

Moneycorp Financial Risk Management Limited

Financial Statements
for the year ended 31 December 2013



Company Number: 05774742

Moneycorp Financial Risk Management Limited
Financial statements for the year ended 31 December 2013

Company information

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

COMPANY REGISTRATION NUMBER

05774742

DATE OF INCORPORATION

7 April 2006

BANKERS

Barclays Bank Plc
93 Baker Street
London
W1A 4SD

TRADING NAME

Moneycorp Financial Risk Management
Limited

Royal Bank of Scotland Plc
250 Bishopsgate
London
EC2M 4AA

REGISTERED OFFICE

2 Sloane Street
London
SW1X 9LA

DIRECTORS

N Haslehurst
M Horgan
D Reith (resigned 15 August 2013)
A Woolley

Moneycorp Financial Risk Management Limited
Financial statements for the year ended 31 December 2013

Contents	Pages
Directors' report	4-5
Strategic report	6
Independent auditors' report	7-8
Profit and loss account	9
Balance sheet	10
Cashflow statement	11
Notes to the financial statements	12-15

Moneycorp Financial Risk Management Limited
Directors' Report
for the year ended 31 December 2013

The Directors present their report and the audited financial statements of Moneycorp Financial Risk Management Limited 'the Company' for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is acting as a broker in the provision of foreign exchange option transactions to businesses and individuals. The Company is authorised and regulated by the Financial Conduct Authority (FCA).

RESULTS AND DIVIDENDS

The profit and loss account for the year is set out on page 9. The Directors do not recommend the payment of a dividend (year ended 31 December 2012: £nil).

DIRECTORS

The Directors listed below have served the Company during the year and up to the date of this report:

N Haslehurst
M Horgan
D Reith (resigned 15 August 2013)
A Woolley

CHARITIES AND DONATIONS

No donations were made for charitable or political purposes during the year (year ended 31 December 2012: £nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 year. In preparing these financial statements the Directors are required to:

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and accounting estimates that are reasonable and prudent;
- iii) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- iv) 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.

Moneycorp Financial Risk Management Limited
Directors' Report (continued)
for the year ended 31 December 2013

DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS

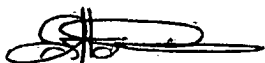
In accordance with Section 418 of the Companies Act 2006, each Director in office at the date of approval of this report has confirm that:

- (a) as far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he 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.

INDEPENDENT AUDITORS

The auditors PriceWaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they will be reappointed will be proposed at the next meeting of the board of directors.

ON BEHALF OF THE BOARD



N Haslehurst
Director
25th April 2014

Moneycorp Financial Risk Management Limited
Strategic Report
for the year ended 31 December 2013

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activities of the Company are the provision of foreign currency options to TTT Moneycorp Limited.

All comparatives relate to the year ended 31 December 2012.

The business performed strongly in 2013, driven by higher customer and transaction volumes. Turnover grew by 83% and profit before tax increased by 108%. The business re-commenced trading in April 2012 and therefore 2013 performance is compared to this shorter accounting period.

During 2013, a project was initiated to develop and implement a new dealing and settlement system for the company. This work is anticipated to be completed during the second half of 2014 and should provide a robust, scalable platform for future growth.

Financial performance during 2014 is broadly in line with expectations.

RISKS AND UNCERTAINTIES

The Company is authorised and regulated by the FCA and does not consider current or known future regulation to be financially or operationally prohibitive.

Operational risk - Management has identified operational risk as the business's primary risk. Operational risk includes the risk arising within the organisation from inadequate or failed internal processes, inadequately designed or maintained systems, inappropriate staff levels or inadequately skilled or managed people. Operational risk exposures are identified, managed and controlled by management at all levels of the organisation. Internal controls include the organisational structures and delegation of authority within the Company. Systems are designed to manage and, as far as possible, eliminate the risk of failure to achieve business objectives and can provide robust, but not absolute, assurance against material misstatement or loss.

Currency risk - The Company maintains bank balances in a number of currencies, and is therefore exposed to movements in foreign exchange rates on these limited balances.

