

Company number: 8582141

Amana Financial Services UK Limited
Annual report and Financial Statements
Year ended 31 December 2017

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Amana Financial Services UK Limited

Annual report and Financial Statements 31 December 2017

Contents

	Page
Board of Directors and company details	1
Strategic report	2 – 3
Report of the Board of Directors	4 – 7
Independent Auditors' Report	8 – 9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 – 35

Amana Financial Services UK Limited

Board of Directors and company details

Board of Directors

Ahmad Elkhatib
Athanasios Velianis
Georgios Xydias
Adam Toro (appointed 16 November 2017)

Registered office

32 Ludgate Hill
London
EC4M 7DR
UK

Independent Auditors

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

Amana Financial Services UK Limited

Strategic report

The directors present their strategic report on Amana Financial Services UK Limited (the "Company") for the year ended 31 December 2017.

Principal activities

The Company is an online financial services provider and acts as the principal to its customers in derivatives comprising Contracts For Differences ("CFDs") on currency pairs, stocks, indices and commodities. The Company is regulated by Financial Conduct Authority ("FCA"). The revenue of the Company derives from commission income received from the affiliated entity Amana Capital Limited under an agreement between these companies, as all customers' trades are offset with Amana Capital Limited.

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

The revenue of the Company for the year ended 31 December 2017 was \$1,351,045 (2016: \$1,102,773). The net profit of the Company for the year was \$173,629 (2016: net loss \$35,500). On 31 December 2017 the total assets of the Company were \$3,438,310 (2016: \$2,377,167) and its net assets were \$437,126 (2016: net assets \$263,497).

The Company's Key Performance Indicators ("KPIs"), with which management monitors the business and its performance, are the number of accounts opened during the year, which amounted to 3,211 (2016: 3,449) and the number of accounts funded during the year which were 2,192 (2016: 2,431), as the Company aims for continuous growth. The volume of trading and the net deposits funded by the Company's clients are considered satisfactory.

During the second half of 2017, the Company launched also the MT5 platform.

Principal risks and uncertainties

The Company's activities, as outlined above, expose it to a variety of financial, operational and systems, compliance, litigation and reputation risks. Each principal risk and how this is assessed and managed is outlined below with the exception of the financial risks and uncertainties which are outlined in Note 3 of the financial statements.

The Company's capital requirements are calculated in accordance with the Financial Conduct Authority ("FCA") regulations. The capital of the Company is monitored regularly in light of any potential changes within the business.

Operational and systems risk is the risk that derives from the deficiencies relating to the Company's information technology and systems' control as well as the risk of human error and natural disasters. Separation of power and authority regarding vital functions of the Company exists and the Board reviews any decisions made by management and monitors their activities. The Company's operations are also closely dependent on information technology and any damage or failure of the systems would place the Company at significant risk. The Company's systems are evaluated, maintained and upgraded continually. Also operational risk is the risk that could arise from the ineffectiveness of the trading platforms. The Company offers its clients the MT4 and MT5 platforms, which are robust, tried and tested in the industry. The Company continually monitors the effectiveness of the systems and investigates reasons for any "down time" during normal operating hours. All systems are backed up every evening and there is a business continuity plan in place should physical or other disasters occur.

Amana Financial Services UK Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Compliance risk is the risk of financial loss, including fines and other penalties, which may arise from non-compliance with laws and regulations. The Company is authorised and regulated by the FCA. Any changes in the regulatory framework and directives relating to the Company's services and operations could expose the Company to considerable risk. As the Company's operations expand and could become more complex, and the regulatory framework worldwide is becoming more demanding, the Company will need to provide training and employ new high calibre employees to meet these regulatory demands. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, the use of external compliance and regulatory advisors, as well as by the monitoring controls applied by the Company.

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

Reputation risk is the risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether justified or unjustified) that may result in a reduction of its clientele, reduction in revenue and legal claims against the Company. A comprehensive business contingency and disaster recovery plan has been prepared with recovery procedures and actions to be followed in the case of damage to any vital part of the Company's structure.

The management of the Company does not believe that there are known issues that might impact the business as a result of Brexit.

On 27 March 2018, the EU regulatory body, European Securities and Markets Authority ("ESMA") announced measures on the provision of CFDs to retail investors in the EU. The agreed measures include a restriction on the marketing, distribution or sale of CFDs to retail investors. This restriction consists of: leverage limits on opening positions, a margin close out rule on a per account basis; a negative balance protection on a per account basis; preventing the use of incentives by a CFD provider; and a firm specific risk warning delivered in a standardised way. In accordance with MiFID, ESMA can only introduce temporary intervention measures on a three monthly basis. Before the end of the three months, ESMA will consider the need to extend the intervention measures for a further three months. The exact impact on the regulatory changes in the subsequent years cannot be predicted accurately at this stage. The Company aims to continue operating with a client centric focus and remains committed to implementing all necessary changes required to comply with the incoming regulations. The Company believes that it is in a position to continue operating under the new regulatory environment.

