Moneycorp Financial Risk Management Limited

Annual report and financial statements

for the year ended 31 December 2018

Registered number: 05774742

Moneycorp Financial Risk Management Limited
Company information

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

Bankers
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Royal Bank of Scotland Plc
250 Bishopsgate
London
EC2M 4AA

Directors
N Haslehurst
M Horgan

Company registration number
05774742

Date of incorporation
7 April 2006

Trading name
Moneycorp Financial Risk Management Limited

Registered office
Floor 5, Zig Zag Building
70 Victoria Street
London
SW1E 6SQ

Moneycorp Financial Risk Management Limited
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Moneycorp Financial Risk Management Limited
Strategic report
For the year ended 31 December 2018

The Directors present their strategic report for the year ended 31 December 2018.

Review of the business and future developments

The principal activities of Moneycorp Financial Risk Management Limited ('the Company') are the provision of foreign currency spot, forward and options transactions to businesses and individuals.

The profit for the year amounted to £2,011k (2017: £426k). Net assets at 31 December 2018 were £3,208k (2017: £1,197k). All comparatives relate to the year ended 31 December 2017.

On a like-by-like comparison, revenue generated from option premiums grew by £2,010k (43%) (2017: decrease £920k (16%)). With the introduction of regulated forwards into the business in 2018 the business achieved additional growth in revenue of £1,137k in the form of margin on traded derivative contracts. Administrative expenses increased by £4,353k in line with the growth of the business (2017: decrease of £1,735k) which resulted in the profit for the year.

The Company's strategic objective for the future is to focus on further revenue growth through expanding the customer base and retaining existing customers.

As the Company provides services to clients linked to 'financial instruments' and the venues where those instruments are traded, the Company falls within scope of Markets in Financial Instruments Directive (MiFID). MiFID applied in the UK from November 2007, and was revised by MiFID II, which took effect in January 2018. MiFID II was designed to offer greater protection for investors and inject more transparency into all asset classes, extending the MiFID requirements. As a result the Company commenced selling regulated foreign currency forward contracts from January 2018.

Risks and uncertainties

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

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

Financial risk

- **Currency risk** - The Company maintains bank balances in a number of currencies, and is therefore exposed to movements in foreign exchange rates on these limited balances.
- **Liquidity risk** - The settlement of contracts and other short term working capital requirements requires adequate liquidity which is generated through intra-day settlement facilities. The Company seeks to manage this risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.
- **Credit risk** - Credit risk arises from the possibility that the Company will incur losses from the failure of its customers to meet their obligations. The Company does not generally provide credit to its customers but credit exposures can arise, normally for a short period of time, as the Company depends on its customers to pay for monies and services provided and to perform on foreign exchange contracts. All material credit exposures require approval by the Group Credit Committee comprising individuals independent of business revenue generation. Credit exposures are monitored regularly against approved risk limits, with client margins called for where appropriate. More information is disclosed in note 18 to the financial statements.

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

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

On behalf of the board

N Haslehurst

Director

25 April 2019

Moneycorp Financial Risk Management Limited
Directors' report
For the year ended 31 December 2018

The Directors present their report and the audited financial statements of Moneycorp Financial Risk Management Limited incorporated and domiciled in England, United Kingdom for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is acting as a broker in the provision of regulated foreign currency products specifically foreign exchange spots, forwards, European and American options to businesses and individuals. The Company is authorised and regulated by the FCA. The Company has a branch in Spain which is not subject to the regulation by the FCA.

Results and dividends

The statement of comprehensive income for the year ended 31 December 2018 is set out on page 9. The Directors do not recommend the payment of a dividend (year ended 31 December 2017: nil). A review of the business and future developments along with the Company's risk management are described within the Strategic report.

Performance measurement

The Company's most significant Key Performance Indicators (KPIs) are measured as follows:

- Revenue growth
- *Customer acquisition and retention*
- EBITDA growth

Directors

The Directors listed below have served the Company during the year and up to the date of signing the financial statements:

N Haslehurst

M Horgan

Charities and donations

No donations were made for charitable or political purposes during the year (year ended 31 December 2017: nil).

Going concern

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

Brexit

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

The Directors have considered current business plans and assessed all the risks faced by the Company, including the ability to continue as a going concern as a result of Brexit. Having made appropriate investigations and enquiries, the Directors have concluded that the Company can continue to operate as a going concern, and that the impact of Brexit to the current business plan is not significantly affecting this conclusion. However the Directors continue to monitor this situation and will respond to market situations accordingly.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Statement of Directors' responsibilities in respect of the financial statements (continued)

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

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. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

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

On behalf of the board

N Haslehurst
Director
25 April 2019

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

Report on the audit of the financial statements

Opinion
In our opinion, Moneycorp Financial Risk Management Limited's financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit 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.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit
Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of this report
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.

