

Registered number: 06766829

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HERMEX INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

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HERMEX INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	Kyrillos Kyriacou Marios Demetriades Charalambos Psimolophitis Pavlos Argyrou
Registered number	06766829
Registered office	13/14 Basinghall Street London EC2V 5BQ
Independent auditors	Simmons Gainsford LLP Chartered Accountants & Statutory Auditors 7-10 Chandos Street London W1G 9DQ

HERMEX INTERNATIONAL LIMITED

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HERMEX INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

Introduction

The directors present their strategic report for Hermex International Limited (the "Company") for the period ended 31 December 2018.

The company provides a foreign currency exchange payment service. During the period ending 31 December 2018, the Company was authorised by the Financial Conduct Authority under the Payment Service Regulations 2017 (534547) for the provision of payment services. As at 6 January 2019 the Company became authorised by the Financial Conduct Authority ("FCA") as an Electronic Money Institution under the Electronic Money Regulations 2011 under reference number 900870.

Changes in group structure

During the period the Company de-merged from the Invexus Financial Group Limited and became a subsidiary of Hermex Holdings Limited, which is ultimately controlled by FxPro Group Limited.

During the period, the Company issued 100 ordinary shares to its parent company with a nominal value of £1 each and at a premium of £9,999 per share. The funds for the share issue were received in 2019. The share capital, which was raised, is expected to provide sufficient liquidity in order for the Company to expand its operations by using its electronic money license.

Business review

The net trading revenue for the period reached £1,171,730 (year ending 30 September 2017: £693,344). The Company incurred a loss of £608,632 (year ending 30 September 2017: net profit of £17,086). As of 31 December 2018, the net assets of the Company stood at £740,311 (30 September 2017: £128,423). The cash and cash equivalents increased to £105,420 (30 September 2017: £100,424).

Financial key performance indicators

The Company's Key Performance Indicators ("KPIs"), with which management monitors the business and its performance are net trading revenue (gross profit), and profitability. Net trading revenue for the period reached £1,171,730, compared to net trading revenue for the year ended 30 September 2017 of £694,344. The Company incurred a loss of £608,632 (year ending 30 September 2017: net profit of £17,086), mainly as result of tighter margins and increased staff costs, which reflect the increase in the number of staff. There were also loan write-offs and substantial professional costs as a result of the restructuring which increased the loss for the period.

HERMEX INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2018

Principal risks and uncertainties

The company's activities, as outlined above, expose it to a variety of risks. The risks are outlined below, except for Credit risk, Foreign Currency risk and Liquidity risk which are outlined in note 14 of the financial statements.

Operational and systems risk

This is a risk that derives from possible deficiencies relating to the Company's information technology and systems' control, as well as the risks of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously. Separation of power and authority regarding vital functions of the Company exists and the Board reviews any decisions made by management and monitors their activities.

Compliance risk

This is the risk of financial loss, including fines and other penalties, which may arise from non-compliance with laws and regulations. The Company is authorised and regulated by the FCA. Any changes in the regulatory framework and directives relating to the Company's services and operations could expose the Company to considerable risk. This risk is limited to a significant extent due to the supervision applied by the Compliance function, the use of external compliance and regulatory advisors, as well as by the monitoring controls applied by the Company.

Reputation risk

This is the risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether justified or unjustified) that may result in a reduction of its clientele, reduction in revenue and legal claims against the Company.

Brexit

The management of the Company does not believe that the UK's exit from the European Union ("EU") will affect its ability to operate going forward. Management will closely monitor the impact that Brexit might have and act accordingly to mitigate any impact that could arise from regulatory change resulting from Brexit.

This report was approved by the board on 26 April 2019 and signed on its behalf.



Kyrillos Kyriacou
Director

HERMEX INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the period ended 31 December 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Principal activity

The principal activity of the company in the period under review was that of foreign currency exchange payment services.

Directors

The directors who served during the period were:

Kyrillos Kyriacou
Peter Garland-Collins (resigned 7 September 2018)

Subsequent to the year end, Marios Demetriades, Charalambos Psimolophitis and Pavlos Argyrou were appointed as directors

Financial instruments

The Directors have considered the risks associated with financial instruments in note 14.

HERMEX INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2018**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

During the year the directors appointed Simmons Gainsford LLP as the company auditors and will they be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 April 2019 and signed on its behalf.