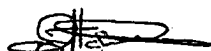
Liquidity risk - The settlement of contracts and other short term working capital requirements requires adequate liquidity which is generated through intra-day settlement facilities. The Company seeks to manage this risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Physical risk - Physical risk arises from the Company's exposure to theft, misappropriation or damage to its physical assets. The Company maintains appropriate physical security measures and operates suitable policies and procedures to mitigate this risk. The Company also maintains appropriate levels of insurance to limit its exposure.

Credit risk - Credit risk arises from the possibility that the Company will incur losses from the failure of its customers to meet their obligations. The Company does not generally provide credit to its customers but credit exposures can arise, normally for a short period of time, as the Company depends on its customers to pay for monies and services provided and to perform on foreign exchange contracts. All material credit exposures require approval by the Group Credit Committee comprising individuals independent of business revenue generation. Credit exposures are monitored regularly against approved risk limits, with client margins called for where appropriate.

Regulatory and compliance risk - Regulatory risk is the risk of the financial or reputational loss arising from failure to meet the requirements of the Company's regulators. Compliance risk is the risk that the Company fails to adhere to the relevant rules and regulations that apply to its business. The Company has a dedicated team to set policy and ensure compliance with the FCA, anti-money laundering regulations and other regulatory requirements throughout the business operations.

ON BEHALF OF THE BOARD



N Haslehurst
Director
25th April 2014

Independent auditors' report to the member of Moneycorp Financial Risk Management Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Moneycorp Financial Risk Management Limited, comprise:

- the balance sheet as at 31 December 2013;
the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of the financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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;
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and informations and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

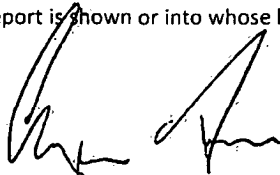
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4-5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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



Christopher Jones
Senior Statutory Auditor
For and behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

25th April 2014

Moneycorp Financial Risk Management Limited**Profit and Loss Account****for the year ended 31 December 2013**

	Notes	12mths to 31 Dec 13 £	12mths to 31 Dec 12 £
TURNOVER	2	1,859,945	1,013,679
Administrative expenses		<u>(1,731,084)</u>	<u>(952,885)</u>
OPERATING PROFIT	3	128,861	60,794
Interest (payable)/receivable and similar income	6	<u>(152)</u>	<u>1,178</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		128,709	61,972
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	12	<u>128,709</u>	<u>61,972</u>

All results derive from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the years stated above and their historical cost equivalents.

The Company has no recognised gains or losses other than those included in the profit and loss account above, and as such no separate Statement of Total Recognised Gains or Losses has been presented.

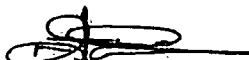
The notes on pages 12 to 15 form part of the financial statements.

Moneycorp Financial Risk Management Limited**Balance Sheet****As at 31 December 2013**

		31 December 2013		31 December 2012	
	Notes	£	£	£	£
CURRENT ASSETS					
Debtors	8	89,422		1,280,242	
Cash at bank and in hand	9	<u>468,355</u>		<u>807,681</u>	
		557,777		2,087,923	
CREDITORS					
Amounts falling due within one year	10	<u>(82,691)</u>		<u>(1,741,546)</u>	
NET ASSETS			<u>475,086</u>		<u>346,377</u>
CAPITAL AND RESERVES					
Called up share capital	11	2,100,000		2,100,000	
Profit and loss account	12	<u>(1,624,914)</u>		<u>(1,753,623)</u>	
TOTAL SHAREHOLDERS' FUNDS		13	475,086		346,377

The notes on pages 12 to 15 form part of the financial statements.