Other required reporting

Companies Act 2006 exception reporting
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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Sheena Coutinho (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2019

Moneycorp Financial Risk Management Limited
Statement of comprehensive income
For the year ended 31 December 2018

	Note	2018 £000	2017 £000
Continuing operations:			
Revenue	6	10,992	4,567
Administrative expenses	7	(8,489)	(4,136)
Operating profit		2,503	431
Finance costs		-	(2)
Profit before tax		2,503	429
Tax	8	(492)	(3)
Profit and total comprehensive income for the year attributable to the owners of the Company		**2,011**	**426**

The above statement should be read in conjunction with the accompanying notes on pages 13 to 29.

Moneycorp Financial Risk Management Limited
Balance sheet
As at 31 December 2018

	Note	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment	9	30	47
Deferred tax asset	14	13	16
		43	**64**
Current assets			
Cash and cash equivalents	11	1,019	2,470
Trade and other receivables	12	460	837
Prepayments		-	2
Derivative financial instruments	13	18,021	10,025
		19,500	**13,334**
Total assets		**19,543**	**13,397**
Current liabilities			
Trade and other payables	15	(454)	(1,959)
Current tax liabilities		(489)	-
Derivative financial instruments	13	(15,392)	(10,241)
Total liabilities		**(16,335)**	**(12,200)**
Net assets		**3,208**	**1,197**
Equity			
Share capital	16	2,100	2,100
Retained earnings/(accumulated losses)		1,108	(903)
Total equity		**3,208**	**1,197**

The above balance sheet should be read in conjunction with the accompanying notes on pages 13 to 29.

The financial statements of Moneycorp Financial Risk Management Limited (registered number 05774742) were approved by the Board of Directors and authorised for issue on 25 April 2019. The Directors do not have the power to amend the financial statements after issue. They were signed on its behalf by:

Director

N Haslehurst

25 April 2019

Moneycorp Financial Risk Management Limited
Statement of changes in equity
For the year ended 31 December 2018

	Share Capital £000	(Accumulated losses)/ Retained earnings £000	Total Equity £000
Balance at 1 January 2017	**2,100**	**(1,329)**	**771**
Profit and total comprehensive income for the year	-	426	426
Balance at 31 December 2017	**2,100**	**(903)**	**1,197**
Profit and total comprehensive income for the year	-	2,011	2,011
Balance at 31 December 2018	**2,100**	**1,108**	**3,208**

The above statement should be read in conjunction with the accompanying notes on pages 13 to 29.

Moneycorp Financial Risk Management Limited
Statement of cash flows
For the year ended 31 December 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash (used in)/generated from operations	17	(1,451)	2,099
Interest paid		-	(2)
Net cash (outflow)/inflow from operating activities		**(1,451)**	**2,097**
Cash flows from investing activities			
Purchases of property, plant and equipment		-	(13)
Net cash outflow from investing activities		-	(13)
Net (decrease)/increase in cash and cash equivalents		**(1,451)**	**2,084**
Cash and cash equivalents at beginning of year		**2,470**	**386**
Cash and cash equivalents at end of year	11	**1,019**	**2,470**

The above statement should be read in conjunction with the accompanying notes on pages 13 to 29.

1. GENERAL INFORMATION

Moneycorp Financial Risk Management Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given in the company information on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 3 to 4.

Functional and presentation currency
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 pound sterling (GBP), which is the Company's functional and presentation currency.

2. NEW AND REVISED STANDARDS ADOPTED IN THE CURRENT PERIOD

The Company has adopted the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

IFRS 9 Financial Instruments
IFRS 9 replaced the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and classification of amounts recognised in the financial statements. The new accounting policies are set out within the 'significant accounting policies' section below.

Classification and measurement
On 1 January 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial instruments held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

	IAS 39 classification	IAS 39 measurement	IFRS 9 classification and measurement
Financial Assets			
Cash and cash equivalents	Loans and receivables	Amortised cost	Amortised cost
Trade and other receivables	Loans and receivables	Amortised cost	Amortised cost
Derivative financial instruments	Held for trading	Fair value through profit or loss	Fair value through profit or loss
Financial Liabilities			
Trade and other payables	Other financial liabilities	Amortised cost	Other financial liabilities at amortised cost
Derivative financial instruments	Held for trading	Fair value through profit or loss	Fair value through profit or loss

There were no impacts between original carrying amounts and new carrying amounts under IFRS 9.

