Company number: 06925128

FxPro UK Limited
Annual report and financial statements
Year ended 31 December 2013

FxPro UK Limited

Annual report and financial statements
31 December 2013

Contents

FxPro UK Limited

Board of Directors and other officers

Board of Directors

Charalambos Psimolophitis
Avril Millar
James Banister
Wayne Roworth (resigned 18 December 2013)
Simon Smith (appointed 18 December 2013)

Registered office

13-14 Basinghall Street
EC2V 5BQ
London
UK

Independent Auditors

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

FxPro UK Limited

Strategic report

The directors present their strategic report on FxPro UK Limited (the "Company") for the year ended 31 December 2013.

Principal activities

The Company is an online financial services entity and acts as the principal to its customers in derivatives comprising Contracts For Differences ("CFDs") on currency pairs, stocks, indices and commodities. The revenue of the Company is mainly derived from commission income received from, FxPro Financial Services Limited and it is recognised by reference to the total trading volume from all the Company's clients.

Review of developments, position and performance of the Company's business

The revenue of the Company, for the year ended 31 December 2013 was £945,161 (2012: £789,940). The net loss of the Company for the year was £465,965 (2012: net loss £713,754). On 31 December 2013 the total assets of the Company were £2,567,135 (2012: £1,559,541) and its net assets were £474,243 (2012: net liabilities £159,792).

The Company's Key Performance Indicators ("KPIs"), with which management monitors the business and its performance, are the volume traded, number of clients and profitability. The Company managed to improve its KPIs year on year as, the volume traded for 2013 reached USD$49 billion, compared to the USD$16 billion from the previous year. Revenue, only increased by 20%, compared to 2012 as the revenue from recharge of expenses was terminated in 2012. Expenses have been in line with 2012, hence the Company managed to reduce its losses for the year by 35% compared to 2012. Management considers that the Company's performance and financial position as at 31 December 2013 was as expected based on the trading volumes of the Company.

Principal risks and uncertainties

The Company's activities, as outlined above, expose it to a variety of financial, operational, compliance, litigation and reputation risks. Each principal risk and how this is assessed and managed is outlined below with the exception of the financial risks and uncertainties which are outlined in Note 3 of the financial statements. Financial risk management and disclosures are also disclosed in Note 3 of the financial statements. The Company's capital requirements are calculated in accordance with the Financial Conduct Authority ("FCA") regulations. The capital of the Company is monitored regularly in light of any potential changes within the business.

Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and systems' control as well as the risk 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. The Company's operations are also closely dependent on information technology and any damage or failure of the systems would place the Company at significant risk. The Company has recovery programmes and backup systems in place in order to be able to carry on its core operations. The Company also mitigates any risk from failure of third party providers such as data suppliers, market information, telephone and internet access by ensuring it has multiple providers for each service. The Company also pro-actively improves and renews systems in order to ensure no failures or damages occur.

FxPro UK Limited

Strategic Report (continued)

Regular internal audit visits are performed to ensure that employees comply with the Company's internal procedures.

Compliance risk 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 model could expose the Company to considerable risk. As the Company's operations expand and become more complex the Company will need to provide training and employ new high calibre employees to meet these regulatory demands. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Company.

Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations. The Company obtains continuous legal advice on the preparation of its legal documents.

Reputation risk 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. A comprehensive business contingency and disaster recovery plan has been prepared with recovery procedures and actions to be followed in the case of damage to any vital part of the Company's structure.

Charalambos Psimolophitis
Director

London, 24 April 2014

FxPro UK Limited

Report of the Board of Directors

The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2013.

General Information

FxPro UK Limited (the "Company") is incorporated and domiciled in the UK as a private company with limited liability under the UK Company Law. Its registered office is at 13-14 Basinghall Street, EC2V 5BQ, London. The Company is directly controlled by FxPro Group Limited, registered in Guernsey, which owns 100% of the company's shares and is controlled by a number of individuals, none of which has a controlling interest. Copies of FxPro Group Limited financial statements can be obtained from the Company Secretary at P.O. Box 25, Regency Court, Glategny Esplanade, St Peter Port, Guersney, GY1 3AP Channel Islands. This is the smallest group for which consolidated financial statements are prepared. The Company operates under the license no. 509956 granted by the UK Financial Services Authority ("FSA" now Financial Conduct Authority or "FCA"). During 2012, the Company extended its FCA license under which, the Company is now permitted to hold and control client money and act as principal on client's trades as a matched principal broker.

Branches

The Company did not operate through any branches during the year ended 31 December 2013.

Future developments of the Company

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

Results and dividends

The Company's results for the year ended 31 December 2013 are shown on page 9. No dividends were proposed and the loss for the year is carried forward.