On behalf of the Board



Adam Toro
Director

London, 25 April 2018

Amana Financial Services UK Limited

Report of the Board of Directors

The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2017.

General Information

The Company was incorporated on 24 June 2013 and is domiciled in the UK as a private company with limited liability under the UK Company Law. The Company is directly controlled by Amana Capital Group SAL (Holding), registered in Lebanon, which owns 100% of the Company's shares and is controlled by a number of individuals, none of whom has a controlling interest. The Company operates under the license no. 605070 granted by the UK FCA. Under the current FCA licence the Company is permitted to hold and control client money.

Principal activities

Principal activities are disclosed in the strategic report.

Branches

The Company did not operate through any branches during the year ended 31 December 2017.

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

Review of developments, position and performance of the Company is disclosed in the strategic report.

Future developments of the Company

The Board of Directors does not expect any significant changes in the types of products, services and risks in the foreseeable future. Despite the regulatory changes and the various external conditions and forces in place, such as market conditions, volatility, competition the Company believes it is in a position to remain competitive, expand its operations and achieve increase in volumes, number of clients and deposits.

Principal risks and uncertainties

Principal risks and uncertainties are disclosed in the strategic report.

Amana Financial Services UK Limited

Report of the Board of Directors (continued)

Results and dividends

The Company's results for the year ended 31 December 2017 are shown on page 10. No dividends were proposed for this year.

Capital management

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

Meeting its monthly regulatory requirements is a main area of concentration for the Company. Capital adequacy is monitored by the Risk Management Committee and the Board of Directors.

At the statement of financial position date the Company's regulatory capital resources were \$468,844 (2016: \$263,497) which comprise solely of issued share capital and audited reserves. The capital resources are considered adequate to continue to finance the Company over the next year.

Remuneration policy

As at 31 December 2017, the Company employed 8 employees (2016: 4 employees).

The principles of the Company's remuneration policy adhere to the FCA's Remuneration Code which was introduced with effect from 1 January 2011. The employees' remuneration consists of a fixed element and the variable annual discretionary bonus remuneration. The Company operates a discretionary bonus policy, which is mainly driven by the individual's performance, and the financial performance results.

Share capital

The Company has 3,000 ordinary shares in issue as at 31 December 2017.

No increase in the authorised or issued share capital of the Company took place during the year ended 31 December 2017.

Board of Directors

The members of the Board of Directors at 31 December 2017 and at the date of this report are shown on page 1.

Events after the statement of financial position date

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

Amana Financial Services UK Limited

Report of the Board of Directors (continued)

Other statements

The Company makes "Pillar 3" disclosures as required under the Capital Requirements Directive IV ("CRD IV"). These disclosures can be obtained via the Company's website (www.amanafs.co.uk) and are expected to be published no later than 30 June 2018.

The Company makes Country by Country reporting disclosures as required under the CRD IV. These disclosures will be made available via the Company's website (www.amanafs.co.uk) on or before 31 December 2018.

Statement of Directors' responsibilities

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

The UK Company Law requires the Directors to prepare financial statements for each financial year. Under that Law, the Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). Under the UK Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to select suitable accounting policies and then apply them consistently; to make judgements and accounting estimates that are reasonable and prudent; to state whether applicable International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") have been followed, subject to any material departures disclosed and explained in the financial statements; and to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, the Directors confirm that, in the case of each director in office at the date the directors' report is approved, that so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Amana Financial Services UK Limited

Report of the Board of Directors (continued)

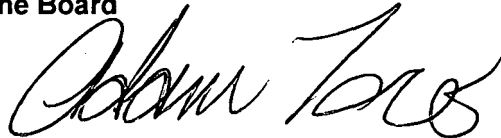
Independent Auditors

The Independent Auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board

Adam Toro
Director

London, 25 April 2018

A handwritten signature in black ink, appearing to read 'Adam Toro', is written over the printed name and title.

Independent auditors' report to the members of Amana Financial Services UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Amana Financial Services UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows 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.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of financial position as at 31 December 2017; 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

We have nothing to report in respect of the following matters in relation to which 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.

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.

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 Report of the Board of Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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 Report of the Board of Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Board of Directors for the year ended 31 December 2017 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 Report of the Board of Directors.

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 set out on page 6, 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.



