

Company Registration No. 08111366 (England and Wales)

8SAFE UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



8SAFE UK LIMITED

COMPANY INFORMATION

Directors

M A Kashiouris
D Kyriacou
D Hatzis
A R Hargreaves (Appointed 28 June 2016)

Company number

08111366

Registered office

55 Old Broad Street
London
EC2M 1RX

Auditor

Fisher, Sassoon & Marks
43 - 45 Dorset Street
London
W1U 7NA

8SAFE UK LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 25

8SAFE UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report and financial statements for the year ended 31 December 2016.

Review of the business

The Company's principal activity was arranging (bringing about) deals in investments and making arrangements with a view to transactions in investments. The Company is authorised and regulated by the Financial Conduct Authority ('FCA').

The performance for the year, and the position at 31 December 2016, are considered to be satisfactory and the directors are optimistic about the future as the business seeks to continue to grow its client base in the UK.

During the year the Company maintained low cost base strategy. The directors are confident that with the low cost, together with a growing UK client base, the Company will continue to trade successfully in the future.

Principal risks and uncertainties

The directors' risk management policy is to identify the principal business risks in achieving the Company's strategic objectives, establishing appropriate internal controls to manage those risks and ensuring that appropriate monitoring and reporting systems are in place. The Company's activities expose it to a variety of financial risks, which have continually evolved as the business has changed in recent years and activities have expanded into matched principal brokerage.

The Company's approach to managing risks applicable to the financial instruments concerned is set out in notes to the financial statements.

The Company's risk management policy is under continuous review and the directors have been conscious throughout 2016 of the changing business and the need to ensure that the controls are robust and appropriate for the operations in place, with the Company continuing to grow its UK client base, including those required as a firm regulated by the FCA to hold and control client money.

Key performance indicators

The company does not rely on any specific KPI's, instead relying on good general financial management with regards to debtors control, working capital levels and cost control. The directors are pleased with the performance over each of these areas in the period.

Pillar 3 disclosures

In accordance with the rules of the Financial Conduct Authority, the Company has published information on its risk management objectives and policies on its regulatory capital requirements and resources. These disclosures can be reviewed at the following website address; <http://www.ironfx.co.uk/en>.

Future plans and developments

The directors are confident about the future of the Company and its financial position that will allow it to grow its operations in the future.

Following a prudent approach to growth since incorporation the directors are satisfied that the Company has put in place over the last couple of years a sound business model, driven by the wider group's experience in the foreign exchange markets, which will allow the Company to provide its products to a wide ranging market.

On behalf of the board


.....
M-A Kashidouris

Director

26.11.16

8SAFE UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M A Kashiouris

D Kyriacou

D Hatzis

A R Hargreaves

(Appointed 28 June 2016)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 30 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Political donations

The recipients and amounts of the political donations are as follows:

Wimbledon Conservative Association US \$nil (2015: US \$7,636).

Financial instruments

Cash flow risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

The Company's principal foreign currency exposures arise from trading with overseas companies and transactions in currencies other than US Dollar. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

8SAFE UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Price risk

Price risk is defined as the risk that exposures to excessive price fluctuations in positions held by the company would cause a material loss to arise. All client positions are simultaneously matched with liquidity provider and hence this risk is mitigated.

Post reporting date events

There are no matters to report.

Future developments

The directors are confident about the company's progress and believe the company is well placed to make further progress during the coming year. The company will continue to expand its client size by means of organic growth.

Auditor

Fisher, Sassoon & Marks were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a 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 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 to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


.....
M A Kashiouris
Director
26/4/2017
.....

8SAFE UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 8SAFE UK LIMITED

We have audited the financial statements of 8Safe UK Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

8SAFE UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF 8SAFE UK LIMITED

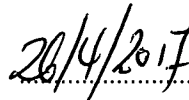
Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Jonathan Marks (Senior Statutory Auditor)
for and on behalf of Fisher, Sassoon & Marks

Chartered Accountants
Statutory Auditor



43 - 45 Dorset Street
London
W1U 7NA

8SAFE UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 US \$	2015 £
Revenue	2	1,121,081	4,195,631
Gross profit		1,121,081	4,195,631
Other operating income		871,949	264,941
Administrative expenses		(2,233,259)	(4,184,063)
Operating (loss)/profit	3	(240,229)	276,509
Income tax income/(expense)	5	45,779	(63,693)
(Loss)/profit and total comprehensive income for the year	17	(194,450)	212,816

The income statement has been prepared on the basis that all operations are continuing operations.