Capital management

The Company is required by the FCA to prepare an Internal Capital Adequacy Assessment Programme ("ICAAP").

During the year ended 31 December 2013, the Company sustained trading losses since it is in the start-up phase. At the statement of financial position date the Company's regulatory capital resources were £474,243 (2012: negative £159,792) which comprise solely of issued share capital and audited reserves. During the year the Company has increased its share capital by £1,100,000. The capital resources following the share capital issue are considered adequate to continue to finance the Company over the next year. The board does not consider that any additional capital injections are necessary.

Report of the Board of Directors (continued)

Remuneration policy

The Company employed 7 employees at the end of 2013 (2012: 19 employees), in positions whereby they contribute directly to the earning of revenue. The Company seeks to employ and retain high calibre staff. To retain flexibility, incentivise staff and protect the company's earnings, a significant proportion of total annual compensation is made in the form of variable bonuses linked to their performance.

The principles of the Company's remuneration policy adhere to the FCA's Remuneration Code which was introduced with effect from 1 January 2011. The company's policy is to ensure that executive rewards are linked to performance, to provide an incentive to achieve the key business aims and deliver an appropriate link between reward and performance whilst ensuring base salary levels are not set at an artificially low level. The Company operates a discretionary bonus policy directly correlated to annual profitability of the Company.

Share capital

On 28 January 2013, the Board of Directors resolved to increase the authorised share capital of the Company by 800,000 shares of £1 per share. The shares were allotted to FxPro Financial Services Limited.

On 21 May 2013, the Board of Directors resolved to increase further the authorised share capital of the Company by 300,000 shares of £1 per share. The shares were allotted to FxPro Financial Services Limited.

Board of Directors

The members of the Board of Directors at 31 December 2013 and at the date of this report are shown on page 1.

In accordance with the Company's Articles of Association, none of the Directors retire at the next Annual General Meeting.

Events after the statement of financial position date

There were no post statement of financial position events that require adjustments or disclosure in these financial statements.

Report of the Board of Directors (continued)

Statement of directors' responsibilities

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

The UK 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 International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). Under the UK 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 select suitable accounting policies and then apply them consistently, to make judgements and accounting estimates that are reasonable and prudent, to state whether applicable International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") have been followed, subject to any material departures disclosed and explained in the financial statements, and to 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 UK Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In accordance with Section 418, Directors' confirm that, in the case of each director in office at the date the directors' report is approved, that so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and 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 Independent Auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

On behalf of the Board

Charalambos Psimolophitis
Director

London, 24 April 2014

FxPro UK Limited

Independent Auditors' Report To the Members of FxPro UK 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 loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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 FxPro UK Limited, comprise:

- the statement of financial position as at 31 December 2013;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity 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 IFRSs as adopted by the European Union.

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 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; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements (the "Annual Report") 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.

FxPro UK Limited

Independent Auditors' Report To the Members of FxPro UK Limited continued

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Board of Directors 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 information 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 Statement of directors' responsibilities set out on page 6, 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.

Hamish Anderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2014

FxPro UK Limited

Statement of comprehensive income
for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Revenue	4	**945,161**	789,940
Administrative expenses	5	**(1.421,913)**	(1,423,976)
Other losses	6	**(83,085)**	(83,440)
Operating loss		**(559,837)**	(717,476)
Finance income	8	**141**	760
Loss before tax		**(559,696)**	(716,716)
Income tax credit	9	**93,731**	2,962
Loss after tax and total comprehensive loss for the year		**(465,965)**	(713,754)

The notes on pages 13 to 37 are an integral part of these financial statements.

FxPro UK Limited

Statement of financial position
at 31 December 2013

	Note	2013 £	2012 £
Assets			
Non-current assets			
Property, plant and equipment	12	4,473	3,863
Intangible assets	13	-	460
		4,473	4,323
Current assets			
Trade and other receivables	14	93,628	59,621
Derivative financial instruments	15	-	779,200
Cash and cash equivalents	16	2,469,034	716,397
		2,562,662	1,555,218
Total assets		2,567,135	1,559,541
Equity and liabilities			
Capital and reserves			
Share capital	17	1,400,000	300,000
Accumulated losses		(925,757)	(459,792)
Total equity		474,243	(159,792)
Current liabilities			
Trade and other payables	18	2,092,892	1,624,182
Derivative financial instruments	15	-	95,151
Total liabilities		2,092,892	1,719,333
Total equity and liabilities		2,567,135	1,559,541

On 24 April 2014 the Board of Directors of FxPro UK Limited (Company Number: 06925128) authorised these financial statements for issue.

Charalambos Psimolophitis, Director

The notes on pages 13 to 37 are an integral part of these financial statements.

