Alpari (UK) Limited

FINANCIAL STATEMENTS

For the year ended 31 December 2011

Table of contents

Directors and advisors

Directors	A Vedikhin D Stuart D Skowronski
Secretary	A Vedikhin
Registered Office	201 Bishopsgate London EC2M 3AB
Company Registered Number	5284142
Auditors	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP
	RBC Bank Plc Riverbank house 2 Swan Lane London EC4R 3BF
	HSBC Bank plc 8 Canada Square London E14 5HQ
Prime Broker	Morgan Stanley & Co International PLC 25 Cabot Square Canary Wharf London E14 4QA
	Citigroup Global Markets Ltd Citigroup Centre Canada Square Canary Wharf E14 5LB

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2011

Principal activities

The principal activity of Alpari (UK) Limited ("Alpari (UK)" or "the Company") continued to be the provision of online currency, precious metals, contracts for differences ("CFDs"), and trading services The Company hedges positions when considered appropriate, to mitigate the risk of material losses

In 2011, the Company delivered its trading services to individual traders, money managers and institutional clients worldwide The key factors of our expanding clientele are the innovative proprietary technology, protection of client funds, comprehensive market research tools, multilingual customer services, and above all competitive trading costs

The Company is authorised and regulated by the Financial Services Authority ("FSA")

Review of Business and future developments

In 2011, the Company saw further achievements and successes Overall, despite some drop off seen in competitors reported volumes, Alpari achieved record trading volumes of $924 billion (2010 $528billion)

The profit on ordinary activities before taxation and distributions was £8,863,361 (2010 £28,302,185) The decrease in profits is mainly due to an increase of 49% in operating expenses The results on the expenses incurred will be achieved over a period of time The main increase in expenses was staff costs and marketing Additional resources are required to support the increase in demand from clients

Yet again the company has seen a sizeable increase in headcount of 42% This expansion took place primarily in the Research and Development and Marketing departments, alongside the addition of some new client facing roles to ensure continued excellence of service to our ever increasing client base Due to the increase in headcount, the Company had to lease additional office space, which is adjacent to the existing office space There are provisions for an additional 160 staff The extra office space was taken on at the end of August 2011, after which it was commissioned to be fit out This was completed in December 2011, and was ready for occupation in January 2012 The retail arm of the business saw a number of improvements both internally and externally, with various new products being introduced including CFDs based on the Gold and Silver futures prices, additional automation, improved pricing on various products, the introduction of an additional Prime Broker and the introduction of new liquidity providers The Company has also been at the forefront of offering spreadbetting products via MT4, a unique and innovative product which is beneficial to UK resident clients Foreign exchange products were launched on this platform in November 2011

2011 was the first full year of operation for QuantumFX, a product for institutional clients Since the initial launch the Company has built a competitive liquidity pool, launched two trading venues, designed and completed a custom built back office system and expanded the reach to two different client types The Company continues to attract new clients to the QuantumFX product, whilst working on multiple projects In 2012 there are plans to add three additional trading venues, a new prime broker, two new products including spread betting, and will continue to work to increase the client base and overall brand With the support of the Company's foreign offices, the QuantumFX product will be to be marketed to an extensive region in 2012 2012 will also see the launch of QuantumFX Prime, the high end margin credit solution for clients who prefer not to use external Prime Brokers

Directors' report (continued)

Other areas of benefit to clients include our new simplified account opening process, online chat facility and the introduction of a dedicated forums team This team monitors the online community, ensuring that this popular method of communication is as interactive as possible with comments and questions answered in a timely and informed manner. The company introduced Gold as a new account currency, and now offers 6 account currencies

The Company saw its 2010 efforts emerge in the current year The Company engaged with many institutional clients from all over the world Much of the business was Application Programming Interface based trading, bridging retail platforms such as MT4 and others with our multibank liquidity. It also saw an increase of B2B business on its MT4 PRO server from traders manually hedging exposure of their firms via the Company's liquidity channels

The Company is always looking for talented individuals in the market and was fortunate to secure the employment of David Hodge as Chief Marketing Officer and Mark Winton as Global Head of Compliance, both of whom bring with them a wealth of experience specific to the industry

David has over 20 years experience in marketing, most recently as Group Marketing Director for IG Group and is responsible for Alpari's global marketing operations He joined at the end of October 2011 and has overseen the implementation of the new website design, agreed a unified brand treatment, introduced a new team structure, appointed a creative agency, put in place a new global marketing strategy and negotiated our global sponsorship deal with sailing's World Match Racing Tour The business started to leverage its official 'online trading partner' sponsorship of West Ham United FC with initiatives such as the players trading competition During the year the Company sustained its strategy of headline sponsoring high profile trade shows such as the London Investor Show FX (February), International Traders Expo (April) and the World Money Show (November) The Company also started live streaming webinars during the autumn and secured a lot of credibility building exposure through TV analyst coverage Alpari (UK) picked up 8 Industry awards in 2011 including Best FX broker by Shares Magazine, Forex Broker Europe - Excellence award and Best Forex Broker at the Banker Middle East Awards

Mark joined Alpari UK in August 2011 as Global Head of Compliance, prior to that he was Group Compliance Director for London Capital Group plc, the spread betting and FX brokerage He has worked in the Compliance industry for over 16 years and held a variety of senior positions, working across a number of different retail and wholesale sectors, including private client stock broking, institutional broking, alternative investment funds and wealth management He understands the importance of a pragmatic and risk determined Compliance regime within the corporate governance framework and focuses on achieving the perfect balance for all stakeholders – statutory directors, shareholders and employees Much of Mark's experience has involved significant interaction with the FSA and its forebears within the UK, along with other national regulators His initial focus at Alpari was to review the Company's approach to anti money laundering risk, using his recent experience of the FSA's expectations and views in this area and to put into place a robust and broadly focussed Compliance Monitoring Plan