8SAFE UK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 US \$	2015 £
Non-current assets			
Property, plant and equipment	7	387,714	783,395
Current assets			
Trade and other receivables	9	2,564,893	3,265,582
Cash and cash equivalents		17,124,370	12,779,458
		19,689,263	16,045,040
Total assets		20,076,977	16,828,435
Current liabilities			
Trade and other payables	10	17,292,061	13,774,378
Net current assets		2,397,202	2,270,662
Non-current liabilities			
Trade and other payables	10	39,323	47,385
Deferred tax liabilities	6	43,371	110,000
		82,694	157,385
Total liabilities		17,374,755	13,931,763
Net assets		2,702,222	2,896,672
Equity			
Called up share capital	16	2,417,015	2,417,015
Retained earnings	17	285,207	479,657
Total equity		2,702,222	2,896,672

The financial statements were approved by the board of directors and authorised for issue on 26/4/2017 and are signed on its behalf by:


.....
M. Akashouris
Director

Company Registration No. 08111366

8SAFE UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital US \$	Retained earnings US \$	Total US \$
Balance at 1 January 2015		2,417,015	266,841	2,683,856
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	212,816	212,816
Balance at 31 December 2015		2,417,015	479,657	2,896,672
Year ended 31 December 2016:				
Loss and total comprehensive income for the year		-	(194,450)	(194,450)
Balance at 31 December 2016		2,417,015	285,207	2,702,222

8SAFE UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 US \$	2015 £
Cash flows from operating activities			
Cash generated from operations	18	4,341,271	10,396,594
Tax paid		(12,501)	-
Net cash inflow from operating activities		4,328,770	10,396,594
Investing activities			
Purchase of property, plant and equipment		(58)	(22,612)
Proceeds on disposal of property, plant and equipment		16,200	-
Net cash generated from/(used in) investing activities		16,142	(22,612)
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		4,344,912	10,373,982
Cash and cash equivalents at beginning of year		12,779,458	2,405,476
Cash and cash equivalents at end of year		17,124,370	12,779,458

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

8Safe UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 55 Old Broad Street, London, EC2M 1RX.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements are prepared in US Dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest US \$.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

1.2 Adoption of new and revised International Financial Reporting Standards (IFRSs)

a) Standards and interpretations adopted by the Company with no material effect on financial statements

The Company has adopted the following new and amended IFRSs during the current period, which have not had any significant impact on the amounts reported in these financial statements but may affect the accounting of future transactions or arrangements.

Amendments to IAS1	Disclosure initiatives, effective 1 January 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016

b) Standards, amendments and interpretations to existing standards in issue but not yet effective and have not been adopted early by the Company

At the date of authorisation of this report the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 9	Financial Instruments, effective 1 January 2018
IFRS 15	Revenue from contracts, effective 1 January 2018

Other than disclosure, the directors do not anticipate any significant impact as a result of these new standards.

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.3 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

As part of the assessment the directors have considered the impact that the Company's parent undertaking has on its operations. The Company remains largely dependent on services and support provided by its parent, at least in the short and medium term, which has provided the directors with confirmation of support for the foreseeable future.

The directors have also received confirmation from the group's principal shareholders that to the extent that the parent is unable to settle amounts which it owes to the company, which stood at US\$1,449,189 at 31 December 2016, they will provide the financial support necessary to enable the company to meet its liabilities as they fall due and satisfy ongoing capital requirements for a period of not less than 12 months from the date of approval of these financial statements.

1.4 Revenue

Revenue is measured at fair value of the consideration received or receivable from the Company's parent undertaking, representing;

i) Amounts receivable for services provided under a service level agreement, which excludes value added tax. Revenue is recognised as earned when, and to the extent that, the Company obtains the right to consideration. Revenue not billed is included in unbilled receivables and payments on account in excess of the relevant amount of revenue are included in trade and other payables.

ii) Gains and losses on trading in financial markets on derivative products offered in the form of trading in contracts for difference and financial spread betting together with associated income and expenses derived from these financial instruments. Revenue is recognised in the statement of comprehensive income, including unrealised gains and losses, when it is considered probable that the economic benefits associated with the transaction will flow to the Company and can be reliably measured.