Impairment of financial assets:
The Company has two types of financial assets that are subject to IFRS 9's new expected credit loss model:

- Cash and cash equivalents
- Trade and other receivables

2. NEW AND REVISED STANDARDS ADOPTED IN THE CURRENT PERIOD – CONTINUED

IFRS 9 Financial Instruments - continued

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. The Company has assessed the impact of the above assets held at amortised cost. Based on the associated high credit quality of the Company's counterparties and short term nature of receivable balances, the identified expected loss is immaterial.

IFRS 15 Revenue from contracts with customers

IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts*, was applied effective from 1 January 2018. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model which requires identification of distinct performance obligations within contracts and allocation of the transaction price to those performance obligations. Revenue is recognised as each performance obligation is satisfied. Variable amounts of revenue can only be recognised if it is highly probable that a significant reversal of the variable amount will not be required in future periods.

The Company has completed the transition for all revenue streams that are not specifically excluded from the scope of IFRS 15. A significant portion of the Company's revenue is outside the scope of IFRS 15 due to the exclusion of revenue covered by other accounting standards including IFRS 9.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Company recognises revenue or whether revenue should be recognised gross as a principal or net as an agent. The Company will continue to recognise option premium revenue as services are provided (for example when the option contract is entered into). Revenue recognition for income arising from margins on traded currencies, foreign currency forwards and options are recognised based on the requirements of IFRS 9. Refer to the 'Revenue' section of note 4 for further details on each of the main types of revenue.

3. NEW AND REVISED STANDARDS NOT YET ADOPTED

The following new accounting Standards and Interpretations were in issue but not yet effective (and in some cases had not yet been adopted by the EU) for the 31 December 2018 reporting year, and have not been early adopted by the Company:

Standard	**New standard / amendment:**	**Effective for annual reporting periods beginning on or after:**
IFRS 16 – Leases	New	1 January 2019
IFRS 17 – Insurance Contracts	New	1 January 2021
IFRS 3 - Business Combinations	Amendment	Not yet endorsed for use in the EU
IFRS 11 Joint Arrangements	Amendment	Not yet endorsed for use in the EU
IAS 12 - Income Taxes	Amendment	Not yet endorsed for use in the EU
IAS 23 - Borrowing Costs	Amendment	Not yet endorsed for use in the EU
IAS 28 - Investments in Associates and Joint Ventures	Amendment	Not yet endorsed for use in the EU
IAS - 19 Employee Benefits	Amendment	Not yet endorsed for use in the EU

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods with the possible exception of IFRS 16 – Leases. The Company's assessment of the impact of IFRS 16 has been set out below.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

IFRS 16 – Leases

IFRS 16 was issued in January 2016 and is effective for annual periods beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

3. NEW AND REVISED STANDARDS NOT YET ADOPTED - CONTINUED

IFRS 16 – Leases - continued
Implementation and transition:
The Company will apply the standard from its mandatory adoption date of 1 January 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The Company has reviewed all of the Company's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Company's operating lease. As at the reporting date, the Company has non-cancellable operating lease commitments of £41k, see note 20a – Operating lease arrangements.

The adoption of IFRS 16 will impact the following line items in the balance sheet and statement of comprehensive income:

- Recognition of a right-of-use asset
- Recognition of a lease liability
- Decrease in rental costs
- Increase in depreciation and amortisation
- Increase in interest expense

The amount of the asset and liability that the Company will recognise upon adoption of IFRS 16 will be determined by the operating lease commitments that exceed 12 months duration at the time of adoption and meet the definitions outlined in IFRS 16.

Management's estimate of the financial impact of initial adoption on the Company's financial statements is the recognition of both a right-of-use asset and lease liability of £39k. The adoption has no impact on the cash flows of the Company and the change is for financial reporting purposes only.

The Company does not act as a lessor and hence there is no expected impact on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies reporting under International Financial Reporting Standards ("IFRSs") as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee ("IFRS IC").

The financial statements have been prepared on the historical cost basis, except for the revaluation of some financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs on the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of preparation - continued

The principal accounting policies adopted are set out below. These policies have been consistently applied to both years presented unless otherwise stated.

The Company's financial statements have been prepared on a going concern basis. Further detail is contained in the Directors' Report on pages 5 to 6.

These financial statements have been rounded to the nearest thousand pounds, except when otherwise indicated.