In 2011, Alpari (UK) acquired new Japanese operations and successfully launched Alpari Japan K K

Directors' report (continued)

Future Developments

The much awaited launch of the new MT5 terminal will be coming in the second quarter of 2012

Alpari plans to establish Alpari Singapore as an operation targeting Institutions only
For 2012 the Company plans to foster further partnerships with institutions around the world looking to expand into online trading

Further products will be added in early 2012 to the spread betting offering including indices, precious metals, commodities and individual equities

Key performance indicators (KPIs)

Management use the following KPIs to monitor the performance of the Company:

To measure financial performance:

	2011	**2010**	**(Decrease)**
	£	£	%
Profit before tax	8,863,361	28,302,185	(69)

To measure growth:

	2011	**2010**	**Increase**
			%
Number of trading accounts	95,049	73,902	29

To measure trading activity:

	2011	**2010**	**Increase**
	£bn	**£bn**	**%**
Trading volume	924	528	75

The above results were in line with the Board's expectations, as the Company continued expanding globally

Principal risks and uncertainties

The Company is exposed to operational and financial risks The principal financial risk was currency risk, the financial risks are detailed in note 18

The principal operating risks are as follows

Compliance & regulatory risk

The Company is required to comply with a number of regulatory requirements in different jurisdictions A procedure is in place to ensure that these requirements are met, which is overseen by the directors and the Compliance Officer

Directors' report (continued)

IT risk

Due to the nature of the business, technology is integral to the Company Failure of technology would expose the Company to reputational damage, loss of revenue and customer dissatisfaction To minimise the company's exposure rigorous testing is carried out when new technology is introduced or any changes are implemented

Directors

The directors of the company who held office during the year were as follows

A Vedikhin
D Stuart
D Skowronski (Date of appointment 01 May 2011)

Statement of Directors' responsibilities

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

Companies Act 2006 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 International Financial Reporting Standards as adopted by the European Union (IFRSs) 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 and profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs 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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

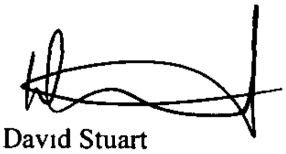
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Directors' report (continued)

Reappointment of Auditors

Grant Thornton UK LLP has expressed their willingness to continue in office, and will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006

Approved by the board of directors and signed on its behalf



David Stuart
Director

201 Bishopsgate
London
EC2M 3AB
05 April 2012

Independent auditor's report to the members of Alpari (UK) Limited

We have audited the financial statements of Alpari (UK) Limited for the year ended 31 December 2011 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, Statement of Cash Flow and the Related Notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' responsibilities set out on page 7, 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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 Directors' Report 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.

Grant Thornton UK LLP

Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
LONDON
05 April 2012

Statement of Comprehensive Income
For the year ended at 31 December 2011

	Notes	2011 £	2010 £
Revenue		54,453,270	58,963,941
Other operating income			
Administrative expenses		(45,760,506)	(30,770,663)
OPERATING PROFIT	3	8,692,764	28,193,278
Finance income	6	170,597	108,907
Profit before tax		8,863,361	28,302,185
Income tax expense	7	(2,491,695)	(7,982,901)
Profit for the year and total comprehensive income		6,371,666	20,319,284

The Company has no items of other comprehensive income and therefore a single statement of comprehensive income has been presented

Alpari (UK) Limited

Company registration no 5284142

Statement of Financial Position

As at the year ended 31 December 2011

	Notes	2011 £	2010 £
Non-current assets			
Property, plant and equipment	8	1,777,836	1,939,511
Investments in subsidiaries	9	6,615,758	826,197
Non-current receivables	10	666,560	-
		9,060,154	2,765,708
Current assets			
Trade and other receivables	11	11,253,866	3,930,548
Derivative financial assets	12	12,522,930	9,511,003
Current tax receivable		2,143,627	-
Cash and cash equivalents	13	113,251,821	88,171,793
Current assets		139,172,244	101,613,344
TOTAL ASSETS		148,232,398	104,379,052
Non-current liabilities			
Provisions	15	416,325	265,000
Deferred tax liability	14	(642)	6,624
		415,683	271,624
Current liabilities			
Trade and other payables	16	107,005,213	63,029,602
Derivative financial liabilities	17	1,244,479	485,553
Current tax liabilities		-	3,257,412
Current liabilities		108,249,692	66,772,567
TOTAL LIABILITIES		108,665,375	67,044,191
NET ASSETS		39,567,023	37,334,861
EQUITY			
Share capital	19	3,228,514	3,228,514
Retained earnings		36,338,509	34,106,347
Equity attributable to owners of the parent		39,567,023	37,334,861

Approved by the Board of directors and signed on their behalf by

David Stuart
05 April 2012

The notes on pages 14 to 35 form an integral part of the financial statements

Alpari (UK) Limited

Statement of Changes in Equity
For the year ended 31 December 2011

	Equity Share Capital	Retained Earnings	Total equity
	£	£	£
Balance as at 1 January 2010	**3,228,514**	**13,787,063**	**17,015,577**
Total comprehensive income for the year	-	20,319,284	20,319,284
Reserves Transfer		-	-
Balance as at 1 January 2011	**3,228,514**	**34,106,347**	**37,334,861**
Total comprehensive income for the year		6,371,666	6,371,666
Dividend declared and paid during the year		(4,139,504)	(4,139,504)
Balance as at 31 December 2011	**3,228,514**	**36,338,509**	**39,567,023**