Kyrillos Kyriacou
Director

HERMEX INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HERMEX INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Hermex International Limited for the period ended 31 December 2018 which comprise the Statement of profit or loss, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the period 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 and Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

HERMEX INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HERMEX INTERNATIONAL LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

HERMEX INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HERMEX INTERNATIONAL LIMITED

Auditors' responsibilities for the audit of the financial statements

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

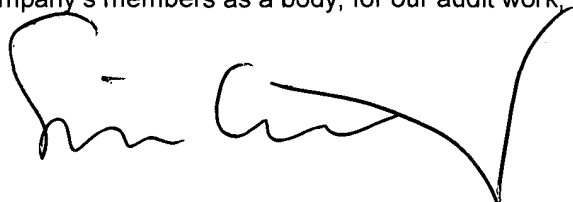
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Other matters

The financial statements of Hermex International Limited for the year ended 30 September 2017 were not audited as the directors took advantage of the audit exemption under s477 of the Companies Act.

Use of our report

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



David Pumfrey (Senior statutory auditor)

for and on behalf of
Simmons Gainsford LLP

Chartered Accountants
Statutory Auditors

7-10 Chandos Street
London
W1G 9DQ

26 April 2019

HERMEX INTERNATIONAL LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 DECEMBER 2018

	Note	15 month period ended 31 December 2018 £	Unaudited (Restated) Year ended 30 September 2017 £
Revenue	6	205,315,800	91,571,700
Cost of sales		(204,144,070)	(90,877,356)
Net trading revenue		<u>1,171,730</u>	<u>694,344</u>
Other operating income		92	13
Administrative expenses		(1,782,512)	(675,213)
(Loss)/profit from operations		<u>(610,690)</u>	<u>19,144</u>
(Loss)/profit before tax		<u>(610,690)</u>	<u>19,144</u>
Tax credit/(expense)	9	2,058	(2,058)
(Loss)/profit for the period/year		<u>(608,632)</u>	<u>17,086</u>

There was no other comprehensive income for 2018 (2017: £NIL).

HERMEX INTERNATIONAL LIMITED
REGISTERED NUMBER: 06766829

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	As at 31 December 2018 £	Unaudited (Restated) As at 30 September 2017 £
Assets			
Non-current assets			
Property, plant and equipment	10	11,761	3,199
Current assets			
Trade and other receivables	11	20,050,793	9,569,998
Cash and cash equivalents	18	105,420	100,424
		<u>20,156,213</u>	<u>9,670,422</u>
Total assets		<u>20,167,974</u>	<u>9,673,621</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	13	-	148,582
Current liabilities			
Trade and other liabilities	12	19,427,663	9,396,616
Total liabilities		<u>19,427,663</u>	<u>9,545,198</u>
Net assets		<u>740,311</u>	<u>128,423</u>
Issued capital and reserves			
Share capital	15	220,720	100
Share premium reserve		999,900	-
Retained earnings		(480,309)	128,323
TOTAL EQUITY		<u>740,311</u>	<u>128,423</u>

The financial statements on pages 10 to 27 were approved and authorised for issue by the board of directors on 26 April 2019 and were signed on its behalf by:

Kyrillos Kyriacou
Director



HERMEX INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018

	Share capital £	Share premium £	Retained earnings (restated) £	Total equity £
At 1 October 2017 (as previously stated)	100	-	4,701	4,801
Prior year adjustment	-	-	123,622	123,622
At 1 October 2017 (as restated)	100	-	128,323	128,423
Loss for the period	-	-	(608,632)	(608,632)
Total comprehensive income for the period	-	-	(608,632)	(608,632)
Issue of share capital	220,620	999,900	-	1,220,520
Total contributions by and distributions to owners	220,620	999,900	-	1,220,520
At 31 December 2018	220,720	999,900	(480,309)	740,311

	Share capital £	Retained earnings (restated) £	Total equity £
At 1 October 2016 (as previously stated)	100	1,237	1,337
Prior year adjustment	-	110,000	110,000
At 1 October 2016 (as restated)	100	111,237	111,337
Profit for the year	-	17,086	17,086
Total comprehensive income for the period	-	17,086	17,086
At 30 September 2017	100	128,323	128,423

The notes on pages 14 to 17 form part of these financial statements.