FxPro UK Limited

Statement of changes in equity for the year ended 31 December 2013

	Note	Share capital £	(Accumulated Losses)/ Retained earnings £	Total £
Balance at 1 January 2012		300,000	253,962	553,962
Comprehensive loss				
Loss and total comprehensive loss for the year		-	(713,754)	(713,754)
Balance at 31 December 2012/1 January 2013		300,000	(459,792)	(159,792)
Transactions with owners				
Issue of share capital	17	1,100,000	-	1,100,000
Comprehensive loss				
Loss and total comprehensive loss for the year		-	(465,965)	(465,965)
Balance at 31 December 2013		1,400,000	(925,757)	474,243

The notes on pages 13 to 37 are an integral part of these financial statements.

FxPro UK Limited

Statement of cash flows
for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Cash flows from operating activities			
Loss before tax		(559,696)	(716,716)
Adjustments for:			
Amortisation of intangible assets	13	460	921
Depreciation of plant, property and equipment	12	2,314	2,370
Interest income	8	(141)	(760)
		(557,063)	(714,185)
Changes in working capital:			
Trade and other receivables		(34,007)	376,159
Trade and other payables		1,568,710	1,515,182
Derivative financial instruments	15	684,049	(684,049)
Cash used in operations		1,661,689	493,107
Tax refunded/(paid)		93,731	(93,217)
Net cash generated from/(used in) operating activities		1,755,420	399,890
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(2,924)	(2,397)
Net cash used in investing activities		(2,924)	(2,397)
Cash flows from financing activities			
Interest received	8	141	760
Net cash from financing activities		141	760
Net increase in cash and cash equivalents		1,752,637	398,253
Cash and cash equivalents at beginning of year		716,397	318,144
Cash and cash equivalents at end of year	16	2,469,034	716,397

Non-cash transactions

During the year ended 31 December 2013 intercompany commission receivable from FxPro Financial Services Limited amounting to £945,161 (2012: £789,940) was netted of against the payable to FxPro Financial Services Limited.

During the year ended 31 December 2013 an amount of £1,100,000 which was due for the issue of share capital (Note 17), was netted off against the payable to FxPro Financial Services Limited.

The notes on pages 13 to 37 are an integral part of these financial statements.

FxPro UK Limited

Notes to the financial statements

1 General information

Country of incorporation

FxPro UK Limited (the "Company") is incorporated and domiciled in the UK as a private company with limited liability under the UK Company Law. Its registered office is at 13-14 Basinghall Street, EC2V 5BQ, London, UK.

Principal activities

The Company is an online financial services entity and acts as the principal to its customers in derivatives comprising Contracts For Differences ("CFDs") on currency pairs, stocks, indices and commodities. The revenue of the Company is mainly derived from commission income received from, FxPro Financial Services Limited and it is recognised by reference to the total trading volume from all the Company's clients.

The Company operates under the license no. 509956 granted by the UK Financial Services Authority (now "Financial Conduct Authority"). During 2012, the Company extended its FSA license under which, the Company is now permitted to hold and control client money and act as principal on client's trades as a matched principal broker. Under the previous license, the Company was licensed only for Arranging of Deals.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2013 have been adopted by the EU through the endorsement procedure established by the European Commission.

The financial statements have been prepared under the historical cost convention as has been modified by the revaluation of derivative financial instruments at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. There were no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2013. This adoption did not have a material effect on the accounting policies of the Company with the exception of the following:

(i) Disclosures—Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013). The amendment requires disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off. The Standard resulted in additional disclosures in these financial statements. Refer to Note 3.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of online trading services in the ordinary course of the Company's activities.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its calculation of revenue on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue earned by the Company is recognised on the following bases:

(i) Service charge fee

The Company provides a number of services to FxPro Financial Services Limited. To this effect there is a 70% fixed proportional recharge of administrative expenses incurred by the Company to FxPro Financial Services Limited, including payroll and rent expenses. The service charge fee was terminated in May 2012.

(ii) Commission income

The Company received commission income from FxPro Financial Services Limited for the introducing services offered. Up to May 2012, the commission was calculated on a monthly basis based on the total trading volume from all the UK clients' trading activity and a fixed average spread as agreed between the two companies.

2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

(ii) **Commission income (continued)**

After May 2012, the Company obtained a full license from the FCA (formerly "FSA") to operate as a regulated entity offering a number of brokerage services, including transmitting and executing orders and holding client money (the previous license held was only a license for arranging deals). As per the terms of the new license, the Company can only act as a matched principal broker to its clients' trades. Hence the Company and FxPro Financial Services Limited have entered into an agreement based on which all trades between the Company and its clients are hedged by entering into off-set trades between the Company and FxPro Financial Services Limited. In consideration of this agreement the Company receives commission on a monthly basis based on the total trading volume of all the UK clients' trading activity.