The notes on pages 14 to 35 form an integral part of the financial statements

Alpari (UK) Limited

Statement of Cash Flow
For the year ended 31 December 2011

	Notes	2011 £	2010 £
OPERATING ACTIVITIES			
Profit before tax		8,863,361	28,302,185
Adjustments for non cash and other reconciling items	20	314,020	(189,829)
Net change in working capital	20	37,673,701	12,213,648
Tax paid		(7,900,000)	(6,100,000)
CASHFLOW FROM OPERATING ACTIVITIES		38,951,082	34,226,004
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(270,272)	(522,011)
Investment in subsidiary		(1,041,428)	(470,027)
Net outflow on acquisition of subsidiary		(4,748,133)	-
Amounts advanced to related parties		(3,940,968)	-
Interest received		170,597	108,907
CASHFLOW FROM INVESTING ACTIVITIES		(9,830,204)	(883,131)
FINANCING ACTIVITIES			
Dividends paid to owner of the Company		(4,139,505)	-
NET CASH FROM FINANCING ACTIVITIES		(4,139,505)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS		24,981,373	33,342,873
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		88,171,793	54,189,480
Exchange differences on cash and cash equivalents		98,655	639,440
CASH AND CASH EQUIVALENTS AT END OF YEAR		113,251,821	88,171,793

Included within cash and cash equivalents held at the end of the year are amounts held in designated client accounts The total of these amounts is £88,312,101 (2010 £53,752,336)

Notes to the Financial Statements

1 General Information

Corporation information
Alpari (UK) Limited is a company incorporated and domiciled in England and Wales

The parent's consolidated financial statements may be obtained from the Company's registered address

2 Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) and applied in accordance with the provisions of the Companies Act 2006

The financial statements are presented in pounds sterling as this is the currency of the primary economic environment in which the company operates, and as such is the functional and presentation currency

The financial information has been prepared on the historical cost basis, except for the measurement at fair value of financial instruments, please refer to accounting policy on financial instruments The principal accounting policies adopted are set out below

Statement of Cash flow
The statement of cash flow has been prepared under the indirect method as management believe that it best reflects the position at the end of the reporting period.

Revenue Recognition
Revenue is recognised when the flow of economic benefit associated with the transaction is either probable or at fair value and the revenue can be reliability measured

Trading revenue represents gains and losses on foreign currency and CFD (Contract for Difference) trading on a trade date basis and any commissions earned on individual trades Open positions are carried at fair value and any gains and losses on this valuation are recognised in revenue as well as gains and losses resulting from the closed positions Commission or any fees paid relating to the trades is recorded within administrative expenses Cost relating to promotional incentives from credit campaigns which are eligible for conversion into a client balance has been offset against trading revenue

Bank and other deposit interest received and interest paid is included in financial income and costs respectively

Foreign exchange
Transactions in foreign currencies are translated into pounds sterling at the rate prevailing on the date of transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the end of the reporting period Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value is determined. Gains and losses arising on translation are taken to the statement of comprehensive income

2 Basis of Accounting (continued)

Investment in subsidiaries
Investment in subsidiary is stated at cost less impairment losses to date

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss Depreciation is provided at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the end of the reporting period, of each asset over its expected useful life as follows

Leasehold property	over the life of the lease
Computer equipment	straight line over 3 years
Fixtures and fittings	25% reducing balance

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

Reinstatement of leasehold premises (dilapidation provision)
Cost of reinstating leasehold properties are capitalised and amortised over the life of the lease

Impairment
At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment with finite lives to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) The recoverable amount is the higher of value in use and fair value less costs to sell Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs

If the recoverable amount of any asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount Impairment losses are recognised as an expense immediately Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years A reversal of an impairment loss is recognised as income immediately

Retirement benefit costs
The Company operates a defined contribution scheme Contributions are charged to the statement of comprehensive income as and when they become payable as per the terms of the scheme

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense

The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the end of the reporting period

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 profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference

2 Basis of Accounting (continued)

arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the end of the reporting period Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity

Provisions
Provisions are recognised when present obligations as a result of past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably Timing or amount of the outflow may still be uncertain A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events Provisions are not recognised for future operating losses

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole Provisions are discounted at their present values, where the time value of money is material

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised

Financial instruments
Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument

Trade receivables
Trade receivables are classified as loans and receivables and are initially recognised at fair value They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the statement of comprehensive income

Derivative financial assets
Derivative financial instruments included are the profits arising on trades which may still be open at the reporting date The profit is calculated based on the exchange rate from the regular price feed prevailing at the reporting date and spreads based on the terms of the underlying contract

Loans granted
Loans granted by the Company are carried at amortised cost This is defined as the fair value of cash consideration given as is determined by reference to market prices at origination date All loans are recognised when cash is advanced to the borrower

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans The amount of the provision is the difference between the carrying amount and the recoverable amount, being the

2 Basis of Accounting (continued)

present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and at bank, market deposits and other short-term deposits held by the Company with maturities of less than three months

The Company holds money on behalf of clients and this is included within cash and cash equivalents on the statement of financial position and the corresponding liability to clients is included in trade and other payables

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities Instruments issued by the company are recorded at the proceeds received, net of direct issue costs Compound financial instruments include liability and equity components The equity component is assigned the residual of the proceeds of issue after deducting the fair value of the liability component

Trade payables
Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method

Equity, instruments and dividend payments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs Share capital represents the nominal value of shares that have been issued

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date All transactions with owners of the parent are recorded separately within equity

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee All other leases are classified as operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease As per the terms of the agreement, the Company was graced with a rent free period which has been spread over the course of the lease as per SIC 15 guidelines

Please refer to note 23 Operating Lease Commitments for details of contractual liabilities arising under the non-cancellable part of operating lease

Reserves

At the period end, there are no other reserves except share capital and retained earnings which comprise of distributable profits Amount of distributable profits is limited by the minimum capital adequacy requirement