HERMEX INTERNATIONAL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	31 December 2018 £	Unaudited 30 September 2017 £
Cash flows from operating activities		
(Loss)/profit for the period/year	(608,632)	17,086
	<u>(608,632)</u>	<u>17,086</u>
Adjustments for		
Depreciation of property, plant and equipment	5,346	1,067
Finance income	(92)	(13)
Income tax expense	(2,058)	2,058
	<u>(605,436)</u>	<u>20,198</u>
Movements in working capital:		
Increase in trade and other receivables	(9,478,737)	(134,667)
Increase in trade and other payables	10,105,043	104,297
	<u>20,870</u>	<u>(10,172)</u>
Cash generated from operations	20,870	(10,172)
Income taxes paid	(2,058)	(1,300)
	<u>18,812</u>	<u>(11,472)</u>
Net cash from/(used in) operating activities		
Cash flows from investing activities		
Purchases of property, plant and equipment	(13,908)	(1,979)
Interest received	92	13
	<u>(13,816)</u>	<u>(1,966)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Net cash increase/(decrease) in cash and cash equivalents	4,996	(13,438)
Cash and cash equivalents at the beginning of period	100,424	113,862
Cash and cash equivalents at the end of the period	<u><u>105,420</u></u>	<u><u>100,424</u></u>

HERMEX INTERNATIONAL LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

1. Reporting entity

Hermex International Limited (the 'Company') is a limited company incorporated in England and Wales. The Company's registered office is at 13/14 Basinghall Street, London, EC2V 5BQ. The Company's principal activity is that of foreign currency exchange payment services.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and are also prepared in accordance with IFRS adopted by the European Union ('EU'), the Companies Act 2006 and Article 4 of the EU IAS Regulation. They were authorised for issue by the Company's board of directors on 26 April 2019.

Details of the Company's accounting policies, including changes during the period, are included in note 3.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 5.

The accounting reference date was changed to the 31 December so as to be in line with other group entities.

The financial statements of Hermex International Limited for the year ended 30 September 2017 were not audited as the directors took advantage of the audit exemption under s477 of the Companies Act.

This is the first year that the company has adopted IFRS, however the policies applied under the entity's previous accounting framework are not materially different to IFRS and have not impacted on equity or profit or loss.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis, modified where financial instruments are held at fair value.

HERMEX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

2. Basis of preparation (continued)

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 October 2017

There were no new and/or amended Standards applied for the first time in the financial year which would have any material impact on the financial statements.

ii) New standards, interpretations and amendments not yet effective

The following standards and interpretations were effective for period commencing on/after 1 January 2018 and therefore have not had an impact in the current year.

IFRS 9 Financial instruments
IFRS 15 Revenue from contracts with customers

The following standards and interpretations to published standards are not yet effective:

New standard or interpretation	EU Endorsement status	Mandatory effective date (period beginning)
IFRS 16 Leases		1 January 2019

The directors anticipate that the adoption of other Standards and interpretations that are not yet effective in future periods will only have an impact on the presentation in the financial statements of the Company.

3. Accounting policies

3.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue represents the total sterling consideration received in the provision of foreign currency to customers. The company is deemed to be the principal in the transaction with both the customer and the bank. Revenue is recognised at the time the foreign currency contract is entered into rather than the maturity date of the transaction.

3.2 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

HERMEX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

3. Accounting policies (continued)

3.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Fixtures and fittings	25%
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3.4 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.5 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

HERMEX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

3. Accounting policies (continued)

3.6 Financial liabilities and equity instruments

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

HERMEX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

4. Functional and presentation currency

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

5. Accounting estimates and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

6. Revenue

The following is an analysis of the Company's revenue for the period from continuing operations:

	31 December 2018 £	(Restated) 30 September 2017 £
Foreign currency sales	205,315,800	91,571,700
	<u>205,315,800</u>	<u>91,571,700</u>

7. Auditors' Remuneration

	31 December 2018 £	30 September 2017 £
Auditors' Remuneration	11,500	-
	<u>11,500</u>	<u>-</u>

HERMEX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

8. Employee benefit expenses

The average monthly number of employees, including directors, during the year was 19 (2017 - 13).

	31 December 2018 £	30 September 2017 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	1,513,632	551,985
National insurance	166,198	23,616
Defined contribution pension cost	7,094	719
	<u>1,686,924</u>	<u>576,320</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the Company listed on page 1, and the Financial Controller of the Company.