Approved by the Board on 25th April 2014 and signed on its behalf by:



N Haslehurst
Director

Moneycorp Financial Risk Management Limited
Cash Flow Statement
for the year ended 31 December 2013

	12mths to 31 Dec 13 £000	12mths to 31 Dec 13 £000	12mths to 31 Dec 12 £000	12mths to 31 Dec 12 £000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(339,174)		514,464
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	-	-	1,178	-
Interest paid	(152)	-	-	-
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING	(152)		1,178	
Taxation received/(paid)		-		-
CAPITAL EXPENDITURE				
Tangible fixed assets acquired	-	-	-	-
Proceeds on disposal of intangible fixed assets	-	-	-	-
ACQUISITIONS				
Net cashflows from operations	-	-	-	-
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING ACTIVITIES		(339,326)		515,642
FINANCING				
Equity dividends paid		-		-
(DECREASE)/INCREASE IN CASH BALANCES		(339,326)		515,642
Opening cash balances		807,681		292,039
Closing cash balances		468,355		807,681
(DECREASE)/INCREASE IN CASH BALANCES		(339,326)		515,642

Note to the Cashflow
Reconciliation of operating profit to cash inflow from operating activities

Operating profit		128,861		60,794
Decrease/(increase) in debtors	1,190,820		(1,251,993)	
(Decrease)/increase in creditors	(1,658,855)		1,705,663	
		(468,035)		453,670
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(339,174)		514,464

Moneycorp Financial Risk Management Limited

Notes to the financial statements

for the year ended 31 December 2013

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis.

(b) FOREIGN CURRENCIES

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction took place. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in arriving at the operating profit. The gross assets and liabilities relating to foreign currency exchange contracts are reported in the balance sheet under debtors and creditors respectively.

(c) TURNOVER

Turnover comprises a spread on the premium charged on FX option products, recognised when a deal is transacted.

(d) ACCOUNTING FOR DERIVATIVE CONTRACTS

The Company enters into derivative contracts, specifically European Options, as part of its brokerage activity. All positions are hedged with the market in line with the Company's risk management policies.

For each hedged pair of derivatives the Company adopts a contract accounting method whereby, on trade date the net premium due payable is recorded as Turnover, with the corresponding entry recognised as debtors, until amounts are received.

On exercise of the options contract, where applicable, the Company recognises a debtor and creditor to reflect the settlement of the notional amounts due under the contract.

Changes in the fair value of derivative contracts are not recognised.

(e) DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable results and its results as stated in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

(f) PREFERENCE SHARES

The company has issued nil coupon, non-cumulative preference shares. These shares carry no right to interest. Accordingly, under FRS25, preference shares are treated as an equity instrument.

2 TURNOVER

Turnover consists of income solely generated in the United Kingdom.

3 OPERATING PROFIT

Operating profit is stated after charging:

Fees payable to the Company Auditor for:

The audit of the Company financial statements

Other services relating to taxation

	12mths to 31 Dec 13	12mths to 31 Dec 12
	£	£
	10,500	10,500
	<u>3,000</u>	<u>2,000</u>

Moneycorp Financial Risk Management Limited

Notes to the financial statements (continued)

for the year ended 31 December 2013

	12mths to 31 Dec 13	12mths to 31 Dec 12
	£	£
4 DIRECTORS' EMOLUMENTS		
Aggregate emoluments (including benefits) for management services as Directors	<u>182,150</u>	<u>159,538</u>

All the Directors of the Company, with the exception of D Reith, are Directors of TTT Moneycorp Limited (another Group Company). Emoluments are paid by TTT Moneycorp Limited in respect of services of directors to the company. The above amounts reflect the amount recharged to the Company allocated on a time-spent basis as detailed in and governed by a Services Agreement dated 21 June 2012. No directors received compensation for loss of office.

Comparatives have been changed to conform with the current year disclosure approach.

5 EMPLOYEE INFORMATION

The Company has no employees other than the Directors throughout the current and previous year.

The salaries of the staff concerned with revenue generation for the Company are paid by TTT Moneycorp Limited, another subsidiary of Regent Acquisitions Limited, for which a recharge is made to the Company, detailed in and governed by a Services Agreement dated 21 June 2012.

	12mths to 31 Dec 13	12mths to 31 Dec 12
	£	£
6 INTEREST (PAYABLE)/RECEIVABLE AND SIMILAR INCOME		
Interest (payable)/receivable and similar income consists of:		
Bank interest (payable)/receivable	<u>(152)</u>	<u>1,178</u>

	12mths to 31 Dec 13	12mths to 31 Dec 12
	£	£
7 TAX ON PROFIT ON ORDINARY ACTIVITIES		
(a) Analysis of (credit)/charge in the year		
Current tax:		
UK corporation tax for the year	<u>-</u>	<u>-</u>
Total current tax; note 7(b)	<u>-</u>	<u>-</u>

(b) **Factors affecting tax (credit)/charge for the year**

The UK corporation tax rate at 31 December 2013 was 23% (effective from 1 April 2013). Until 1 April 2013 the UK corporation tax rate of 24% applied.