2 Basis of Accounting (continued)

Significant management judgement in applying accounting policies

Estimation of uncertainty

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date At 31 December 2011, management assesses that the useful lives represent the expected utility of the assets to the Company The carrying amounts are analysed in note 8 Actual results, however, may vary due to technical obsolescence, particularly for software and IT equipment

Provisions

A provision for dilapidations on the leasehold property is required, which is based on an estimation provided to management by contractors who were utilised to fit out the new premises This is based on their knowledge of the premises and the dilapidations for which the Company would be liable on termination of the lease This provision will be reviewed periodically by management, as the termination date of the lease draws nearer

3 Operating Profit	**2011**	**2010**
	£	**£**
Operating profit is stated after charging		
Depreciation	583,272	558,518
Net foreign exchange (profit)/loss	372,265	(40,601)
Operating leases – land and buildings	1,164,047	976,200

4 Auditors Remuneration	**2011**	**2010**
	£	**£**
A more detailed analysis of remuneration as auditors is provided below		
Fees payable to the auditors for the audit of the financial statements		
- Grant Thornton UK LLP – statutory audit	70,000	66,000
Fees payable to the Company's auditors and their associates for other services (exclusive of VAT)		
Other services supplied relating to non-regulatory reporting on FSA matters (Grant Thornton UK LLP)	-	14,757
Other services relating to taxation (Grant Thornton UK LLP)	3,000	11,150
	73,000	91,907

5 Employee Information

	2011 £	2010 £
The aggregate employment costs for all employees under a contract of service		
Wages and salaries	7,719,441	6,044,578
Social security costs	901,921	532,213
Pensions - defined contribution plans	333,997	220,189
Employee benefit expense	8,955,360	6,796,980

Key management compensation (i)	2011 £	2010 £
Short term employee benefits		
Salaries including bonuses	750,836	706,956
Social security costs	119,787	103,849
Compensation for loss of office	-	111,911
Total short term employee benefits	870,623	922,716
Post employment benefits		
Defined contribution pension plans	44,000	31,736
Total post employment benefits	44,000	31,736

The total number of directors accruing benefits under a money purchase pension scheme is 3 (2010 3)

Aggregate remuneration payable to the highest paid director for the year was £389,630 (2010 £621,166) and the Company's contribution with respect to money purchase pension scheme was £30,000 (2010 23,333)

(i) Key management comprises the Directors of Alpari (UK) Limited only

The average number of employees during the year is set out below

	2011 No.	2010 No.
Trading	8	7
Back office	16	11
Client Services	37	32
Administration	47	32
Sales and Marketing	30	15
	138	97

The total number of employees as at 31 December 2011 was 155 (2010 112)

6 Finance Income

	2011 £	2010 £
Bank interest receivable and similar income	170,597	108,907

7	Taxation on profit from ordinary activities	**2011** **£**	**2010** **£**
a)	**Analysis of charge in the period**		
	Current tax		
	UK corporation tax on profits of the period	2,498,381	8,026,460
	Adjustments in respect of previous periods	580	19,539
	Total current tax	2,498,961	8,045,999
	Deferred tax (see note 14)		
	Origination and reversal of timing differences	(7,266)	(38,151)
	Adjustments in respect of previous period	-	(24,947)
	Tax on profit on ordinary activities	2,491,695	7,982,901

b) **Factors affecting tax charge for the period**

The tax assessed for the period differs from the standard rate of corporation tax in the UK The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before taxation	8,863,361	28,302,185
Profit on ordinary activities at the standard rate of corporation tax rate 26 5% (2010 28%)	2,348,791	7,924,612
Effects of		
Expenses not deductible for tax purposes	81,418	38,705
Depreciation in excess of capital allowances in the period	65,222	54,610
Other timing differences	3,596	8,533
Adjustments in respect of prior period	580	19,539
Change in tax rate	(646)	-
Current tax charge (as per note (a))	2,498,961	8,045,999

8 Property Plant and Equipment

	Leasehold improvements £	Property reinstatement £	Computer equipment £	Fixtures and fitting £	Total £
Cost					
Cost brought forward at 1 January 2011	1,086,986	265,000	1,231,855	519,852	3,103,693
Additions	23,000	151,325	201,229	46,043	421,597
As at 31 December 2011	1,109,986	416,325	1,433,084	565,895	3,525,290
Accumulated depreciation					
Accumulated depreciation brought forward at 1 January 2011	161,126	19,139	755,998	227,919	1,164,182
Charge for year	74,235	29,307	379,042	84,494	567,078
Adjustment for prior year	-	16,194	-	-	16,194
At 31 December 2011	235,361	64,640	1,135,040	312,413	1,747,454
Net carrying value at 31 December 2011	874,625	351,685	298,044	253,482	1,777,836
Cost					
Cost brought forward at 1 January 2010	1,086,986	265,000	740,177	489,519	2,581,682
Additions	-	-	491,678	30,333	522,011
As at 31 December 2010	1,086,986	265,000	1,231,855	519,852	3,103,693
Accumulated depreciation					
Accumulated depreciation brought forward at 1 January 2010	72,466	17,667	387,505	128,026	605,664
Charge for year	88,660	1,472	368,493	99,893	558,518
At 31 December 2010	161,126	19,139	755,998	227,919	1,164,182
Net carrying value at 31 December 2010	925,860	245,861	475,857	291,933	1,939,511

9 Investments ın Subsıdıarıes

	£
Cost and Net Book Value	
At 1 January 2010	356,170
Addıtıons	470,027
At 1 January 2011	826,197
Addıtıons	5,789,561
At 31 December 2011	6,615,758