	31 December 2018 £	30 September 2017 £
Wages and salaries	500,000	72,000
	<u>500,000</u>	<u>72,000</u>

HERMEX INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

9. Tax expense

9.1 Income tax recognised in profit or loss

	31 December 2018 £	30 September 2017 £
Current tax		
Current tax on profits for the period	-	2,058
Adjustments in respect of prior years	(2,058)	-
	<u>(2,058)</u>	<u>2,058</u>

Total tax expense

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to losses for the period are as follows:

	31 December 2018 £	30 September 2017 £
(Loss)/profit for the period	(608,632)	17,086
Income tax expense (including income tax on associate, joint venture and discontinued operation)	(2,058)	2,058
(Loss)/profit before income taxes	<u>(610,690)</u>	<u>19,144</u>
Tax using the Company's domestic tax rate of 19% (2017:19/20%)	(116,031)	3,637
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	43,043	821
Capital allowances for the year in excess of depreciation	374	135
Prior period adjustment	2,535	(2,535)
Unrelieved tax losses carried forward	68,021	-
Total tax expense	<u>(2,058)</u>	<u>2,058</u>

HERMEX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

10. Property, plant and equipment

	Fixtures and fittings £
At 1 October 2016	7,843
Additions	1,979
At 30 September 2017	9,822
Additions	13,908
At 31 December 2018	23,730
	Fixtures and fittings £
Accumulated depreciation and impairment	
At 1 October 2016	5,557
Charge for the period	1,066
At 30 September 2017	6,623
Charge for the period	5,346
At 31 December 2018	11,969
Net book value	
At 1 October 2016	2,286
At 30 September 2017	3,199
At 31 December 2018	11,761

HERMEX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

11. Trade and other receivables

		31 December 2018 £	(Restated) 30 September 2017 £
Amounts owed from related parties	16	888,000	224,316
Prepayments and accrued income		4,866	1,881
Financial assets held at fair value		19,155,204	9,333,851
Other receivables		2,723	9,950
Total trade and other receivables		20,050,793	9,569,998
Less: current portion - prepayments and accrued income		(4,866)	(1,881)
Less: current portion - other receivables		(2,723)	(9,950)
Less: current portion - amounts owed from related parties		(888,000)	(224,316)
Less: current portion - Financial assets held at fair value		(19,155,204)	(9,333,851)
Total non-current portion		-	-

HERMEX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

12. Trade and other payables

		31 December 2018 £	(Restated) 30 September 2017 £
Trade payables		11,801	56,281
Amounts owed to related parties	16	388,000	76,938
Financial liabilities held at fair value		18,933,344	9,210,229
Other payables		6,252	402
Accruals		21,282	16,477
Total financial liabilities		19,360,679	9,360,327
Tax and social security		66,984	36,289
Total trade and other payables		19,427,663	9,396,616
Less: current portion - trade payables		(11,801)	(56,281)
Less: current portion - amounts owed to related parties		(388,000)	(76,938)
Less: current portion - financial liabilities held at fair value		(18,933,344)	(9,210,229)
Less: current portion - other payables		(73,236)	(36,691)
Less: current portion - accruals		(21,282)	(16,477)
Total non-current position		-	-

13. Loans and borrowings

		31 December 2018 £	30 September 2017 £
Non-current			
Amounts owed to related parties	16	-	148,582

HERMEX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

14. Financial Instruments

There is no material difference between the book value and the fair value of the company's financial assets/liabilities.

At the year end the company had entered into forward contracts with its customers amounting to £19,155,203 (2017: £9,333,851) and forward contracts with the bank amounting to £18,933,344 (2017: £9,210,229). These contracts are held at fair value, however at the year end the fair value of the contracts is not materially different to the book value at the time the contract was taken out and thus no gain/loss has been recognised either in the Statement of Financial Position or the Statement of Profit and loss in these financial statements.

Credit Risk

Credit risk is the loss that the company would incur if the counterparty in a transaction failed to perform its contractual obligation.

The carrying amount of financial assets represents the maximum credit exposure.

The company's credit risk is minimal with regards to trade receivables as the company had none at the year end. However, the company has outstanding forward contracts with both its customers and the bank at the year end and thus there is a risk the customer is unable to fulfill the contract at the date of maturity. To reduce this risk, customers are assessed for credit worthiness on a regular basis. The company is also able to mitigate the risk by taking a deposit from its customers to cover any loss incurred if a customer was unable to fulfil the contract.

