

Registered number 06378544

FIRST PRUDENTIAL MARKETS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012



FIRST PRUDENTIAL MARKETS LIMITED
COMPANY INFORMATION

Directors	E Arkenau M Murphie S Potts
Company secretaries	M Murphie J Potts
Company number	06378544
Registered office	L10, 30 Crown Place London EC4A 4EB
Auditor	PKF (UK) LLP 20 Farringdon Road London EC1M 3AP

FIRST PRUDENTIAL MARKETS LIMITED

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FIRST PRUDENTIAL MARKETS LIMITED

DIRECTORS' REPORT

The directors of First Prudential Markets Ltd submit the financial report for the year ended 30th June 2012

Principal Activities

The company commenced trading operations in December 2011 and accepted client deposits from that month

The principal activity of the company during the financial year was the provision of services for direct market access trading of contracts for difference and other financial instruments. There were no significant changes in principal activities during the year.

Review of Business

The company has successfully launched market operations in the UK and is now trading with a small base of selected clients. Growth in customer numbers has been at forecast expectations despite ongoing challenging market conditions.

Results and dividend

The loss for the year after taxation amounted to £367,164 (2011: loss of £33,561)

The directors do not recommend that any dividend be declared in respect of the year (2011: £nil)

Future Developments

The directors anticipate that operations will continue in a similar manner during the coming year but that losses will reduce as a result of action taken to reduce costs.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are as follows:

Financial risk

Financial Risk is rated low as the company hedges all underlying client exposures in the relevant market.

Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment commitments when they fall due. At Balance Sheet date, the majority of its commitments are due to other group companies and it is dependent upon the support of the wider group to continue to operate.

Systems development risk

Technology risks arise where trading and back office systems are integrated with real time data feeds from trading exchanges. Any disruption to systems may impact client trade execution. The company monitors this risk closely and has in place a number of redundancies and mitigating processes to ensure consistent order flow and minimal disruption to clients in the event of a third party break in service.

Interest rate risk

The company does not currently earn or pay significant interest and as such it is not materially exposed to interest rate risk.

Credit risk

Credit risk is broadly defined as the possible loss due to debtors' non-payment of loans, services or goods supplied. There were no material debtors overdue at the Balance Sheet date.

Regulatory risk

The financial services sector is heavily regulated and breaches lead to fines or disciplinary action both for the company and for individual staff. Management monitors closely actual and planned changes in regulation.

FIRST PRUDENTIAL MARKETS LIMITED

DIRECTORS' REPORT

Directors

The directors who served during the year were

E Arkenau
M Murphie
S Potts

No Director had any beneficial interest in the share capital of the company during the year

Statement of information provided to auditor

Each of the directors has confirmed that so far as they are aware,
- there is no relevant audit information of which the company's auditor is unaware, and
- that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Independent auditors

A resolution to re-appoint the auditor PKF (UK) LLP will be prepared in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 18 October 2012 and signed on its behalf



Emma Arkenau
Director

London
18 October 2012

FIRST PRUDENTIAL MARKETS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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, to disclose with reasonable accuracy at any time the financial position of the company and to 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.

FIRST PRUDENTIAL MARKETS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FIRST PRUDENTIAL MARKETS LIMITED

We have audited the financial statements of First Prudential Markets Limited for the year ended 30 June 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. 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).

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, 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 directors' report to identify material inconsistencies with the audited financial statements. 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 30 June 2012 and of its loss 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

FIRST PRUDENTIAL MARKETS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FIRST PRUDENTIAL MARKETS LIMITED (cont.)

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

PKF (UK) LLP

Rosemary Clarke (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor
London, UK

18 October 2012

FIRST PRUDENTIAL MARKETS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 £	2011 £
TURNOVER	2	121,417	-
Cost of Sales		(90,725)	-
Gross profit		<u>30,692</u>	<u>-</u>
Administrative expenses		(397,856)	(33,561)
Loss on ordinary activities before tax	3	<u>(367,164)</u>	<u>(33,561)</u>
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
Loss for the financial year	12	<u>(367,164)</u>	<u>(33,561)</u>

All amounts shown relate to continuing operations

There were no recognised gains or losses for the year other than those included in the profit and loss account

The notes on pages 9 - 14 form part of these financial statements

Registered number 06378544

FIRST PRUDENTIAL MARKETS LIMITED

**BALANCE SHEET
AS AT 30 JUNE 2012**

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	7	4,360	9,245
Current Assets			
Cash at bank and in hand	8	251,014	182,650
Debtors due within one year	9	36,689	1
		<u>287,703</u>	<u>182,651</u>
CREDITORS amounts falling due within one year	10	174,730	58,248
NET CURRENT ASSETS		<u>112,973</u>	<u>124,403</u>
NET ASSETS		<u>117,333</u>	<u>133,648</u>
CAPITAL AND RESERVES			
Called up share capital	11	560,850	210,001
Profit and loss account	12	(443,517)	(76,353)
SHAREHOLDERS' FUNDS	13	<u>117,333</u>	<u>133,648</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 October 2012

E Arkenau

E Arkenau
Director

The notes on pages 9 - 14 form part of these financial statements.