The addıtıons durıng the year relate to the acquısıtıon of Alparı Japan K K, ıncrease ın ınvestment wıthın Alparı Fınancıal Servıces (Indıa) Pvt Ltd (formerly Alparı Forex (Indıa) Prıvate Lımıted) and the ıncorporatıon of Alparı (Sıngapore) PTE Ltd and Alparı (AU) PTY Ltd

Name of company	Country of ıncorporatıon	Holdıng	Proportion of votıng rıghts held	Nature of busıness
Alparı Fınancıal Servıces (Indıa) Pvt Ltd (formerly Alparı Forex (Indıa) Prıvate Lımıted)	Indıa	99%	100%	Sales and marketıng office
Alparı (Deutschland) GmbH	Germany	100%	100%	Sales and marketıng office
Alparı (AU) PTY Ltd	Australıa	100%	100%	Dormant
Alparı Japan K K (formerly CMS Japan K K)	Japan	100%	100%	Tradıng entıty
Alparı (Sıngapore) PTE Ltd	Sıngapore	100%	100%	Dormant

The Company ıs exempt by vırtue of sectıon 400 of the Companıes Act 2006 from the requırement to prepare consolıdated financıal statements and the dısclosure of aggregate capıtal and reserves and profit for the financıal year of ıts subsıdıarıes ıs not requıred as a result of that exemptıon

The financıal reportıng year ends for the subsıdıarıes are as follows

Alparı Forex (Indıa) Prıvate Lımıted- 30 March 2012
Alparı (Deutschland) GmbH- 31 December 2011
Alparı Japan K K- 30 March 2012
Alparı (AU) PTY Ltd- 30 June 2012
Alparı (Sıngapore) PTE Ltd- 14 November 2011 (date of ıncorporatıon) – 31 December 2012

10 Non-current receivables

	2011 £	2010 £
Subordinate loan (see below)	666,560	-
	666,560	-

The company has provided a loan of €800,000 to Alpari Financial Services Limited A company incorporated in the Republic of Cyprus and the has ultimate shareholders are common

The loan and interest accrued shall be repaid in full on 19 September 2016, unless any extended repayment date is agreed between the parties in writing

The interest is to be accrued at the rate of 6M Euribor applicable screen rate for the offering of deposits in Euro

11 Trade and Other Receivables

	2011 £	2010 £
Trade and other receivables	3,121,974	1,344,468
Subordinate loan (see below)	5,145,257	1,870,849
Prepayments and accrued income	2,986,635	715,231
	11,253,866	3,930,548

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

There were no financial assets that were past due at the reporting date

The $3m loan to Alpari US LLC in 2010 was renewed in 2011 and an additional $5m was provided to the US entity during the year The total subordinated loan of $8m is now due for full repayment within the year at the rate of 0 2% interest per annum payable on the date of maturity, calculated from the respective dates the loan was provided

12 Derivative financial assets

	2011 £	2010 £
Gains on client open positions	12,120,992	9,511,003
Gains on hedged open positions	401,938	-
	12,522,930	9,511,003

13	Cash and cash equivalent	2011	2010
		£	£
	Cash and cash equivalent with Prime Brokers	20,027,197	16,186,362
	Client monies held at instant access	88,312,102	53,752,336
	Other cash and cash equivalent	4,912,522	18,233,094
		113,251,821	88,171,793

The requirement is that the company deposits an amount sufficient to cover all open positions with the Prime Broker The company had open positions of £401,938 at the end of the reporting period (2010 £224,499), however voluntarily kept £20,027,197 (2010 £16,186,362) on deposit with the Prime Broker

Included within other cash and cash equivalent are deposits held by banks for providing merchant services- HSBC £375,648 (2010 £375,000) and Barclays £nil (2010 £16,034) The control of these monies lays with the banks until such time the liability relating to Card Processing agreements have expired

Credit quality of bank balances

The credit quality of the banks in which the Company keeps its deposits is assessed by reference to the credit rating of these banks The bank balances of the Company are allocated based on the Short Term or Long Term Issuer credit ratings (as appropriate) of the corresponding banks as follows

	2011	2010
	£	£
P-1	110,878,341	86,704,629
P-2	1,500,000	-
Other institutions- unrated	873,480	1,467,164
	113,251,821	88,171,793

The unrated institutions are prime brokers who have sufficient capital resource to fulfill their obligations

14	Deferred Taxation	2011	2010
		£	£
	As at 1 January 2011	6,624	69,722
	Movement in the year	(7,266)	(63,098)
	As at 31 December 2011	(642)	6,624

Deferred tax liability/(asset) comprises	2011	2010
	£	£
Accelerated capital allowances	10,369	14,852
Other timing differences	(11,011)	(8,228)
	(642)	6,624

15 Provisions

	Dilapidation provision £
At 1 January 2010 and 1 January 2011	265,000
Additional provision in year	151,325
At 31 December 2011	416,325

	2011 £	2010 £
Non current provision	416,325	265,000
	416,325	265,000

The dilapidation provision represents management's best estimate of the Company's liability payable to the landlord on termination of the lease at the current premises

16 Trade and Other payables

	2011 £	2010 £
Trade payables - Client balances	101,029,135	58,893,895
Other trade payables	1,065,529	436,656
Accruals and deferred income	2,716,045	2,377,875
Social security and taxes	228,936	202,316
Other payables	1,965,568	1,118,860
	107,005,213	63,029,602

17 Derivative financial liabilities

	2011 £	2010 £
Losses on client open positions	1,244,479	261,054
Losses on hedged open positions	-	224,499
	1,244,479	485,553

18 Financial Instruments Presentation

Currency risk
Directors believe it to be essential to continually manage the currency exposure in the current volatile market to avoid significant losses The management has devised formal procedures and methods to manage the risk and the directors look at the exposures and the occurrence of special events and appropriate derivatives are used to provide an economic hedge on certain client positions

