2014	500,000	632,173	1,132,173
Changes in equity			
Dividends	-	(292,114)	(292,114)
Total comprehensive income	-	<u>1,132,531</u>	<u>1,132,531</u>
Balance at 31 December 2014	<u>500,000</u>	<u>1,472,590</u>	<u>1,972,590</u>
Changes in equity			
Dividends	-	(290,046)	(290,046)
Total comprehensive income	-	<u>2,362,770</u>	<u>2,362,770</u>
Balance at 31 December 2015	<u>500,000</u>	<u>3,545,314</u>	<u>4,045,314</u>

**Cash Flow Statement
for the Year Ended 31 December 2015**

	Notes	2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations	1	2,862,646	1,140,524
Interest paid		(28,458)	(3,369)
Tax paid		<u>(148,695)</u>	<u>(131,268)</u>
Net cash from operating activities		<u>2,685,493</u>	<u>1,005,887</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(202,620)</u>	<u>(118,958)</u>
Net cash from investing activities		<u>(202,620)</u>	<u>(118,958)</u>
 Cash flows from financing activities			
Loan repayments in year		(200,000)	(40,000)
Loan taken in year		493,500	80,000
Amount introduced by directors		-	51,200
Amount withdrawn by directors		(141,000)	-
Equity dividends paid		<u>(290,046)</u>	<u>(292,114)</u>
Net cash from financing activities		<u>(137,546)</u>	<u>(200,914)</u>
 Increase in cash and cash equivalents		<u>2,345,327</u>	<u>686,015</u>
Cash and cash equivalents at beginning of year	2	<u>3,737,889</u>	<u>3,051,874</u>
 Cash and cash equivalents at end of year	2	<u><u>6,083,216</u></u>	<u><u>3,737,889</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2015**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2015	2014
	£	£
Profit before taxation	2,966,199	1,434,036
Depreciation charges	88,375	39,069
Finance costs	<u>28,458</u>	<u>3,369</u>
	3,083,032	1,476,474
Increase in trade and other debtors	(107,104,472)	(84,170,752)
Increase in trade and other creditors	<u>106,884,086</u>	<u>83,834,802</u>
Cash generated from operations	<u><u>2,862,646</u></u>	<u><u>1,140,524</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2015

	31.12.15	1.1.15
	£	£
Cash and cash equivalents	<u><u>6,083,216</u></u>	<u><u>3,737,889</u></u>

Year ended 31 December 2014

	31.12.14	1.1.14
	£	£
Cash and cash equivalents	<u><u>3,737,889</u></u>	<u><u>3,051,874</u></u>

**Notes to the Financial Statements
for the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in pounds sterling which is the functional currency of the entity.

Turnover

Turnover represents the gross value of currency transactions undertaken by the company's commercial foreign currency dealing business. Purchases of currency relating to the above transactions are treated as cost of sales. Turnover is recognised after receiving the client's authorisation to undertake a foreign currency transaction for immediate or forward delivery.

Where the company enters into contracts for forward delivery with its clients, the company also enters into separate matched forward contracts with its bankers.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 20% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 33% on cost

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES - continued

Financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

Debtors

Short term debtors are measured at transaction price, less any impairment. Other debtors are measured initially at fair value, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at transaction price, less any impairment. Other financial liabilities, including bank loans, are measured initially at fair value, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Significant judgement and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. There are no material items in the financial statements where these judgement and estimates have been made.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2015	2014
	£	£
Sale of services	<u>1,172,250,867</u>	<u>568,601,970</u>
	<u>1,172,250,867</u>	<u>568,601,970</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

2. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	2015 £	2014 £
United Kingdom	<u>1,172,250,867</u>	<u>568,601,970</u>
	<u>1,172,250,867</u>	<u>568,601,970</u>

3. STAFF COSTS

	2015 £	2014 £
Wages and salaries	1,192,020	754,982
Social security costs	<u>138,942</u>	<u>64,884</u>
	<u>1,330,962</u>	<u>819,866</u>