Foreign currency translation

(i) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Sterling Pound (£), which is the Company's functional and presentation currency.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Current and deferred tax

The tax expense for the year comprises current tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (continued)

Current and deferred tax (continued)

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributed to the acquisition of property, plant and equipment. Depreciation on property, plant and equipment is calculated using the straight line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	2013	2012
	%	%
Office equipment	20	20
Computer hardware	33	33

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other losses" in profit or loss.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

2 Summary of significant accounting policies (continued)

Intangible assets

Purchased software is recognised as an intangible asset at cost when acquired. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years. Computer software is included in intangible assets in the statement of financial position.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies (continued)

Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Derivatives are also categorized as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the statement of financial position.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise "trade and other current receivables" and "cash and cash equivalents" in the statement of financial position.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category are presented in profit or loss within revenue in the period in which they arise. Interest on receivables calculated using the effective interest method is recognised in profit or loss within "finance income".

2 Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

(i) Financial assets

A financial asset is derecognised where the rights to receive cash flows from the asset have expired; the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 Summary of significant accounting policies (continued)

Impairment of financial assets carried at amortised cost (continued)

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments which include Contracts for Differences on foreign currency pairs, gold, stocks, indices and commodities, are initially recognised in the statement of financial position at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are determined by the prices quoted by the Company. Derivative financial instruments are recognised on the statement of financial position as current assets when fair value is positive and as current liabilities when fair value is negative. Derivative financial instruments form part of the Company's operating activities. For revenue recognition on derivative financial instruments refer to the accounting policy note "revenue recognition".

2 Summary of significant accounting policies (continued)

Trade and other receivables

Trade and other current receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade and other current receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a trade or other current receivable is uncollectible, it is written off against the allowance account for trade and other current receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss. Trade receivables also include balances with clients where the valuation of the financial derivative open positions results in an amount receivable by the Company.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year period or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2 Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank and deposits held at call with banks.

Fiduciary activities

In order to render investment services to clients, the Company holds cash on behalf of clients. The cash is kept in segregated bank accounts in the Company's name on behalf of its clients and these accounts are held by the Company in a fiduciary capacity and are not included as part of the Company's assets and liabilities in the financial statements.

3 Financial risk management

The financial risk management of the Company is carried out by the Risk Management Committee (the "Committee").

The primary objective of the Committee is to oversee the overall management of all risks including market risk, credit risk and liquidity risk. It also has the responsibility to review and recommend the risk management policies, set the risk tolerance limits and ensure infrastructure, resources and systems are in place for risk management.

The Committee is primarily responsible for the effective and optimum operation of the risk management function within the Company including assessment and recommendation of risk management strategies and policies to be submitted to the Board for approval.

The Committee is also in charge of the risk management governance and the organisational structure of the Company. It has to ensure the existence of clear and independent reporting lines and responsibilities for the overall business activities and risk management functions, as well as institute an independent review of the Company's risk management infrastructure, capabilities, environment and processes.

Additionally, the Committee is responsible to evaluate the risk management processes, systems and internal controls and review whether the risk exposures are in line with the risk management strategy. It is also responsible to review the adequacy of tools, systems and resources for the successful execution of risk functions within the Company and evaluate contingency plans for dealing with various extreme internal/external events and disasters.

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

(a) Market risk

(i) Price risk

Exposure to market price risk, arises from fluctuations in foreign currencies, commodities, gold and equity securities due to the open positions on CFDs held by the Company as counterparty to its customers and classified on the statement of financial position as derivative financial instruments. The Company itself does not take proprietary positions based on an expectation of market movements.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Price risk (continued)

As per the terms of its license, the Company can only act as a matched principal broker to its clients trades, hence has entered into an agreement with FxPro Financial Services Limited, based on which all trades between the Company and its clients are hedged by entering into off-set trades between the Company and FxPro Financial Services Limited. As a result of the above, the Company is not exposed to price risk because each transaction with the client is fully hedged by off-set trades between the Company and FxPro Financial Services Limited.

(ii) Foreign exchange risk

Foreign exchange risk, which arises primarily with respect to the Euro, derives from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

At 31 December 2013, if the Sterling Pound (£) had weakened/strengthened by 10% against the Euro with all other variables held constant the pre-tax loss for the year would have been £37,886 (2012: £60,886) higher/lower, mainly as a result of foreign exchange losses/gains on the translation of Euro denominated payable balances.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(iii) Cash flow and fair value interest rate risk

The Company's cash flow interest rate risk arises from its trading activities and more specifically from the interest charged on the derivative financial instruments (both assets and liabilities) that remain open overnight. Other financial assets and liabilities held at fixed interest rates expose the Company to fair value interest rate risk, however this risk is insignificant to the Company as these assets/liabilities are not material.