Comparative numbers

The Company has changed the presentation of prepayments to separately show amounts on the face of the balance sheet rather than within trade and other receivables. This separates receivables into those which are financial instruments and those which are not, aligning the balance sheet with financial instruments in note 10. There have been no changes to the overall balances presented within the primary statements. Certain other prior year comparatives within the notes to the financial statements have been updated to reflect current year presentation.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into the functional currency the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, to the functional currency are recognised in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any recognised impairment loss.

Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognised to write down the cost or valuation less the residual value of assets over their useful lives, using the straight-line method, on the following bases:

Fixtures and fittings	15%
Computer equipment	25%

The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Financial instruments

Financial instruments are classified as financial assets, financial liabilities or equity instruments, and are initially recognised when the Company becomes party to the contractual provisions of the instrument.

Classification:

From 1 January 2018, the Company classifies its financial assets and liabilities in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

Recognition and derecognition:

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. All financial instruments are initially measured at fair value adjusted for transaction costs.

4. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial instruments - continued
The Company derecognises a financial asset 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 of the asset to another entity.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

The Company classifies its instruments based on the Company's business model for managing the financial assets and liabilities and the contractual terms of the cash flows. The Company's financial assets and liabilities are managed and their performance evaluated on a fair value basis.

Financial assets at amortised cost

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Trade receivables
Trade receivables relates to option premiums and are recognised at original contract value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The amount of the loss allowance is recognised in the statement of comprehensive income. When the trade receivable is deemed uncollectable, it is written off against the provision for trade receivables.

Impairment of financial assets at amortised cost
At the reporting date, the Company measures the loss allowance on financial asset, other than those at fair value through profit or loss, at an amount equal to the lifetime expected credit losses if the risk has increased significantly since initial recognition. If at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that a loss allowance may be required. Given the high credit quality and short term nature of the financial assets measured at amortised cost, the Company does not anticipate any expected credit losses to be applicable for these assets.

Financial liabilities at amortised cost

Trade payables
Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at original contract value being the best estimate of fair value and subsequently measured at amortised cost using the effective interest method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

Derivative financial instruments
The Company enters into a variety of derivative financial instruments for trading purposes acting as a broker in the provision of foreign exchange option, spot and forward contracts to businesses and individuals.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the statement of comprehensive income. Further details regarding the fair value measurement and valuation process of derivative financial instruments are disclosed in note 13.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Derivative financial instruments are held for trading and as such are presented as a current asset or a current liability.

4. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue
Revenue consists of the margin earned between the buying and selling price of currencies sold in foreign exchange spot, forward and option deals. As derivative contracts are classed as financial instruments, revenue is recognised based on the requirements of IFRS 9. Margin revenue is recognised on trade date.

Option premium revenue is earned from banks for using them as the counterparty for option contracts. Revenue is earned regardless of if an option is exercised or not. There is only one performance obligation associated with option premium revenue and is recognised at the point in time when the contract is entered into.

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

Operating leases
Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease.

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

Current taxation
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.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies
In the course of preparing the financial statements, no critical judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations (refer to below) that have had a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value measurements and valuation processes
Derivative financial assets and liabilities are measured at fair value for financial reporting purposes.

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY - CONTINUED

Fair value measurements and valuation processes - continued

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available (Level 1). Foreign currency forwards and options are considered to be Level 2 as the fair value measurements are derived from inputs other than quoted prices that are directly or indirectly observable. Information about the valuation techniques and inputs used in determining the fair value are disclosed in note 13.

The fair value of derivative financial assets and liabilities are stated after adjustments to reflect counterparty credit risk.

The Company recognises derivative financial assets when counterparty positions are out of the money (from the perspective of the counterparty). The fair value of derivative financial assets is calculated as the mark to market less any credit valuation adjustments (CVA). This is calculated based on an internal assessment of the counterparty credit risk, with the asset amounts being discounted using a rate that reflects the risk of default.

Derivative financial liabilities are recognised by the Company when counterparty positions are in the money (from the perspective of the counterparty). The fair value of the derivative financial liabilities is calculated as the mark to market less any debit valuation adjustments (DVA). This adjustment reflects the risk of the Company defaulting on the balance payable to the counterparty and is calculated using an estimate of the Company's borrowing costs.

CVA on derivative financial assets is recorded in the statement of comprehensive income. To prevent an accounting mismatch, the Company has elected to recognise DVA on derivative financial liabilities in the statement of comprehensive income rather than in other comprehensive income.