Other income represents the total rental income of the Company derived from the sub-letting of two of its leased premises to unconnected third parties, exclusive of VAT.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvement	Over the term of the lease, subject to break clause
Fixtures, fittings & equipment	5 years on straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

The Company's clients deposit money with the Company in order to have funds to trade in the products offered. This results in the Company holding cash on behalf of its clients ('Client Money') which for the purpose of measurement are classified as cash held on behalf of clients and they are included in the statement of financial position within cash and cash equivalents. The money held on behalf of clients by the Company is entitled to protection under the FCA Client Money rules and is therefore held in segregated accounts in banks and other institutions. Due to the Company having the contractual legal title as well as control over it, money held on behalf of customers is included as an asset in the statement of financial position of the Company with a corresponding liability towards the Company's clients. This liability does not carry any interest.

The corresponding liability is measured in line with other liabilities at amortized cost and is included in the statement of financial position within trade payables.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

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

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Leases

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

(i) When the Company is the lessee

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis. Initial direct costs incurred by the Company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised in the statement of comprehensive income over the lease term on the same basis as the lease income.

(ii) When the Company is the lessor

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.15 Foreign exchange

Transactions in currencies other than US Dollar are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

Items included in the 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 US Dollars which is considered to be the Company's functional and presentational currency under the current business model, which is consistent with the Company's parent undertaking.

1.16 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, as described in this note, the directors are required to make judgements. Estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumption are based on historical experience and other factors that are considered to be relevant, as reviewed on an ongoing basis. For the year ended 31 December 2016 there were no assumptions or estimates that are considered critical in applying the accounting policies.

Some of the Company's assets and liabilities are measured at fair value but the valuation of these instruments does not require any discounting or other significant judgement or estimation, since the Company does not offer any financial products with an underlying value that does not have a readily available market price. Market prices are obtained from the relevant exchanges.

2 Revenue

An analysis of the company's revenue is as follows:

The total revenue of the Company, for both the current and prior financial year, has been derived from its principal activity driven from the United Kingdom, including revenues earned from the provision of online retail foreign exchange trading and related services from the Company's UK trading platform.

	2016 US \$	2015 US \$
Turnover		
Revenue from services	1,121,081	4,195,631
	<u> </u>	<u> </u>
Other significant revenue		
Rental income arising from investment properties	871,949	264,941
	<u> </u>	<u> </u>

The total rental income of the Company has been derived from the sub-letting of two of its leased premises to unconnected third parties, exclusive of VAT.

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Operating (loss)/profit

	2016 US \$	2015 US \$
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	162,998	6,159
Fees payable to the company's auditor for the audit of the company's financial statements	27,955	20,000
Depreciation of property, plant and equipment	179,540	255,994
Loss on disposal of property, plant and equipment	199,999	72,191

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Management, accounts managers and administration	3	41

Their aggregate remuneration comprised:

	2016 US \$	2015 US \$
Wages and salaries	214,209	1,759,829
Social security costs	15,438	182,484
	229,647	1,942,313

5 Income tax income/(expense)

	2016 US \$	2015 US \$
Current tax		
UK corporation tax on profits for the current period	20,850	50,713
Deferred tax		
Origination and reversal of temporary differences	(66,629)	12,980
Total tax charge/(credit)	(45,779)	63,693

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Income tax income/(expense)

(Continued)

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2016 US \$	2015 US \$
(Loss)/profit before taxation	(240,229)	276,509
Expected tax charge/(credit) based on a corporation tax rate of 20.00%	(48,046)	55,302
Expenses not deductible in determining taxable profit	40,000	10,360
Utilisation of tax losses not previously recognised	-	(51,379)
Permanent capital allowances in excess of depreciation	28,896	36,430
Deferred Tax	(66,629)	12,980
Tax charge/(credit) for the year	(45,779)	63,693

6 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances US \$
Deferred tax liability at 1 January 2015	97,020
Deferred tax movements in prior year	
Credit to profit or loss	12,980
Deferred tax liability at 1 January 2016	110,000
Deferred tax movements in current year	
Credit to profit or loss	(66,629)
Deferred tax liability at 31 December 2016	43,371

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016 US \$	2015 US \$
Deferred tax liabilities	43,371	110,000

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Deferred taxation

(Continued)

The deferred tax liability at 31 December 2016 has arisen due to temporary timing differences that have originated on the non-current assets of the Company, resulting in an obligation to pay more tax in the future.