The interest rate risk profile of the Company's financial assets and liabilities as at the statement of financial position date was as follows:

	31 December 2013 £	31 December 2012 £
Variable bearing financial assets and liabilities:		
Cash and cash equivalents (Note 16)	**300,886**	300,744
Derivative financial instruments – assets (Note 15)	-	779,200
Derivative financial instruments – liabilities (Note 15)	-	(95,151)
	300,886	984,793

Interest on derivative financial instruments classified as floating is re-priced at intervals consistent with the re-pricing intervals of the LIBOR. Other financial instruments of the Company that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

No sensitivity analysis is presented for interest rate risk as the impact of reasonably possible market movements on the Company's pre-tax profit are not significant to the Company's financial performance and position.

(b) Credit risk

Credit risk is the risk of loss that the Company would incur if the counterparty in a transaction failed to perform its contractual obligations.

Credit risk arises from derivative financial instruments and deposits with banks and financial institutions, as well as from credit exposure to customers, including outstanding receivables. For banks and financial institutions, only parties whom management has internally assessed as financially healthy and stable are accepted. If there is no independent rating, the Committee assesses the credit quality of the counterparty, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. Transactions with customers are settled using major credit cards and banks or financial institutions specialising in online transferring of funds and transactions.

The credit risk in respect of customers arises from a customer's trading position going into deficit through incurring a loss in excess of the required margin deposit. This credit risk relates to the derivative financial instruments traded by the Company. However, policies and tools are used including manual and automatic stop outs in order to prevent open positions exceeding its margin set by the Company.

Extension of credit or material change to a credit facility to any counterparty requires approval at the appropriate authority level. In addition to the regular review of counterparties and their respective credit limits, other measures are undertaken to further mitigate credit risk including margin rules. At margin levels less than 10%, the Company has a discretionary right to begin closing positions starting from the most unprofitable. If the margin level is equal or less than 5%, all positions are automatically closed at market price to prevent the account going into deficit.

In addition, the Company continually monitors its risk to make sure that no high concentration exposure is due to only a few clients.
The carrying amount of financial assets represents the maximum credit exposure without taking into account any balances held as required margin for open trading positions in CFDs. The maximum exposure to credit risk at the statement of financial position date is presented in the table below:

	2013	2012
	£	£
Credit risk by category		
Derivative financial instruments- with customers	-	779,200
Cash at bank	2,468,968	716,197
Trade receivables due for collection	13,888	16,871
	2,482,856	1,512,268

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Trade receivables due for collection is shown separately in the table above since this amount represents profits from clients' trading in CFDs which, as of the statement of financial position date, the Company had not transferred to its own bank accounts from the clients' bank accounts held in a fiduciary capacity by the Company itself.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. For further details on credit risk, refer to Note 11.

(c) Liquidity risk

The finance department monitors rolling forecasts of the Company's liquidity requirements based on expected cash flows in order to ensure it has sufficient cash to meet its operational needs, under both normal circumstances and stressed conditions.

Surplus cash held by the Company over and above the balance required for working capital management are deposited in interest bearing accounts and short term time deposits, choosing deposits with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above mentioned forecasts.

The table below analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year £	Between 2- 5 years £
31 December 2013		
Trade and other payables	2,092,892	-

	Less than 1 year £	Between 2- 5 years £
31 December 2012		
Trade and other payables	1,810,358	34,685
Derivative financial instruments - with customers	95,151	-
	1,905,509	34,685

The Company's trading portfolio of derivative financial instruments with negative fair value has been included at their fair value of £95,151 in the year ended 31 December 2012 within the less than 1 year time bucket as it is considered that the fair values represent the expected cash outflows. The Company also has derivative financial instruments with positive fair value whose expected cash flow is also in the same time bucket as at 31 December 2012, of up to 3 months and this amounts to £779,200.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to close out market positions. Management maintains flexibility in funding by maintaining availability of cash and cash equivalent reserves.

3.2 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value.

31 December 2013	Level 2	Total balance
	£	£
Assets		
Derivative financial instruments (Note 3.3)	-	-
Liabilities		
Derivative financial instruments (Note 3.3)	-	-

31 December 2012	Level 2	Total balance
	£	£
Assets		
Derivative financial instruments	779,200	779,200
Liabilities		
Derivative financial instruments	95,151	95,151

The fair value of the CFDs on financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The Company uses mainly estimated discounted cash flow models to determine the fair value for the financial instruments which are not traded in an active market. If all significant inputs required to fair value an instrument are observable, i.e. CFDs on forex, the instruments are included in level 2.

Specific valuation techniques used to value derivative financial instruments include:

- The fair value of CFDs on stocks is calculated as the present value of the gain/loss calculated based on quoted market values.
- The fair value of CFDs on forex, precious metals, commodities and indices is calculated as the present value of the gain/loss calculated based on observable market values.