FIRST PRUDENTIAL MARKETS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	14	(239,232)	(43,355)
Capital expenditure and financial investment	14	-	(2,050)
Cash outflow before financing		(239,232)	(45,405)
Financing	14	307,596	-
Increase/(decrease) in cash in the period		68,364	(45,405)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBTS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 £	2011 £
Increase/(decrease) in cash in the period	68,364	(45,405)
(Increase)/decrease in advance from group undertakings	(81,747)	210,000
Change in net funds resulting from cash flows	(13,383)	164,595
Exchange differences	3,624	12,837
Movement in net funds the period	(9,759)	177,432
Net funds at 1 July 2011	131,455	(45,977)
Net funds at 30 June 2012	121,696	131,455

The notes on pages 9 - 14 form part of these financial statements

FIRST PRUDENTIAL MARKETS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice

The company had net current assets of £129,670 at the balance sheet date and generated a loss of £350,467 in the period. The parent company has confirmed its intention to continue to provide financial support to the company for the foreseeable future to enable it to continue to settle its external liabilities as they fall due and to enable it to meet its regulatory capital requirements. Accordingly, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

1.2 Turnover

Turnover represents the commission and financing charge on transactions executed by the company's customers during the year.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less estimated residual value, over expected useful lives on the following bases:

Computer equipment	33% straight line
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1.4 Taxation

Current tax is provided at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.5 Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.6 Foreign Currency Transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end exchange rates. Exchange gains and losses are included within the profit and loss account.

FIRST PRUDENTIAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

2 TURNOVER

All turnover arose within the UK from the principal activities of the company

3 LOSS ON ORDINARY ACTIVITIES	2012	2011
	£	£
The loss of ordinary activities is stated after charging		
Depreciation	4,885	4,460
Auditor remuneration - audit fee	21,206	6,500
Auditor remuneration - Non-audit services	19,100	1,200
Operating lease rentals	<u>41,888</u>	<u>6,840</u>

4 STAFF COSTS	2012	2011
	£	£
Staff costs were as follows		
Wages and salaries	70,641	-
Social security costs	<u>7,754</u>	<u>-</u>
	<u>78,395</u>	<u>-</u>

The average number of employees during the year, including directors were as follows

	2012	2011
Sales and administration	<u>3</u>	<u>-</u>

5. DIRECTORS' REMUNERATION	2012	2011
	£	£
Aggregate emoluments	<u>42,261</u>	<u>166</u>

The highest paid director received remuneration of £42,261 which was paid by and recharged from a fellow group undertaking (2011 £166)

6 TAXATION	2012	2011
	£	£
Analysis of the tax charge		
Current tax		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

FIRST PRUDENTIAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

6. TAXATION (cont)

The tax assessed for the year was less than would be expected by multiplying the loss on ordinary activities by the average corporation tax rate of 25.5% (2011 21%)

	2012 £	2011 £
Loss on ordinary activities	(367,164)	(33,561)
Current tax		
Loss on ordinary activities multiplied by average corporation tax rate of 25.5% (2011 21%)	(93,627)	(7,048)
Effects of		
Carry forward tax losses	92,381	7,048
Depreciation in excess of capital allowances	1,246	-
	<u>-</u>	<u>-</u>

The company has tax losses of £447,130 (2011 £70,048) available for offset against future taxable profits. Future tax payments will be reduced until these losses have been utilised. After fixed asset timing differences, the company has a net potential deferred tax asset of £107,311 (2011 £18,212). The potential asset has not been recognised in the financial statements because there is insufficient certainty as to the incidence of future taxable profits against which losses might be offset.