6. REVENUE

	2018 £000	2017 £000
Revenue earned from financial instruments:		
Margin on traded derivative contracts	1,279	142
Net gain / (loss) on financial instruments held at fair value through profit or loss	2,845	(243)
	4,124	(101)
Revenue from contracts with customers:		
Option premium	6,738	4,728
Other revenue:		
Foreign exchange gains and losses	126	(60)
Operating interest revenue	4	-
Total revenue	10,992	4,567

Margin on traded derivative contracts relates to transactions primarily executed in the United Kingdom and Spain. Included within margin on traded currencies and foreign currency options in 2018 is £7k of revenue from an associate entity of the Moneycorp Group.

7. ADMINISTRATIVE EXPENSES

Included within administrative expenses are the following:

	2018 £000	2017 £000
Management charges (see note 21c.)	7,508	3,126
Staff costs (see note 7b.)	580	603
Auditors' remuneration (see note 7a.)	52	31
Operating lease rental	17	37
Depreciation for property, plant and equipment (see note 9)	17	15
Operating interest expense	141	-

7. ADMINISTRATIVE EXPENSES – CONTINUED

7a. Auditors' remuneration

The analysis of the auditors' remuneration included within administrative expenses is as follows:

	2018 £000	2017 £000
Fees paid or payable to the Company's auditors		
Audit of the Company's annual financial statements	32	31
Other non-audit fees		
Other assurance services - client money	20	-
Total audit fees paid or payable to Company auditors	52	31

Non-audit fees in relation to other assurance services - client money of £14k for 2017 were borne by TTT Moneycorp Limited, a related company.

7b. Staff costs

	2018 Number	2017 Number
The average monthly number of employees was:		
Operations	10	9
	10	9

Their aggregate remuneration comprised:	2018 £000	2017 £000
Wages and salaries	470	495
Social security costs	110	108
	580	603

The Directors did not receive any emoluments in respect of their services to the Company (2017: nil). Their emoluments were borne by TTT Moneycorp Limited, a related company.

8. TAX

	2018 £000	2017 £000
Current tax	489	-
Deferred tax charge	3	3
Total tax charge	492	3

Corporation tax is calculated at 19.00% (2017: 19.25%) of the estimated assessable profit for the year.

The tax charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2018 £000	2017 £000
Profit before tax on continuing operations	2,503	429
Tax at the current tax rate of 19.00% (2017: 19.25%)	476	83
Tax effect of expenses that are not deductible	13	3
Prior year adjustment credit	-	-
Transitional adjustments on IFRS conversion	3	3
Tax effect of group relief	-	(86)
Total tax charge for the year	492	3

9. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £000
At 1 January 2017	
Cost	50
Accumulated depreciation	(2)
Net book amount	48
Year ended 31 December 2017	
Opening net book amount	48
Additions	14
Net disposals	-
Depreciation charge	(15)
Closing net book amount	47
At 31 December 2017	
Cost	64
Accumulated depreciation	(17)
Net book amount	47
Year ended 31 December 2018	
Opening net book amount	47
Additions	-
Net disposals	-
Depreciation charge	(17)
Closing net book amount	30
At 31 December 2018	
Cost	64
Accumulated depreciation	(34)
Net book amount	30

10. FINANCIAL ASSETS AND LIABILITIES

Categories of financial instruments

	2018 £000	2017 £000
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	1,019	2,470
Trade and other receivables	460	837
Financial assets at fair value through profit or loss		
Derivative financial instruments held for trading	18,021	10,025
	19,500	13,332
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	(454)	(1,959)
Financial liabilities at fair value through profit or loss		
Derivative financial instruments held for trading	(15,392)	(10,241)
	(15,846)	(12,200)

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values.

11. CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Company cash and bank balances	754	623
Customer held funds	265	1,847
	1,019	2,470

The corresponding liability for customer held funds is included within trade payables (note 15).

Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as shown above.

12. TRADE AND OTHER RECEIVABLES

	2018 £000	2017 £000
Amounts falling due within one year:		
Trade and other receivables	-	34
Related party receivables	460	803
	460	837

Related party receivables comprise of an intercompany balance of £453k with TTT Moneycorp Limited and £7k with an associate entity to the Moneycorp Group.

13. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative financial assets is calculated as the mark to market less any credit valuation adjustments (CVA). The fair value of the derivative financial liabilities is calculated as the mark to market (MTM) less any debit valuation adjustments (DVA).

The mark to market of the foreign currency forwards and options are provided by an external valuation company.