3 Financial risk management (continued)

3.2 Fair value estimation (continued)

The carrying value less impairment provision of all financial assets and financial liabilities not carried at fair value, including trade receivables, 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 that is available to the Company for similar financial instruments.

3.3 Offsetting financial assets and liabilities

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2013:

	Gross amounts before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amount of exposure
				Financial instru-ments	Cash collateral received	
	(a)	(b)	(c) = (a) - (b)	(d)	(e)	(c) - (d) - (e)
	£	£	£	£	£	£
ASSETS						
Derivative financial asset	3,865,194	3,865,194	-	-	-	-
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	3,865,194	3,865,194	-	-	-	-

	Gross amounts before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amount of exposure
				Financial instru-ments	Cash collateral received	
	(a)	(b)	(c) = (a) - (b)	(d)	(e)	(c) - (d) - (e)
	£	£	£	£	£	£
LIABILITIES						
Derivative financial liability	1,770,226	1,770,226	-	-	-	-
Advances of net unrealised revenue	2,094,968	2,094,968	-	-	-	-
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	3.865.194	3.865.194	-	-	-	-

The amount set off in the statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting. Similarly, the amounts in columns (d) and (e) are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

The Company reserves the right, at any time and at the Company's sole discretion, to set-off any unrealised losses incurred in respect of an open position against any of the client money that is held by the Company to the client's credit.

4 Revenue

	2013 £	2012 £
Intercompany commissions (Note 19(i))	945,161	532,152
Intercompany service charge fee (Note 19(i))	-	257,788
	945,161	789,940

5 Expenses by function and nature

	2013 £	2012 £
Administrative expenses:		
Property rent, rates and insurance	226,689	264,975
Auditors' remuneration	19,240	19,269
Staff costs (Note 7)	846,495	767,557
Professional fees	57,108	66,640
Recruitment expenses	1,926	69,045
Utilities	38,217	42,490
Travel and hospitality expenses	13,636	23,105
Fees incurred on transaction processing and other trading expenses	27,310	17,139
Data feed processing	36,148	9,292
Motor vehicle expenses	12,925	4,549
Depreciation (Note 12)	2,314	2,370
Amortisation (Note 13)	460	921
Other expenses	139,445	136,624
Total administrative expenses	1,421,913	1,423,976

Auditors' remuneration is comprised of £10,400 relating to the financial statement audit of FxPro UK Limited and £8,840 relating to other services for iXBRL and Client Monies.

6 Other losses

	2013 £	2012 £
Net foreign exchange transaction losses on operating activities	83,085	83,440

7 Staff costs

	2013 £	2012 £
Wages and salaries	754,173	682,970
Social security costs	92,322	84,587
	846,495	767,557

The monthly average number of employees during the year ended 31 December 2013 was 11 (2012: 13).

8 Finance income

	2013	2012
	£	£
Bank interest income	141	760

9 Income tax expense

	2013	2012
	£	£
Current tax credit:		
Corporation tax	93,731	2,962

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2013	2012
	£	£
Loss before tax	(559,696)	(716,716)
Tax calculated at the applicable corporate tax rate	(111,939)	(143,343)
Impact of losses carried forward for which no deferred tax asset is Recognised	111,939	140,381
Income not subject to tax	-	-
Expenses not deductible for tax purposes	-	-
Tax refund from tax authorities	(93,731)	-
Income tax credit	93,731	2,962

The weighted average applicable tax rate was 20% (2012: 20%).

During the year, UK Corporation tax rates changed, as previously enacted, from 24% to 23% from 1 April 2013. A further reduction to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015, has been substantively enacted at the statement of financial position date.

10 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables £	Assets at fair value through profit or loss £	Total £
31 December 2013			
Assets as per statement of financial position:			
Trade and other receivables (excluding prepayments) (Note 14)	13,888	-	13,888
Cash and cash equivalents (excluding cash in hand) (Note 16)	2,468,968	-	2,468,968
Total	2,482,856	-	2,482,856

31 December 2013	Other financial liabilities £	Liabilities at fair value through profit or loss £	Total £
Liabilities as per statement of financial position:			
Trade and other payables (Note 18)	2,092,892	-	2,092,892

	Loans and receivables £	Liabilities at fair value through profit or loss £	Total £
31 December 2012			
Assets as per statement of financial position:			
Trade and other receivables (excluding prepayments) (Note 14)	16,871	-	16,871
Derivative financial instruments (Note 15)	-	779,200	779,200
Cash and cash equivalents (excluding cash in hand) (Note 16)	716,197	-	716,197
Total	733,068	779,200	1,512,268