The concentration of the risk is with the Company's exposure to USD The Company's objective for keeping higher USD funds (assets) is to provide maximum funds as leverage for trading The other factor that the directors consider is floating profit or loss on the open positions

The company had the following currency exposure as at the 31 December 2011

Currencies	Assets	Liability	Net Exposure	Exchange Rate	Exposure Value in GBP
USD	$112,498,888	($100,150,649	$12,348,238	1 55483	7,941,857
EUR	€30,772,786	(€26,853,294)	€3,919,492	1 20019	3,265,726
CHF	CHF 5,560,368	(CHF 3,604,251)	CHF 1,956,117	1 46015	1,339,669
JPY	JPY 130,962,760	(JPY 29,852,744)	JPY 101,110,016	119 598	845,416
AUD	AUD 951,821	-	AUD 951,821	1 52319	624,887
TOTAL					14,017,555

The company had the following currency exposure as at the 31 December 2010

Currencies	Assets	Liability	Net Exposure	Exchange Rate	Exposure Value in GBP
USD	$75,300,713	($54,217,124)	$21,083,589	1 55921	13,521,969
EUR	€18,334,059	(€15,138,210)	€3,195,849	1 16649	2,739,714
CHF	CHF 2,701,360	(CHF 1,101,309)	CHF 1,600,051	1 4563	1,098,710
JPY	JPY 414,694,370	(JPY 293,586,208)	JPY 121,108,162	126 609	956,553
AUD	AUD 41,152	-	AUD 41,152	1 52423	26,999
TOTAL					18,343,945

Exposure to foreign currency assets may affect the Company's profit or loss At 31 December 2011, if GBP had strengthened by 10% against other currencies with all variables held constant, pre-tax profit for the year would have been reduced by £1,401,755 (2010 £1,834,394), mainly as a result of foreign currency assets exceeding liabilities The figure in question was calculated as the net exposure shown in the table below multiplied by the relevant percentage

18 Fınancıal Instruments Presentatıon (contınued)

Income statement ımpact of reasonably possıble changes ın foreıgn exchange rates at 31 December 2011 ıs as follows

Currencıes	Exchange Rate 5%	In GBP 5%	Exchange Rate 10%	In GBP 10 %	Exchange Rate 15 %	In GBP 15 %
USD	$617,412	397,093	$1,234,824	794,186	$1,852,236	1,191,279
EUR	€195,975	163,286	€391,949	326,572	€587,924	489,858
CHF	CHF 97,806	66,983	CHF 195,612	133,967	CHF 293,418	200,950
JPY	JPY5,055,504	42,271	JPY 10,111,002	84,542	JPY15,166,502	126,812
AUD	AUD 47,590	31,244	AUD 95,182	62,489	AUD 142,773	93,733
TOTAL		700,877		1,401,756		2,102,632

Income statement ımpact of reasonably possıble changes ın foreıgn exchange rates at 31 December 2010 ıs as follows

Currencıes	Exchange Rate 5%	In GBP 5%	Exchange Rate 10%	In GBP 10%	Exchange Rate 15%	In GBP 15%
USD	$1,054,179	676,098	$2,108,359	1,352,197	$3,162,538	2,028,295
EUR	€159,792	136,986	€319,585	273,971	€479,377	410,957
CHF	CHF 80,003	54,935	CHF 160,005	109,871	CHF 240,008	164,806
JPY	JPY 6,055,408	47,828	JPY 12,110,816	95,655	JPY 18,166,224	143,483
AUD	AUD 2,058	1,350	AUD 4,115	2,700	AUD 6,173	4,050
TOTAL		917,197		1,834,394		2,751,591

Market rısk
The Company was not exposed to materıal market rısks durıng the year

Lıquıdıty rısk
Lıquıdıty rısk ıs the rısk arısıng from the Company not beıng able to meet ıts oblıgatıons Management does not belıeve lıquıdıty rısk to be a materıal rısk area for the Company due to the nature of ıts operatıons and avaılabılıty of sıgnıficant hıghly lıquıd assets As an FSA regulated entıty, the Company ıs required to manage lıquıdıty rısk for regulatory purposes and further detaıls are provıded ın the Capıtal Management note

The Company's current ratıo (current assets current lıabılıtıes) ıs 1 29 (2010 1 52) thus provıdıng suffıcıent coverage to the Company's financıal oblıgatıons ıncludıng those of long term nature Durıng the year lıquıdıty was maıntaıned through the accumulatıon of profits from current and prevıous years The Company has forecast ıt has suffıcıent financıal resources to meet ıts financıal oblıgatıons as they fall due

The Company's approach to managıng lıquıdıty ıs to ensure as far as possıble that ıt wıll always have suffıcıent lıquıdıty to meets ıts margın requırements and lıabılıtıes as they fall due

18 Financial Instruments Presentation (continued)

In order to monitor liquidity and manage the risk, a review is undertaken on a weekly basis of the funds available against the liabilities due as at that date, which determines headroom or short falls

As at the end of the reporting period, the position was as follows

	2011 £	2010 £
Client monies held at instant access	88,312,102	53,752,336
Other cash and cash equivalent	24,939,719	34,419,457
TOTAL	113,251,821	88,171,793

The following tables detail the Company's remaining contractual maturity for its financial liabilities The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay The table includes both interest and principal cash flows