The average monthly number of employees during the year was as follows:

	2015	2014
Director	3	3
Sales, administration and support staff	<u>17</u>	<u>11</u>
	<u>20</u>	<u>14</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Other operating leases	21,625	19,940
Depreciation - owned assets	88,375	39,069
Auditors' remuneration	18,321	5,000
Auditors' remuneration for non audit work	22,989	15,978
Foreign exchange differences	<u>34,812</u>	<u>38,208</u>
Directors' remuneration	<u>236,969</u>	<u>239,521</u>

Other than the directors, there are no other key management personnel.

Information regarding the highest paid director is as follows:

	2015 £	2014 £
Emoluments etc	<u>139,737</u>	<u>158,310</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Bank loan interest	24,937	-
Interest payable	<u>3,521</u>	<u>3,369</u>
	<u>28,458</u>	<u>3,369</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2015	2014
	£	£
Current tax:		
UK corporation tax	<u>603,429</u>	<u>301,505</u>
Tax on profit on ordinary activities	<u>603,429</u>	<u>301,505</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2015	2014
	£	£
Profit on ordinary activities before tax	<u>2,966,199</u>	<u>1,434,036</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.247% (2014 - 21.468%)	600,566	307,859
Effects of:		
Expenses not deductible for tax purposes	23,900	10,912
Capital allowances in excess of depreciation	(21,037)	(17,266)
Total tax charge	<u>603,429</u>	<u>301,505</u>

7. DIVIDENDS

	2015	2014
	£	£
A Ordinary share of £1 Interim	<u>290,046</u>	<u>292,114</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

8. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2015	17,139	143,079	56,169	216,387
Additions	<u>10,341</u>	<u>176,310</u>	<u>15,969</u>	<u>202,620</u>
At 31 December 2015	<u>27,480</u>	<u>319,389</u>	<u>72,138</u>	<u>419,007</u>
DEPRECIATION				
At 1 January 2015	8,188	37,104	49,420	94,712
Charge for year	<u>3,858</u>	<u>70,572</u>	<u>13,945</u>	<u>88,375</u>
At 31 December 2015	<u>12,046</u>	<u>107,676</u>	<u>63,365</u>	<u>183,087</u>
NET BOOK VALUE				
At 31 December 2015	<u>15,434</u>	<u>211,713</u>	<u>8,773</u>	<u>235,920</u>
At 31 December 2014	<u>8,951</u>	<u>105,975</u>	<u>6,749</u>	<u>121,675</u>

During the year, no impairment provisions have been made against any class of tangible fixed asset.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade debtors	256,837,402	150,239,971
Other debtors	608,328	107,608
Directors' current account	141,000	-
Prepayments	<u>7,348</u>	<u>1,027</u>
	<u>257,594,078</u>	<u>150,348,606</u>

During the year, no impairment provisions have been made against any class of debtor.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Other loans (see note 12)	123,000	40,000
Trade creditors	253,957,545	149,475,029
Corporation tax	907,618	452,884
Social security and other taxes	46,417	22,601
Other creditors	3,944,920	1,576,776
Directors' current account	1,000	1,000
Accruals and deferred income	<u>16,900</u>	<u>7,290</u>
	<u>258,997,400</u>	<u>151,575,580</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £	2014 £
Other loans (see note 12)	<u>870,500</u>	<u>660,000</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

At the balance sheet date £993,500 (2014 - £700,000) was owed to related parties. Interest is charged at an average rate of 1% per annum. Amounts are repayable in instalments up to August 2020.

During the year, no impairment provisions have been made against any class of creditor.