Where a counterparty trade is out of the money (from the perspective of the counterparty) and the Company has recognised a derivative asset, a CVA is calculated to reflect the credit risk associated with that counterparty. For certain clients the Company requires collateral to be posted when their positions are out of the money above a certain tolerance level. Where the Company is holding collateral from a client those funds are deducted from the out of the money exposures before the CVA is calculated.

Where a counterparty trade is in the money (from the perspective of the counterparty) and the Company has recognised a derivative liability, a DVA is applied to the balance payable by the Company to reflect the credit risk associated with the Company. This adjustment is calculated using an estimate of the Company's borrowing costs.

	2018 £000	2017 £000
Un- adjusted forwards MTM (excluding CVA and DVA)		
Financial assets		
Foreign currency forward contracts	9,007	210
Foreign currency options	9,251	10,150
Total financial assets	18,258	10,360
Financial liabilities		
Foreign currency forward contracts	(6,723)	(110)
Foreign currency options	(9,251)	(10,150)
Total financial liabilities	(15,974)	(10,260)

13. DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

	2018 £000	2017 £000
Adjusted fair value (as presented in the balance sheet)		
Financial assets		
Foreign currency forward contracts	8,885	210
Foreign currency options	9,136	9,815
Total financial assets	18,021	10,025
Financial liabilities		
Foreign currency forward contracts	(6,405)	(109)
Foreign currency options	(8,987)	(10,132)
Total financial liabilities	(15,392)	(10,241)

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As a result of MiFID II, which was effective from January 2018, the Company began selling regulated foreign currency forward contracts in additional foreign exchange options during the year.

Foreign currency forward contracts values are determined by observable forward exchange rates and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Foreign currency options are valued using a range of market standard valuation models. The model and methodology used is dependent on the type of option product. The key inputs are:

- underlying value of the currency
- strike price
- time to expiration
- volatility of underlying asset
- risk free rate

The valuations are discounted at a rate that reflects the credit risk of the counterparty.

	2018			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Foreign currency forward contracts	-	8,885	-	8,885
Foreign currency options	-	9,136	-	9,136
Total	-	18,021	-	18,021
Financial liabilities				
Foreign currency forward contracts	-	(6,405)	-	(6,405)
Foreign currency options	-	(8,987)	-	(8,987)
Total	-	(15,392)	-	(15,392)

13. DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

Fair value hierarchy - continued

	2017			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets				
Foreign currency forward contracts	-	210	-	210
Foreign currency options	-	9,815	-	9,815
Total	-	10,025	-	10,025
Financial liabilities				
Foreign currency forward contracts	-	(109)	-	(109)
Foreign currency options	-	(10,132)	-	(10,132)
Total	-	(10,241)	-	(10,241)

There were no transfers between levels in the current or prior years.

14. DEFERRED TAX ASSET

The following are the deferred tax assets recognised by the Company and movements thereon during the current and prior reporting year.

	2018 £000	**2017 £000**
Balance at the beginning of the year	16	19
Revaluation of financial assets	(3)	(3)
Balance at the end of the year	13	16

15. TRADE AND OTHER PAYABLES

	2018 £000	**2017 £000**
Amounts falling due within one year:		
Outstanding customer balances	263	1,759
Related party payables	-	14
Other payables	122	134
Accruals and deferred income	69	52
	454	1,959

16. SHARE CAPITAL

	2018 000's	**2017 000's**
Ordinary shares of £1 each:		
Authorised - number	1,000	1,000
Allotted, called up and fully paid - value	£750	£750
Allotted, called up and fully paid - number	750	750
Preference shares of £1 each:		
Authorised - number	1,450	1,450
Allotted, called up and fully paid - value	£1,350	£1,350
Allotted, called up and fully paid - number	1,350	1,350

17. NOTES TO THE CASH FLOW STATEMENT

Net cash from operating activities	2018 £000	2017 £000
Operating profit	2,503	431
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	17	15
	2,520	446
Movements in working capital:		
Increase in receivables	(7,617)	(408)
Increase in payables	3,646	2,061
Net cash from operating activities	(1,451)	2,099

18. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The main risks arising from the Company's financial instruments are market risk (including foreign currency and interest rate), credit risk and liquidity risk. The Board approves prudent treasury policies for managing each of the risks which are summarised below.

Market risk

The Company's principal business activities involve brokering regulated foreign currency products to customers and entering back to back arrangements with TTT Moneycorp Limited, a related company that is part of the Moneta Topco Limited Group. The back to back nature of the transactions eliminates exchange rate risk of the Company's operations and means the financial exposure of the Company is limited to client credit risk. The Company has considered other risks including market risk (currency risk, fair value, interest rate risk and price risk), liquidity risk and cash flow interest rate risk. Any changing risk profile in one contract will be mitigated by an offset in the corresponding back to back contract arrangement.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The sensitivity to market risk in relation to derivatives is therefore immaterial.