31 December 2012	Other financial liabilities £	Liabilities at fair value through profit or loss £	Total £
Liabilities as per statement of financial position:			
Trade and other payables (Note 18)	1,624,182	-	1,624,182
Derivative financial instruments (Note 15)	-	95,151	95,151
Total	1,624,182	95,151	1,719,333

11 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2013 £	2012 £
Fully performing trade receivables: (1)		
Counterparties with external credit rating		
A2	-	16,871
A3	13,888	-
Total non-impaired trade receivables	13,888	16,871

Fully performing derivative financial instruments: (1)

	2013 £	2012 £
Counterparties with external credit rating:		
A2	-	779,200
Total fully performing derivative financial instruments	-	779,200

	2013 £	2012 £
Cash at bank and short-term bank deposits (2):		
A2	345,472	716,197
A3	2,123,496	-
	2,468,968	716,197

(1) Trade receivables and derivative financial instruments carry the credit risk of the banks in which the client's funds are deposited as they are held by the Company in a fiduciary capacity.

(2) The rest of the statement of financial position item "cash and cash equivalents" is cash in hand.

None of the financial assets that are fully performing has been renegotiated in the last year and no balance that is past due or impaired exists. No collateral is held for the financial assets disclosed above.

FxPro UK Limited

12 Property, plant and equipment

	Office equipment £	Computer hardware £	Total £
Cost:			
At 1 January 2012	2,742	1,094	3,836
Additions	1,906	491	2,397
At 31 December 2012	4,648	1,585	6,233
Additions	798	2,126	2,924
At 31 December 2013	5,446	3,711	9,157
Accumulated Depreciation:			
At 1 January 2012	-	-	-
Charge for the year	1,478	892	2,370
At 31 December 2012	1,478	892	2,370
Charge for the year (Note 5)	1,089	1,225	2,314
At 31 December 2013	2,567	2,117	4,684
Carrying amount:			
At 31 December 2012	3,170	693	3,863
At 31 December 2013	2,879	1,594	4,473

13 Intangible assets

	Computer software £	Total £
Cost:		
At 1 January 2012	1,381	1,381
Additions	-	-
At 31 December 2012	1,381	1,381
Additions	-	-
At 31 December 2013	1,381	1,381
Accumulated Amortisation:		
At 1 January 2012	-	-
Charge for the year	921	921
At 31 December 2012	921	921
Charge for the year (Note 5)	460	460
At 31 December 2013	1,381	1,381
Carrying amount:		
At 31 December 2012	460	460
At 31 December 2013	-	-

14 Trade and other receivables

	2013 £	2012 £
Trade receivables	13,888	16,871
Prepayments	79,740	42,750
	93,628	59,621

The fair values of trade and other receivables on 31 December 2013 and 31 December 2012 approximate their current values.

Trade receivables carry the credit risk of the banks that the clients' cash is deposited and held by the Company in a fiduciary capacity as these relate to profits from clients' trading in CFDs which as of the statement of financial position date, the Company had not transferred from the clients' bank accounts. Concentrations of credit risk with respect to trade receivables are limited due to the Company's policy to restrict any losses that a client can suffer from CFDs to the cash margin held for each client by the Company under fiduciary agreements. Due to this factor, management believes that no credit risk for collection losses is inherent in the Company's trade receivables.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2013 £	2012 £
Pound sterling	90,777	42,762
Other currencies	2,851	16,859
	93,628	59,621

15 Derivative financial instruments

Derivative financial instruments are primarily open positions on contracts for differences (CFDs) in which the Company acts as the counterparty to positions held by the Company's customers at the year- end. These instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates and in fluctuations of the quoted prices of the underlying shares, commodities and precious metals, relative to their terms. The aggregate contractual or notional amount of these financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate from time to time. The fair value measurement of these derivative financial instruments is based on the prices quoted by the Company which are derived from directly observable exchange rates and quoted prices obtained from stock exchanges. Derivative financial instruments are the unrealised gains/ losses forming part of the trading revenue of the Company.

On 1 June 2012 the Company entered into a service level agreement with FxPro Financial Services Limited according to which all trades between the Company and its clients are hedged by entering into off-set trades between the Company and FxPro Financial Services Limited and are settled on a daily basis.

15 Derivative financial instruments (continued)

The Company withdraws 100% of the cumulative unrealised net trading revenue from clients each day and the derivative assets and liabilities are offset against the advances of unrealised net trading revenue. The Company has a legal right to offset derivative financial instruments against advances from unrealised net trading revenues based on the terms of the agreement with its clients. As a result the derivative financial assets and liabilities and advances of unrealised net trading revenue are netted-off on the statement of financial position hence no derivative financial instruments are presented on the statement of financial position.