31 December 2011	Carrying amounts £	Contractual cash flow £	3 months or less £	3-12 months £	1-2 years £	2-5 years £	More than 5 years £
Trade payable- Client Balances (Note 16)	101,029,135	101,029,135	101,029,135	-	-	-	-
Other trade payables (Note 16)	1,065,529	1,065,529	1,065,529	-	-	-	-
Accruals and deferred income (Note 16)	2,716,045	2,716,045	2,716,045	-	-	-	-
Other payables (Note 16)	1,965,569	1,965,569	547,864	26,368	183,377	507,649	700,311
Derivative Financial Liabilities (Note 17)	1,244,479	1,244,479	1,244,478	-	-	-	-
Provisions (Note 15)	416,325	416,325	-	-	-	-	416,325
	108,437,081	108,437,081	106,603,051	26,368	183,377	507,649	1,116,636

31 December 2010	Carrying amounts £	Contractual cash flow £	3 months or less £	3-12 months £	1-2 years £	2-5 years £	More than 5 years £
Trade payable- Client Balances (Note 16)	58,893,895	58,893,895	58,893,895	-	-	-	-
Other trade payables (Note 16)	436,656	436,656	436,656	-	-	-	-
Accruals and deferred income (Note 16)	2,377,875	2,377,875	2,377,875	-	-	-	-
Other payables (Note 16)	1,118,860	1,118,860	180,721	-	-	444,658	493,481
Derivative Financial Liabilities (Note 17)	485,553	485,553	485,553	-	-	-	-
Provisions (Note 15)	265,000	265,000	-	-	-	-	265,000
	63,577,839	63,577,839	62,374,700	-	-	444,658	758,481

18 Financial Instruments Presentation (continued)

Credit risk
Management believes that the company has exposure to credit risk only in respect of its clients However, the company exercises all deals for its clients through an automated system which will close client positions out automatically when the client's initial deposit is eroded to 20% of the relevant requirement In an unlikely event that the position is closed out outside these parameters, perhaps due to a leap in the market prices, and a debit is owed on the account that the client cannot or is unwilling to pay, the company will suffer a loss

Leverage offered to clients is based on the size of client deposits and trade Clients with higher leverage (500 1) are not allowed to take positions more than US$20,000, which gives the company's total exposure to the risk of US$980,000 The institutional clients are on a lower leverage (100 1)

The company had no overdue but not impaired receivables at the period end (2010 £nil)

The balance within derivative financial instruments includes gains on open client positions, which settled within a short period after the year end

Other market risks and concentration

The Company currently has three banks and two prime brokers to keep its assets and facilitate operations – all approved financial institutions The Company has also designed its hedging and trading desk policy allowing management to monitor market risks The policy is reviewed by directors on a regular basis

The Company has a large number of active accounts. The over exposure is mitigated by diversification of trades and conditions offered to existing and new clients

The forex market is the biggest market in the world, and a slump in the economy resulting in falling share prices, may well have a positive impact on the Company's operations as investors seek further outlets in which to invest Certain cross rates may become less profitable for the Company, but as the Company offers a number of different cross rates it is unlikely that they all decrease their profitability in the same period

Classification of financial assets and liabilities

The Company classified its financial assets and liabilities at 31 December 2011 as follows

Financial assets	**At fair value through profit and loss £**	**At amortised cost £**	**Total carrying value £**
Financial assets held for trading			
Derivative financial asset	12,522,930	-	12,522,930
Loans and receivables			
Trade and other receivables	-	11,253,866	11,253,866
Cash and cash equivalents	-	113,251,821	113,251,821
TOTAL	12,522,930	124,505,687	137,028,617

18 Financial Instruments Presentation (continued)

Financial liabilities	**At fair value through profit and loss £**	**At amortised cost £**	**Total carrying value £**
Financial liabilities held for trading			
Derivative financial liabilities	1,244,479		1,244,479
Borrowings and payables			
Trade and other payables	-	107,005,213	107,005,213
TOTAL	1,244,479	107,005,213	108,249,692

The Company classified its financial assets and liabilities at 31 December 2010 as follows

Financial assets	**At fair value through profit and loss £**	**At amortised cost £**	**Total carrying value £**
Financial assets held for trading			
Derivative financial asset	9,511,003	-	9,511,003
Loans and receivables			
Trade and other receivables	-	3,930,548	3,930,548
Cash and cash equivalents	-	88,171,793	88,171,793
TOTAL	9,511,003	92,102,341	101,613,344
Financial liabilities			
Financial liabilities held for trading			
Derivative financial liabilities	485,553		485,553
Borrowings and payables			
Trade and other payables	-	63,029,602	63,029,602
TOTAL	485,553	63,029,602	63,515,155

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments

The Company's derivatives are level two financial instruments and are derived directly from market foreign exchange rates, indices and share prices

19 Equity share capital

	2011 £	2010 £
Authorised		
Ordinary shares of £1	10,000,000	10,000,000
Shares issued and fully paid		
1 January 2011	3,228,514	3,228,514
31 December 2011	3,228,514	3,228,514

20 Cash flow adjustments and changes in working capital

	2011 £	2010 £
Adjustments:		
Depreciation of property, plant and equipment	583,272	558,518
Foreign exchange losses/(gains)	(98,655)	(639,440)
Interest and dividend income	(170,597)	(108,907)
Total adjustments	314,020	(189,829)

Net changes in working capital	2011 £	2010 £
Change in trade and other receivables	(4,048,910)	(2,451,403)
Change in derivative financial asset	(3,011,927)	(3,934,789)
Change in trade and other payable	43,975,612	18,313,631
Change in derivative financial liability	758,926	286,209
Total changes in working capital	37,673,701	12,213,648

21 Capital Management

The Company's capital management objectives are

- To ensure the Company's ability to continue as a going concern, and
- To meet regulatory capital requirements at all times

These objectives are primarily met by managing the market risks that the Company faces on a regular basis