7 Property, plant and equipment

	Leasehold improvement	Fixtures, fittings & equipment	Total
	US \$	US \$	US \$
Cost			
At 1 January 2015	486,623	799,927	1,286,550
Additions	8,965	13,647	22,612
Disposals	-	(97,412)	(97,412)
At 31 December 2015	495,588	716,162	1,211,750
Additions	-	58	58
Disposals	-	(360,318)	(360,318)
At 31 December 2016	495,588	355,902	851,490
Accumulated depreciation and impairment			
At 1 January 2015	80,849	116,733	197,582
Charge for the year	99,457	156,537	255,994
Eliminated on disposal	-	(25,221)	(25,221)
At 31 December 2015	180,306	248,049	428,355
Charge for the year	99,389	80,151	179,540
Eliminated on disposal	-	(144,119)	(144,119)
At 31 December 2016	279,695	184,081	463,776
Carrying amount			
At 31 December 2016	215,893	171,821	387,714
At 31 December 2015	315,282	468,113	783,395
At 31 December 2014	405,774	683,194	1,088,968

During the year, assets at net book value of \$16,200 were transferred to the parent company IronFX Global Limited and asset at net book value \$199,999 were written off in administrative expenses.

8 Client money

The Company holds client money on behalf of clients in accordance with the client money rules of the FCA. Client monies are included on the balance sheet, where they are disclosed as cash with the corresponding liability included in creditors. Included within cash at bank are client money balances totalling \$16,179,748 (2015: US\$ 11,745,558) and the corresponding liability totalling \$16,155,506 (2015: US\$ 11,745,558) are included in trade creditors for retail clients.

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Trade and other receivables

	Current 2016 US \$	2015 US \$
Trade receivables	-	776,278
Other receivables	393,081	63,079
Amount due from parent undertaking	1,449,189	1,632,667
Amounts due from related parties	492,740	50,564
Prepayments	229,883	742,994
	<u>2,564,893</u>	<u>3,265,582</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Amounts due after more than one year and included in other receivables above is US\$337,864 (2015: US \$441,576), in respect of rent deposits under operating lease commitments.

The directors consider that the carrying amount of trade receivables approximates to their fair value.

Prepayments for the year and the comparative has been disclosed separately.

10 Trade and other payables

	Current		Non-current	
	2016 US \$	2015 US \$	2016 US \$	2015 US \$
Trade payables	16,584,623	12,897,445	-	-
Accruals	438,578	532,760	-	-
Social security and other taxation	64,624	81,835	-	-
Other payables	204,236	262,338	39,323	47,385
	<u>17,292,061</u>	<u>13,774,378</u>	<u>39,323</u>	<u>47,385</u>

The trade and other payables principally comprise of client money liability of US\$16,155,506 (2015: US \$11,745,558) as well as amounts outstanding of trade purchases and on-going costs. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid.

The directors consider that the carrying amount of trade payables approximates to their fair value.

The amount included in other payables as due greater than one year, relates to a rent deposit held in respect of leased premises that have been sublet.

Accruals for the year and the comparative has been disclosed separately.

Deferred tax for the year and the comparative has been disclosed as long term liability.

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Fair value of financial assets and financial liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The directors have considered the book values and fair values of the Company's financial assets and liabilities as at 31 December 2016 and consider them to be approximate to their book value owing to the short term maturity of these instruments and the current low interest rate environment.

12 Financial instruments

	2016 US \$	2015 US \$
Carrying amount of financial assets		
Debt instruments measured at amortised cost	18,508,113	15,650,310
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	17,292,061	12,934,100
	<u> </u>	<u> </u>

13 Financial instruments - Other

Financial risk management objectives

The overarching objective of the directors is to have a risk management policy to be able to identify and assess the business risks in achieving the Company's, and wider group's, strategic objectives, establishing appropriate internal controls to manage those risks and ensuring that appropriate monitoring and reporting systems are in place. These controls are to be continually reviewed.

Following a variation in its regulatory permissions with the Financial Conduct Authority, allowing the Company from October 2014 to dealing in investments as agent and as principal (matched principal broker), the directors have had regard to the changing business model of the Company. While the existing controls were considered appropriate for the Company's extended operations, the directors have been conscious of ensuring that the Company's systems and controls evolve with its change in operations, continually seeking to improve its risk management policy.