The tax assessed for the year is lower than (2012: lower than) the standard effective rate of corporation tax in the UK of 23.25% (year ended 31 December 2012: 24.5%). The differences are explained below:

Profit on ordinary activities before taxation	<u>128,709</u>	<u>61,972</u>
At the standard effective rate of corporation tax in the UK of 23.25% (year ended 31 December 2012: 24.5%)	<u>29,925</u>	<u>15,183</u>
Effects of:		
Group relief (received)/surrendered	<u>(29,925)</u>	<u>(15,183)</u>

Moneycorp Financial Risk Management Limited

Notes to the financial statements (continued)

for the year ended 31 December 2013

8 DEBTORS	31 Dec 13	31 Dec 12
	£	£
Amounts falling due within one year:		
Trade debtors	-	1,278,549
Amounts owed by Group undertakings	87,729	-
Prepayments and accrued income	1,693	1,693
	89,422	1,280,242

The amount owing at 31 December 2013, by the Company's Parent undertaking was unsecured, interest free and repayable on demand.

9 CASH AT BANK AND IN HAND

At 31 December 2013, the Company's cash balances with banks included £43,260 (31 December 2012: £397,523) of customer deposits. The corresponding liability is included within trade creditors (note 10).

10 CREDITORS	31 Dec 13	31 Dec 12
	£	£
Amounts falling due within one year:		
Trade creditors	50,956	1,664,422
Other creditors	12,735	59,124
Accruals and deferred income	19,000	18,000
	82,691	1,741,546

11 CALLED UP SHARE CAPITAL

	31 Dec 13	31 Dec 12
Ordinary shares of £1 each:		
Authorised - value	£1,000,000	£1,000,000
Authorised - number	1,000,000	1,000,000
Allotted, called up and fully paid - value	£750,000	£750,000
Allotted, called up and fully paid - number	750,000	750,000
Preference shares of £1 each:		
Authorised - value	£1,450,000	£1,450,000
Authorised - number	1,450,000	1,450,000
Allotted, called up and fully paid - value	£1,350,000	£1,350,000
Allotted, called up and fully paid - number	1,350,000	1,350,000

Moneycorp Financial Risk Management Limited**Notes to the financial statements (continued)****for the year ended 31 December 2013**

	12mths to 31 Dec 13	12 mths to 31 Dec 12
	£	£
12 PROFIT AND LOSS ACCOUNT		
At 1 January	(1,753,623)	(1,815,595)
Profit for the financial year	128,709	61,972
At 31 December	(1,624,914)	(1,753,623)

	12mths to 31 Dec 13	12mths to 31 Dec 12
	£	£
13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Opening equity shareholders' funds	346,377	284,405
Profit on ordinary activities after taxation	128,709	61,972
Closing equity shareholders' funds	475,086	346,377

14 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

The company has no contingent liabilities of financial commitments at the reporting date.

15 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption provided by FRS 8 so that the transactions with Group companies have not been disclosed.

16 ULTIMATE HOLDING COMPANY AND CONTROL

At the balance sheet date, the Directors consider that the Company's immediate parent and controlling party is Regent Acquisitions Limited (100% effective holding), incorporated and registered in The Cayman Islands. The ultimate holding company is Regent Acquisitions (Holdings) Limited (100% effective holding), a company incorporated and registered in Jersey, Channel Islands. This company produces consolidated financial statements, which may be obtained from 2 Sloane Street, London, SW1X 9LA. The ultimate controllers of Regent Acquisitions (Holdings) Limited at the balance sheet date were the RBS Special Opportunities Fund (a fund which is managed by RBS Asset Management Limited* and for which the nominee company is RB Investments 1 Limited).

*RBS Asset Management Limited is a subsidiary of Royal Bank of Scotland plc.