The Company is regulated by the Financial Services Authority (FSA), and is required to adhere to a minimum capital requirement Capital is represented by issued share capital and reserves The capital requirements are derived from credit risk, operational risk, market risk and counterparty risk

There have been no changes to the capital management objectives, policies and procedures since the prior period

21 Capital Management (continued)

As at the reporting date capital resources, capital requirements and capital surplus were as follows

	2011 £'000	2010 £'000
Capital reserves	31,436	33,314
Capital requirements	26,378	14,316
Surplus	5,058	18,998

The regulatory capital requirements are calculated daily and monitored on an intraday basis The regulatory capital requirements and resources are reported to the Board of Directors and the FSA on a monthly basis

There have been no changes in the Company's management of capital and the minimum capital requirement during the year The Company capital has been in excess of the capital requirement though out the period

The Company has surplus cash at the reporting date, and it has adequate forecast financial resources in order to meet its liabilities as they fall due

In the opinion of the directors the Company is a going concern based on the following key indicators

- Increase in net deposits
- Increase in number of trading clients

All of the above have been forecast in line with the Company's expansion plans and are adequate to meet the capital requirements

In light of the above, the going concern basis of accounting is deemed to be appropriate for the Company

22 Related Party Transactions

Directors' transactions

Key management compensation is disclosed in Note 5

Other transactions

Payments made to Alpari Emirates, a company with common shareholders, for expenses during the year were £1,784,124 (2010 £811,189) Total balance due at the period end to Alpari Emirates was £113,635 (2010 £nil)

Alpari Forex (India) Private Limited (formerly Alpari Forex (India) Pvt Ltd), a subsidiary of the company was paid £442,963 (2010 £990,737) for expenses during the year Total balance due at the period end from Alpari Forex (India) Pvt Ltd was £151,491 (2010 £115,979) The debtor arises as payments on account are made to the subsidiary

Alpari ME DMCC, a newly formed sister company within the group was paid £611,596 for set up and running costs during the year Total balance due at the period end from the entity was £446,372 The debtor arises as the set up costs will be repaid to Alpari (UK) Limited from future profits

22 Related Party Transactions (continued)

Payments made to Alpari (Deutschland) GmbH, a subsidiary of the company, for expenses during the year were £1,347,047 (2010 £801,676) Total balance due at period end from Alpari (Deutschland) GmbH was £113,634 (2010 £65,059) The debtor arises as payments on account are made to the subsidiary

Alpari Japan K K was acquired on 31 March 2011 Total payments made to them during the year was nil, except the payment of the acquisition costs Total balance due at the period end to Alpari Japan K K was £251,827

Alpari US LLC, a company with common shareholders was granted a further loan of $5,000,000 (2010 $3,000,000) subordinate loan The full balance of $8,000,000 is payable in full within the next 12 month of the reporting date with interest at the rate of 0 2% per annum payable on maturity date

Furthermore, payments made for shared costs and profit share during the year were £2,902,303 (2010 £862,709) Total balance due at the period end from Alpari US LLC for the shared costs, was £92,046 (2010 due to £60,983)

For details of the subordinated loan provided to Alpari Financial Services Limited in 2011, please refer to Note 10

23 Operating Lease Commitments

At each year end the Company had outstanding commitments under non-cancellable operating leases which fall due as follows

	2011 £	2010 £
Land and buildings		
Not later than one year	854,465	419,391
Later than one year but not more than five years	5,095,424	2,935,737
Later than five years	8,645,071	6,710,256
	14,594,960	10,065,384

The increase in operating commitment relate to the extension in office space acquired at 201 Bishopsgate as part of a lease which commenced on 30 August 2011 and will terminate alongside the existing term on 13 January 2024

24 Contingent Liabilities

From 12 October 2010, the Company agreed to act as a guarantor for various agreed credit facilities to Alpari Forex (India) Pvt Limited up to the value of 25 million Indian Rupees

From 12 October 2011, the Company agreed to act as a guarantor of a loan granted to Alpari Development Limited (a Cyprus based entity with common shareholders) for the amount of €4,550,000 The Company undertake to pay to the lender (the Bank) upon demand any amount due by Alpari Developments Limited to the Bank and continue the repayment of the loan to the Bank pursuant to the relative loan agreement in case Alpari Development Limited fails and/or neglects to do so

At 31 December 2011 and 31 December 2010 there were no other contingent liabilities applicable to the Company

25 Auditor Liability Limitation Agreement

The agreement limits the liability owed to the Company by Grant Thornton UK LLP in respect of any negligence, default, breach of duty or breach of trust, occurring in the course of the audit of the financial statements for the year ended 31 December 2011 The agreement was approved by resolution of the Board of Directors on liability limitation being such amount deemed fair and reasonable, as so determined

26 Consolidation Exemption

Alpari (UK) Limited has exercised the exemption from preparing group accounts as it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State

27 Ultimate Parent and Controlling Party

The Company is a wholly owned subsidiary of Alpari (Cyprus) Limited, a company incorporated in Cyprus

28 Pillar 3 Disclosures

In accordance with FSA regulations, the Pillar 3 disclosures are available on the Company's website at www alpari co uk

29 Post-reporting date events

No issues to report as post-reporting date events

30 New standard or interpretation in issue not applied early

The following standards are in issue but not yet in effect at the date of approval of the financial statements

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)
- Disclosures - Transfers of Financial Assets - Amendments to IFRS 7 (effective 1 July 2011)
- Deferred Tax Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Presentation of Items of Other Comprehensive Income - Amendments to IAS 1 (effective 1 July 2012)
- Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)

None of these standards are expected to have a material impact on the results for the reporting period or the position at reporting period end

31 Authorisation of Financial Statements

The Company financial statements for the year ended 31 December 2011 (including comparatives) were approved by the board of directors on 05 April 2012

David Stuart
Director