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern and meet the regulatory capital requirements imposed by the Financial Conduct Authority. The capital structure of the Company consists of the equity of the Company (comprising issued capital plus retained earnings). The Company is currently capitalised at a level comfortably in excess of the minimum regulatory capital required at the end of 31 December 2016 and it has always been the prudent decision to maintain a healthy capital surplus to cover any unforeseen increases in cost. The directors monitor management accounts on a frequent basis to ensure that an appropriate level of capital and cash resources are maintained to meet regulatory requirements. The cost base of the Company has decreased during 2016 to a level at 31 December 2016 which is thought to be reflective of the ongoing cost basis for the foreseeable future.

Therefore the directors are comfortable that the current capitalisation of the Company is appropriate for the operation of the business, but are also aware that further capital would be made available in the event that it is thought prudent to capitalise the Company further for regulatory purposes.

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Financial instruments - Other

(Continued)

Foreign exchange risk

The Company is exposed to foreign exchange risk as certain transactions and balances are in Sterling and therefore it has currency risk exposure to fluctuations in exchange rates. These fluctuations do not have a material impact on the financial statements at 31 December 2016, and will be continually reviewed by the directors as the business continues to grow its UK client base and operations.

The directors are responsible for managing the Company's exposure to foreign currency risk by monitoring the exposure on all foreign currency denominated assets and liabilities. Foreign currency risk, as defined by IFRS 7, arises as the value of future transactions fluctuate due to changes in foreign exchange rates. The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2016	2015	2016	2015
	US \$	US \$	US \$	US \$
Non-monetary assets	715,961	1,143,574	-	-
Other assets (monetary)	10,630,051	12,594,914	-	-
Other liabilities (monetary)	-	-	10,759,694	7,500,202
	<u>11,346,012</u>	<u>13,738,488</u>	<u>10,759,694</u>	<u>7,500,202</u>

At 31 December 2016, had the exchange rate between US Dollars and Sterling increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets attributable to the Company's operations would amount to approximately US\$29,390 (2015: US\$310,000).

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk).

The Company is exposed to price risk by virtue of its financial instruments that are traded as contracts for difference and spread betting contracts. However, the positions at any point are mitigated through matched positions held with counterparties, notably the Company's parent undertaking. All realised positions are then taken to the statement of comprehensive income.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fluctuations of market interest affect the prices of securities.

The Company's management monitors the interest rate fluctuations and acts accordingly, however it does not consider interest rate risk as significant since it does not hold any material interest bearing assets and liabilities. Furthermore, the interest rates applying to the UK are currently minimal and therefore have negligible impact.

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Financial instruments - Other

(Continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk is monitored by management on an ongoing basis with respect to trading positions. The directors address credit risk in a number of ways including:

- aiming to maintain a diversified client portfolio thus avoiding high concentration and exposure to a small number of clients;
- ensuring that clients cannot begin to trade unless money has been deposited into clients' account; and
- ensuring that the necessary margin is tied for any open positions.

Furthermore, the credit risk that arises from client positions is further reduced by the Company's policies and tools, which include manual and automatic stop loss limits in order to prevent any open positions exceeding the Company's pre-set margin.

The directors manage cash flow risk by regularly monitoring the amounts outstanding and calling on funds to enable the Company to meet liabilities as they fall due. Any cash deposits with banks are held with a major international banking group with reported substantial financial strength and high grade credit ratings assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk refers to the risk of not having sufficient resources to enable the Company to meet its obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the directors, who will manage the Company's short, medium and long-term funding and liquidity management requirements.

The Company aims to maintain a healthy level of liquidity at all times and the directors regularly monitor cash flow and management accounts to ensure that the Company maintains adequate working capital, therefore the directors do not consider liquidity risk to be significant.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external factors. This is considered to be a key risk for management during the year, as the directors have set to put in place controls and systems that are able to deal with both the growing business operations and also the regulatory requirements of the Company.

The directors draw on experience in the industry on a group wide basis and ensure that significant strategic decisions made by management are continually monitored. Management formally communicates duties and responsibilities to employees through regular meetings, seminars and trainings.