Foreign currency risk management

The Company undertakes derivative transactions denominated in foreign currencies, however is not consequently exposed to exchange rate fluctuations. All exchange rate fluctuations between the Company and customers are managed through corresponding movements in the contracts entered into with TTT Moneycorp Limited.

The Company does maintain bank balances in a number of currencies, and is therefore exposed to movements in foreign exchange rates on these balances. Bank balances held in foreign currencies at year end were as follows:

Currency	2018 £000	2017 £000
Euro (EUR)	618	1,594
United States dollar (USD)	(128)	326
Swiss franc (CHF)	-	4
Chinese yuan (CNY)	-	3
Australian dollar (AUD)	-	1
Total foreign currency risk	490	1,928

At 31 December 2018, if the GBP had weakened by 5% against the above currencies with all other variables held constant, the recalculated post-tax profit for the year would have been £26k (2017: £102k) higher. Conversely a 5% strengthening of GBP would have resulted in the post-tax profit being £23k (2017: £92k) lower.

18. FINANCIAL RISK MANAGEMENT - CONTINUED

Credit risk management

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

For certain clients the Company requires collateral to be posted when their positions are out of the money above a certain tolerance level. The collateral held is recorded within cash and cash equivalents - customer held funds for the Spanish Branch. For options and in-scope forwards collateral is held in segregated client bank accounts which are off balance sheet.

None of the financial assets were past due or impaired as at 31 December 2018 (2017: nil).

Credit quality

In the absence of external credit ratings, the credit quality of financial assets that are neither past due or impaired are assessed by management taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal limits set by the board. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company carries out a credit assessment of each counterparty prior to entering into a trading relationship. These assessments are carried out internally and each counterparty is given a grading. The grading scale that the Company uses ranges from credit grade 1 (investment grade equivalent, being the least risky) to credit grade 7 (newly formed company with limited credit history, being the most risky).

Derivative financial assets	**2018**		
	Forward contracts £000	**Option contracts £000**	**Total £000**
Counterparties internal credit rating:			
Credit grade 6	96	112	208
Credit grade 5	1,462	621	2,083
Credit grade 4	1,107	2,221	3,328
Credit grade 3	-	194	194
Credit grade - other*	612	390	1,002
	3,277	3,538	6,815
Non-customer counterparty:			
TTT Moneycorp Limited	5,608	5,598	11,206
Total derivative financial assets	8,885	9,136	18,021

	2017		
	Forward contracts £000	**Option contracts £000**	**Total £000**
Counterparties internal credit rating:			
Credit grade 6	-	-	-
Credit grade 5	-	3,190	3,190
Credit grade 4	-	4,715	4,715
Credit grade 3	-	422	422
Credit grade - other*	155	1,088	1,243
	155	9,415	9,570
Non-customer counterparty:			
TTT Moneycorp Limited	55	400	455
Total derivative financial assets	210	9,815	10,025

*Other grouping contains all smaller counterparties where an average credit adjustment has been applied. All internal groupings are deemed recoverable.

18. FINANCIAL RISK MANAGEMENT - CONTINUED

Liquidity risk management

The settlement of forward and option contacts and other short term working capital requirements requires adequate liquidity which is generated through intra-day settlement facilities. These facilities are provided by TTT Moneycorp Limited, a related company. The Company seeks to manage this risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Liquidity risk tables

The following table details the Company's liquidity analysis for its derivative financial instruments based on contractual maturities. Brokering derivative contracts, specifically foreign currency forwards and foreign currency options, involves entering back to back contracts with the customer and vendor. The back to back nature of the transactions means that for each trade there is a cash outflow in one currency and a corresponding cash inflow in the same currency and as such it would be inappropriate to present only the liability positions. Foreign exchange options are fully back to back and therefore there is no net settlement value.