7. TANGIBLE FIXED ASSETS

	Equipment, Computers, Software £
At cost	
At 1 July 2011	14,803
Additions	-
At 30 June 2012	<u>14,803</u>
Accumulated depreciation	
At 1 July 2011	5,558
Charge for the year	4,885
At 30 June 2012	<u>10,443</u>
Net book value	
At 1 July 2011	<u>9,245</u>
At 30 June 2012	<u>4,360</u>

8 CASH AT BANK

At 30 June 2012, cash balances with banks included £80,074 (2011 £70,050) of cash deposits which are subject to a legal charge in favour of a third party as a security deposit for the company's merchant facility.

At 30 June 2012, cash balances held by the company on behalf of clients under Financial Services Authority (FSA) 'CASS' rules amounted to £247,984, US\$1,835,513 and Euro€71,965 (2011 £Nil). The company has no beneficial interest in these deposits and accordingly they are not included in the company's balance sheet.

FIRST PRUDENTIAL MARKETS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

9. DEBTORS	2012	2011
	£	£
Amounts due within one year		
Called up share capital not paid	1	1
Trade debtors	18,949	-
Other debtors	17,739	-
	<u>36,689</u>	<u>1</u>

10 CREDITORS	2012	2011
	£	£
Amounts falling due within one year		
Amounts owed to group undertakings	129,318	51,195
Trade creditors	6,106	53
Other creditors	4,276	-
Social security and other taxes	3,623	-
Accruals	31,407	7,000
	<u>174,730</u>	<u>58,248</u>

The amounts owed to group companies are interest free and repayable on demand

11 SHARE CAPITAL	2012	2011
	£	£
Allotted, called up and fully paid		
560,850 ordinary shares of £1 each	<u>560,850</u>	<u>210,001</u>

12 RESERVES	Profit and loss account £
At 1 July 2011	(76,353)
Loss for the year	(367,164)
At 30 June 2012	<u>(443,517)</u>

13 SHAREHOLDERS' FUNDS	2012	2011
	£	£
At 1 July	133,648	(42,791)
Issue of share capital	350,849	210,000
Loss for the year	<u>(367,164)</u>	<u>(33,561)</u>
At 30 June	<u>117,333</u>	<u>133,648</u>

FIRST PRUDENTIAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

14 NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating loss	(367,164)	(33,561)
Depreciation	4,885	4,460
Unrealised foreign exchange loss/(gain)	591	(22,546)
(Increase)/ decrease in debtors	(36,688)	797
Increase in creditors	159,144	7,495
Net cash outflow from operating activities	(239,232)	(43,355)

Capital expenditure and financial investment	2012 £	2011 £
Purchase of tangible fixed assets	-	(2,050)
Net cash outflow from capital expenditure	-	(2,050)

Financing	2012 £	2011 £
Issue of shares	225,849	210,000
Short-term advance from group undertakings	81,747	(210,000)
Net cash Inflow from financing activities	307,596	-

Analysis of change in net funds

	At 1 July 2012 £	Cashflows £	Other changes £	At 30 June 2012 £
Cash in hand	182,650	68,364		251,014
Debt due within one year	(51,195)	(81,747)	3,624	(129,318)
	<u>131,455</u>	<u>(13,383)</u>	<u>3,624</u>	<u>121,696</u>

15 OPERATING LEASE COMMITMENTS

At 30 June 2012 the company had a three month commitment under non-cancellable operating leases as follows

	2012 £	2011 £
Expiry date within one year	<u>13,320</u>	<u>6,840</u>

FIRST PRUDENTIAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

16. RELATED PARTY TRANSACTIONS

During the year, First Prudential Markets PTY Limited ("FPM"), a fellow group company paid £120,216 to the suppliers and employees of the company. A balance of £129,025 (2011 £6,570) was due to FPM from the company at 30 June 2012 and this amount is included within amounts owed to group undertakings.

During the year, First Prudential Investments Group Pty Limited ("FPIG"), the ultimate parent, provided finance of £81,747 to the company and paid expenses of £569 on behalf of the company. The company also issued ordinary shares amounting to £350,849 to FPIG of which £125,000 was satisfied through a reduction in balance owed to FPIG and remainder was satisfied in cash. A balance of £293 (2011 £44,625) was due to FPIG from the company at 30 June 2012 and this amount is included within amounts owed to group undertakings.

There were no other transactions with the above companies during the year than the periodic revaluation of the underlying creditors owed to group undertakings in Australian dollars to closing exchange rates.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate parent undertaking is First Prudential Investments Group Pty Limited, a company registered in Australia. There is no ultimate single controlling party.

18. POST BALANCE SHEET EVENTS

The company issued 50,000 Ordinary shares of £1 each after the balance sheet date.