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

14 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2016 US \$	2015 US \$
Minimum lease payments under operating leases	605,895	632,290

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 US \$	2015 US \$
Within one year	560,533	677,792
Between two and five years	1,887,979	2,423,374
In over five years	991,749	1,738,420
	3,440,261	4,839,586

Lessor

The operating leases represent certain of its leased property to third parties. The leases are negotiated over terms between 2 and 3 years and rentals are fixed for terms between 2 and 3 years. All leases include a provision for five-yearly upward rent reviews according to prevailing market conditions.

There are no options in place for either party to extend the lease terms. Amount recognised as rental income was US\$ 871,949 (2015: US\$ 264,941).

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2016 US \$	2015 US \$
Within one year	652,090	755,454
Between two and five years	752,709	1,881,220
	1,404,799	2,636,674

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Related party transactions

Remuneration of key management personnel

The remuneration of the directors, who are key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2016 US \$	2015 US \$
Aggregate compensation	214,209	219,040

The parent company with 100% shareholding is IronFX Global Limited, a company registered in Cyprus. IronFX Global Limited prepares group financial statements and copies can be obtained from – 2 Iapetou Street, Agios Athanasios, 4101, Limassol, Cyprus.

During the year, the Company earned revenue amounting to US\$1,116,670 from its parent undertaking (2015: US\$3,353,952). At the year end, the Company was owed US\$1,449,189 by its parent (2015: US\$1,632,667), representing trading and service fees due, less advances received.

At the year end, the Company was owed an amount of US\$5,700 (2015: US\$nil) from group Company IronFX (Peru) SA, a company based in Peru, an amount of US\$2,000 (2015: US\$nil) from group Company GVS Ltd, a company based in British Virgin Islands and an amount of US\$9,390 (2015: US\$nil) from group Company Everant Investments Ltd, a company based in Cyprus. These amounts represent expenses paid by the company and the outstanding balances are receivable from the parent company IronFX Global Limited on behalf of these companies.

At the year end, the Company was owed an amount of US\$400,813 (2015: US\$50,564) from group Company GVS (AU) Pty Limited, a company based in Australia, granted as an interest free loan payable on demand.

At the year end, the Company was owed an amount of US\$25,000 (2015: US\$nil) from group Company 8Safe International Ltd, a company based in British Virgin Islands, granted as an interest free loan payable on demand.

At the year end, the Company was owed an amount of US\$139 (2015: US\$nil) from group Company Hong Kong Management One Ltd, a company based in Hong Kong, granted as an interest free loan payable on demand.

At the year end, the Company was owed an amount of US\$25,812 (2015: US\$nil) from group Company IronFX Global (South Africa) Pty Ltd, a company based in South Africa, granted as an interest free loan payable on demand.

At the year end, the Company was owed an amount of US\$10,000 (2015: US\$nil) from group Company MFDM Ltd, a company based in British Virgin Islands, granted as an interest free loan payable on demand.

At the year end, the Company was owed an amount of US\$10,461 (2015: US\$nil) from group Company Terra Management Services Ltd, a company based in Hong Kong, granted as an interest free loan payable on demand.

At the year end, the Company was owed an amount of US\$3,000 (2015: US\$nil) from group Company 8Safe Ltd, a company based in Bermuda, granted as an interest free loan payable on demand.

At the year end, the Company was owed an amount of US\$423 (2015: US\$nil) from group Company IronFx Global (BVI) Ltd, a company based in British Virgin Islands, granted as an interest free loan payable on demand.

8SAFE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

16	Share capital	2016	2015
		US \$	US \$
	Ordinary share capital		
	<i>Issued and fully paid</i>		
	1,500,000 fully paid ordinary shares of £1 each	2,417,015	2,417,015
17	Retained earnings	2016	2015
		US \$	US \$
	At 1 January 2016	479,657	266,841
	Profit for the year	(194,450)	212,816
	At 31 December 2016	285,207	479,657
18	Cash generated from operations	2016	2015
		US \$	£
	(Loss)/profit for the year after tax	(194,450)	212,816
	Adjustments for:		
	Taxation (credited)/charged	(45,779)	63,693
	Loss on disposal of property, plant and equipment	199,999	72,191
	Depreciation and impairment of property, plant and equipment	179,540	255,994
	Movements in working capital:		
	Decrease/(increase) in trade and other receivables	700,689	(1,805,302)
	Increase in trade and other payables	3,501,272	11,597,202
	Cash generated from operations	4,341,271	10,396,594