Foreign Currency Risk

The company undertakes transactions denominated in foreign currencies and consequently exposes itself to exchange rate fluctuations. The risk arises from their commercial transactions that do not mature until after the year end.

Management monitors the exchange rate fluctuations and acts accordingly to minimise risk.

Liquidity Risk

Liquidity risk is the risk of not having sufficient cash supplies to meet its operational needs.

Management are prudent when managing cashflow and the company is financially supported by its parent undertaking.

HERMEX INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

15. Share capital

Authorised

	31 December 2018 Number	31 December 2018 £	30 September 2017 Number	30 September 2017 £
Ordinary shares of £1.00 each	200	200	100	100
Preference shares shares of £1.00 each	220,520	220,520	-	-
	<u>220,720</u>	<u>220,720</u>	<u>100</u>	<u>100</u>

Issued and fully paid

	31 December 2018 Number	31 December 2018 £	30 September 2017 Number	30 September 2017 £
Ordinary shares of £1.00 each				
At 1 October	100	100	100	100
Shares issued during the year	100	100	-	-
At 31 December	<u>200</u>	<u>200</u>	<u>100</u>	<u>100</u>

	31 December 2018 Number	31 December 2018 £	30 September 2017 Number	30 September 2017 £
Preference shares shares of £1.00 each				
Shares issued during the year	220,520	220,520	-	-
At 31 December	<u>220,520</u>	<u>220,520</u>	<u>-</u>	<u>-</u>

During the year, the company issued 100 ordinary shares with a nominal value of £1 each to its parent company at a premium of £9,999 per share. The company also issued 220,520 preference shares with a nominal value of £1 each to a director and an employee at par in conversion of debt.

HERMEX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

16. Related party transactions

16.1 Trading transactions

During the period, the company entered into £nil (2017: £nil) trading transactions with related parties.

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	31 December 2018 £	30 September 2017 £	31 December 2018 £	30 September 2017 £
Hermex Holdings Limited (Parent company)	888,000	-	-	-
FxPro Group Limited (Ultimate parent company)	-	-	388,000	-
P Garland-Collins (Former director)	-	1,800	-	-
Falcon International Estates Ltd (Former group company)	-	222,516	-	5,000
K Kyriacou (Director)	-	-	-	110,153
B Jones (Employee)	-	-	-	110,367
	<u>888,000</u>	<u>224,316</u>	<u>388,000</u>	<u>225,520</u>

The loan from FxPro Group Limited is a subordinated loan provided to Hermex International Limited to ensure liquidity and capital requirements are met.

There are no terms or guarantees attached to any of the other balances.

An expense of £207,344 (2017: £nil) has been recognised in the current period for bad debts in respect of the amounts owed by related parties.

During the period ended 31 December 2018 the Directors received total remuneration of £446,000 (year ended 31 September 2017: £72,000).

17. Ultimate controlling party

The immediate parent undertaking is Hermex Holdings Limited. The company is ultimately controlled by a number of individuals, none of whom has a controlling interest.

HERMEX INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

18. Notes supporting statement of cash flows

	31 December 2018 £	30 September 2017 £
Cash at bank available on demand	105,420	100,424
Cash and cash equivalents in the statement of financial position	<u>105,420</u>	<u>100,424</u>
Cash and cash equivalents in the statement of cash flows	<u>105,420</u>	<u>100,424</u>

19. Prior Period Adjustment

A prior year adjustment has been made as the foreign currency exchange sales and purchases had not previously been recognised in accordance with the company's policy, which states that the recognition date is the date on which the contract was entered into and not the maturity date.

Therefore, in the prior year, Sales and Financial assets held at fair value have been increased by £9,333,851 (2016: £9,160,000) and Purchases and Financial liabilities held at fair value have been increased by £9,210,229 (2016: £9,050,000).

The overall effect on the prior year profit and loss account is an increase in profit before tax of £13,622 and the overall effect on the prior period Statement of Financial Position is an increase in retained earnings of £123,622.

Due to the losses made in the current year and the fact that the impact on prior year tax is immaterial, no adjustment was posted in relation to the corporation tax payable.

There is no overall effect to retained earnings as at 31 December 2018.