Assets	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	5+ years £000	Total £000
At 31 December 2018					
Foreign exchange options	5,702	1,947	1,487	-	9,136
Foreign exchange forwards	8,640	236	9	-	8,885
	14,342	2,183	1,496	-	18,021
At 31 December 2017					
Foreign exchange options	5,886	3,916	13	-	9,815
Foreign exchange forwards	162	48	-	-	210
	6,048	3,964	13	-	10,025

Liabilities	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	5+ years £000	Total £000
At 31 December 2018					
Foreign exchange options	(5,611)	(1,860)	(1,516)	-	(8,987)
Foreign exchange forwards	(6,272)	(126)	(7)	-	(6,405)
	(11,883)	(1,986)	(1,523)	-	(15,392)
At 31 December 2017					
Foreign exchange options	(6,076)	(4,042)	(14)	-	(10,132)
Foreign exchange forwards	(88)	(21)	-	-	(109)
	(6,164)	(4,063)	(14)	-	(10,241)

Other trade receivables and payables settle/are due within one year.

19. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The Company manages its capital by maintaining its Tier 1 capital which is regularly reviewed by the Board to ensure it is adequate for the level of risk.

The capital structure of the Company consists of equity comprised of issued capital, reserves and accumulated losses as disclosed in the Company's statement of changes in equity.

19. CAPITAL RISK MANAGEMENT – CONTINUED

The Company is authorised and regulated by the FCA and as part of the Capital Resource Directive IV it is required to hold adequate capital which is calculated under the Internal Capital Requirements Regulation.

The above regulations require the Company to maintain a capital adequacy ratio of at minimum 8%. This was met throughout 2018. As at 31 December 2018 the capital adequacy ratio was 21% (2017: 153%).

Gearing ratio

The Company had no borrowings at balance sheet date and hence gearing was nil (2017: nil).

20. COMMITMENTS AND CONTINGENT LIABILITIES

20a. Operating lease arrangements

The Company as lessee

	2018 £000	2017 £000
Lease payments under operating leases recognised as an expense in the year	17	37

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

	2018 £000	2017 £000
Within one year	19	19
In the second to fifth years inclusive	22	41
After five years	-	-
	41	60

20b. Other commitments and contingent liabilities

Other than the operating lease commitments above, the Company has no financial commitments or contingent liabilities outside of payables presented on the face of the balance sheet at the reporting date.

21. RELATED PARTY BALANCES AND TRANSACTIONS

21a. Trading transactions

Revenue earned on traded derivative contracts from related parties is disclosed in note 6. Balances relating to management charges are disclosed in note 21c.

Trade receivable and trade payable balances held with related parties at year end are disclosed in notes 12 and 15 respectively. Derivative financial instruments between the Company and its related company TTT Moneycorp Limited are disclosed below.

The following derivative positions were held with related company TTT Moneycorp Limited at year end:

	2018 £000	2017 £000
Related party financial assets		
Foreign currency forward contracts	5,608	55
Foreign currency options	5,598	400
Total related party financial assets	11,206	455
Related party financial liabilities		
Foreign currency forward contracts	(3,528)	(84)
Foreign currency options	(3,653)	(9,751)
Total related party financial liabilities	(7,181)	(9,835)

21. RELATED PARTY BALANCES AND TRANSACTIONS - CONTINUED

21b. Remuneration of key management personnel

All the Directors of the Company are Directors of TTT Moneycorp Limited, a related company. Emoluments are paid by TTT Moneycorp Limited in respect of services of Directors to the Company. This is included in the management charge as detailed below. No Directors received compensation for loss of office during the year (2017: nil).

21c. Management charge

	2018 £000	2017 £000
Management charge	7,508	3,126

Management charges are presented within administration expenses. The above amounts reflect the amount recharged to the Company by TTT Moneycorp Limited as governed by an intercompany Services Agreement.

22. ULTIMATE HOLDING COMPANY AND CONTROLLING ENTITY

At balance sheet date, the Directors consider that the Company's immediate parent and controlling party is Regent Acquisitions Holdings Limited (100% effective holding), incorporated and registered in Jersey, Channel Islands.

The ultimate holding company is Moneta Topco Limited (100% effective holding), a company incorporated and registered in Jersey, Channel Islands. This company produces consolidated financial statements and this group represents the largest group that the Company is a subsidiary of.

Consolidated financial statements are also produced for Moneta Midco II Limited, a company incorporated and registered in Jersey, Channel Islands. This group represents the smallest group that the Company is a subsidiary of, for which consolidated financial statements are produced.

The consolidated financial statements for Moneta Topco Limited and Moneta Midco II Limited may be obtained from Floor 5, Zig Zag Building, 70 Victoria Street, SW1E 6SQ.

The ultimate controllers of Moneta Topco Limited at balance sheet date were Bridgepoint Europe IV (Nominees) Limited.

23. EVENTS AFTER THE BALANCE SHEET DATE

There are no subsequent events to disclose between the reporting date and date of signing the financial statements.