12. LOANS

An analysis of the maturity of loans is given below:

	2015 £	2014 £
Amounts falling due within one year or on demand:		
Other loan	<u>123,000</u>	<u>40,000</u>
Amounts falling due between one and two years:		
Other loan due within one to two years	<u>76,000</u>	<u>40,000</u>
Amounts falling due between two and five years:		
Other loan due within two to five years	<u>794,500</u>	<u>620,000</u>

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2015 £	2014 £
Within one year	115,861	27,624
Between one and five years	445,780	4,416
In more than five years	<u>547,938</u>	<u>-</u>
	<u>1,007,421</u>	<u>32,040</u>

Operating lease payments recognised as an expense totalled £25,874 (2014 - £27,624) during the year under review.

14. SECURED DEBTS

The following secured debts are included within creditors:

	2015 £	2014 £
Other loan	<u>380,000</u>	<u>200,000</u>

The other loan included within creditors is secured by 50 'A' Ordinary shares in the Parent company.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015 £	2014 £
22,999	Ordinary	£1	22,999	22,999
1	A Ordinary	£1	1	1
10	Redeemable preference	£47,700	<u>477,000</u>	<u>477,000</u>
			<u>500,000</u>	<u>500,000</u>

During the year under review, the company bought back the following shares on the 1st April 2015 at par.

10 Redeemable preference shares of £47,700 each.

These shares were reissued on the 24th December 2015 for the same price.

The holders of the preference shares are not entitled to require redemption of any part of the preference shares issued. The company can give, with not less than one month's notice in writing to the holders of the preference shares, its intention to redeem all or any part of these shares. The shares are redeemable at par, together with any accrued dividend up to the date of redemption.

16. RESERVES

	Retained earnings £
At 1 January 2015	1,472,590
Profit for the year	2,362,770
Dividends	<u>(290,046)</u>
At 31 December 2015	<u>3,545,314</u>

Retained earnings includes all current and prior period retained profits and losses, all of which are distributable reserves.

17. OTHER FINANCIAL COMMITMENTS

As at the year end, the company had entered into forward contracts totalling £253,957,350 (2014 - £149,308,820). This exposure is matched by commitments of at least equal value by customers whom have initiated these contracts.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

18. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2015 and 31 December 2014:

	2015 £	2014 £
M J Tillbrook		
Balance outstanding at start of year	-	50,200
Amounts advanced	141,000	-
Amounts repaid	(23,000)	(50,200)
Balance outstanding at end of year	<u>118,000</u>	<u>-</u>

The director's overdrawn current account will be repaid to the company within 9 months of the year end. The director was charged interest at a rate of 3.25% per annum.

19. RELATED PARTY DISCLOSURES

During the year under review, the company traded foreign currency contracts, on normal commercial terms, amounting to £3,385,474 (2014 - £3,855,201) with Basic Thinking Limited, a company in which K Hickey is a director. Contracts amounting to £848,590 (2014 - £3,451,050) were open as at the year end.

The company traded foreign currency contracts, on normal commercial terms, amounting to £307,125 (2014 - £29,500) with M P Tillbrook. Contracts amounting to £20,000 (2014 - £Nil) were open as at the year end.

As at the year end, £380,000 (2014 - £200,000) was due to the Tillbrooks Pension Scheme, a scheme in which M P Tillbrook is a trustee. This advance is due for repayment within five years and is subject to interest charged annually at 1.5%.

As at the year end, £500,000 (2014 - £500,000) was due to M P Tillbrook. This amount is interest free and repayable in greater than two years.

During the year under review, the company was charged consultancy fee of £Nil (2014 - £34,722) by Tillbrook's Limited, a company in which M Tillbrook is a director and shareholder.

As at the year end, the company owed the director, J Currie, £1,000 (2014 - £1,000).

Included within share capital are 10 redeemable preference shares with a nominal value of £47,700 each that are held by M J Tillbrook.

20. ULTIMATE CONTROLLING PARTY

The parent undertaking is Headroom Limited (Previously known as Alpha Capital Limited), which holds 65% of the ordinary share capital in the company. This company is ultimately under the control of its directors.

21. FIRST YEAR ADOPTION

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2014.

No transitional adjustments were required in equity or profit or loss for the year.