The fair values of these derivative financial instruments held are set out below:

31 December 2013	Contractual/ notional amount £	Assets £	Liabilities £
CFDs	174,811,000	-	-
Less: Non-current portion		-	-
Current portion		-	-

31 December 2012	Contractual/ notional amount £	Assets £	Liabilities £
CFDs	56,009,861	779,200	95,151
Less: Non-current portion		-	-
Current portion		779,200	95,151

The maximum exposure to credit risk at the reporting date is the carrying value of the derivative financial instruments (asset) mentioned above. None of the derivative financial instruments is either past due or impaired. This exposure to credit risk is mitigated by the right of the Company to unilaterally close out any client position.

Derivative financial instruments are presented within the section of operating activities as part of changes in working capital in the statement of cash flows. Changes in the fair value of derivative financial instruments are recorded on the face of the statement of comprehensive income, as part of trading revenue.

16 Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the statement of financial position and the statement of cash flows:

	2013 £	2012 £
Cash at bank and in hand	2,168,149	415,653
Short-term bank deposits	300,885	300,744
	2,469,034	716,397

16 Cash and cash equivalents (continued)

The cash and cash equivalents are analysed in the following currencies:

	31 December 2013 £	31 December 2012 £
Pound sterling	**852,049**	716,397
Euro	**1,002,349**	-
US Dollar	**467,846**	-
Other currencies	**146,790**	-
	2,469,034	716,397

Non-cash transactions

During the year ended 31 December 2013 intercompany commission receivable from FxPro Financial Services Limited amounting to £945,161 (2012: £789,940) was netted of against the payable to FxPro Financial Services Limited.

During the year ended 31 December 2013 an amount of £1,100,000 which was due for the issue of share capital (Note 17), was netted off against the payable to FxPro Financial Services Limited.

17 Share capital

	Number of shares	Share Capital £	Total £
Authorised, issued and fully paid:			
At 1 January 2012/31 December 2012	300,000	300,000	300,000
Shares issued and fully paid during the year	1,100,000	1,100,000	1,100,000
At 31 December 2013	1,400,000	1,400,000	1,400,000

The total authorised number of ordinary shares as at 31 December 2013 was 1,400,000 (2012: 300,000) with a par value of £1 per share. All issued shares are fully paid.
On 28 January 2013, the Board of Directors resolved to increase the authorised and issued share capital of the Company by 800,000 shares of £1 per share.
On 21 May 2013, the Board of Directors resolved to increase further the authorised and issued share capital of the Company by 300,000 shares of £1 per share.

18 Trade and other payables

	2013 £	2012 £
Advances of unrealised net trading revenue	-	684,049
Payable to related parties (Note 19(iv))	**1,998,556**	910,256
Trade payables	**8,230**	14,877
Other payables and accrued expenses	**86,106**	15,000
	2,092,892	1,624,182

18 Trade and other payables (continued)

Advances of unrealised net trading revenue include all amounts due by the Company in respect of client money withdrawn relating to unrealised profits (Note 15).

The fair value of trade and other payables on 31 December 2013 approximate their carrying amount at the statement of financial position date.

19 Related party transactions and ultimate parent undertaking

The Company is directly controlled by FxPro Group Limited, registered in Guernsey, which owns 100% of the Company's shares and is controlled by a number of individuals, none of which has a controlling interest. Copies of FxPro Group Limited financial statements can be obtained from the Company Secretary at P.O. Box 25, Regency Court, Glategny Esplanade, St Peter Port, Guersney, GY1 3AP Channel Islands. This is the smallest group for which consolidated financial statements are prepared.

The following transactions were carried out with related parties:

(i) Sale of services

	2013 £	2012 £
Company under common control:		
Commissions (Note 4)	945,161	532,152
Service charge fee (Note 4)	-	257,788
	945,161	789,940

The service charge fee which related to a 70% recharge of administrative expenses incurred by the Company to FxPro Financial Services Limited was terminated during 2012.

(ii) Key management personnel compensation

The compensation of key management personnel and the close members of their family is as follows:

	2013 £	2012 £
Salaries and other short-term employee benefits	621,465	328,023

19 Related party transactions and ultimate parent undertaking (continued)

(iii) Directors' remuneration

The total remuneration of the Directors (included in key management personnel compensation above) was as follows:

	2013 £	2012 £
Fees	**415,132**	174,231

	2013 £	2012 £
Highest paid director:		
Total amount of emoluments and amounts receivable under long-term incentive schemes	**204,458**	79,992

(iv) Year-end balances

	2013 £	2012 £
Payable to entity under common control (Note 18)	**1,998,556**	910,256

The above payable balance bears no interest, is not secured and is payable on demand.

20 Events after the statement of financial position date

There were no post statement of financial position events that require adjustments or disclosure in these financial statements.