John Wei (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2018

Amana Financial Services UK Limited

Statement of comprehensive income for the year ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue	4	1,351,045	1,102,773
Administrative expenses	5	(1,266,579)	(1,018,067)
Other gains/(losses) – net	6	120,881	(120,206)
Operating profit/(loss)		205,347	(35,500)
Profit/(loss) before income tax		205,347	(35,500)
Income tax expense	8	(31,718)	-
Profit/(loss) after tax and total comprehensive income/(loss) for the year		173,629	(35,500)

The notes on pages 14 to 35 are an integral part of these financial statements.

Amana Financial Services UK Limited

Statement of financial position at 31 December 2017

	Note	2017 \$	2016 \$
Assets			
Non-current assets			
Plant and equipment	11	59,465	69,591
Intangible assets	12	653	1,175
		<u>60,118</u>	<u>70,766</u>
Current assets			
Trade and other receivables	13	2,213,308	1,185,042
Income tax refundable		-	1,598
Cash and cash equivalents	14	1,164,884	1,119,761
		<u>3,378,192</u>	<u>2,306,401</u>
Total assets		<u>3,438,310</u>	<u>2,377,167</u>
Equity and liabilities			
Capital and reserves			
Share capital	15	300,000	300,000
Retained earnings/(Accumulated losses)		137,126	(36,503)
		<u>437,126</u>	<u>263,497</u>
Current liabilities			
Trade and other payables	16	2,969,466	2,113,670
Income tax liability		31,718	-
		<u>3,001,184</u>	<u>2,113,670</u>
Total equity and liabilities		<u>3,438,310</u>	<u>2,377,167</u>

The financial statements were approved by the Board of Directors on 25 April 2018 and signed on its behalf by:

Adam Toro



The notes on pages 14 to 35 are an integral part of these financial statements.

Amana Financial Services UK Limited

Statement of changes in equity for the year ended 31 December 2017

	Share capital \$	(Accumulated losses)/ Retained earnings \$	Total \$
Balance at 1 January 2016	300,000	(1,003)	298,997
Comprehensive loss			
Loss after tax and total comprehensive loss for the year	-	(35,500)	(35,500)
Balance at 31 December 2016/1 January 2017	300,000	(36,503)	263,497
Comprehensive income			
Profit after tax and total comprehensive income for the year	-	173,629	173,629
Balance at 31 December 2017	300,000	137,126	437,126

The notes on pages 14 to 35 are an integral part of these financial statements.

Amana Financial Services UK Limited

Statement of cash flows for the year ended 31 December 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Profit/(loss) before tax		205,347	(35,500)
Adjustments for:			
Amortisation of intangible assets	12	522	522
Depreciation of plant and equipment	11	15,586	14,550
Foreign exchange transaction (gains)/losses on operating activities	6	(120,881)	120,206
		<u>100,574</u>	<u>99,778</u>
Changes in working capital:			
Trade and other receivables		(915,559)	(885,473)
Trade and other payables		829,944	816,822
		<u>14,959</u>	<u>31,127</u>
Cash generated from operations		<u>1,598</u>	<u>6,843</u>
Income tax received			
		<u>16,557</u>	<u>37,970</u>
Net cash generated from operating activities			
Cash flows from investing activities			
Purchases of plant and equipment	11	(5,460)	(43,407)
		<u>(5,460)</u>	<u>(43,407)</u>
Net cash used in investing activities			
Net increase/(decrease) in cash and cash equivalents		<u>11,097</u>	<u>(5,437)</u>
Cash and cash equivalents at beginning of year		<u>1,119,761</u>	<u>1,139,266</u>
Foreign exchange gains/(losses) on cash and cash equivalents		34,026	(14,068)
		<u>1,164,884</u>	<u>1,119,761</u>
Cash and cash equivalents at end of year	14		

The notes on pages 14 to 35 are an integral part of these financial statements.

Amana Financial Services UK Limited

Notes to the financial statements

1 General information

Country of incorporation

Amana Financial Services UK Limited (the "Company") is incorporated and domiciled in the UK as a private company with limited liability under the UK Company Law. Its registered office is at 32 Ludgate Hill, London, EC4M 7DR, UK.

Principal activities

The Company is an online financial services provider and acts as the principal to its customers in derivatives comprising Contracts For Differences ("CFDs") on currency pairs, stocks, indices and commodities.

The revenue of the Company derives from commission income received from Amana Capital Limited.

The Company operates under the license no. 605070 granted by the UK Financial Conduct Authority ("FCA"). Under the current FCA license the Company is permitted to hold and control client money.

2 Summary of significant accounting policies

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

Basis of preparation

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

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2017 have been adopted by the EU through the endorsement procedure established by the European Commission.

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

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

Amana Financial Services UK Limited

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these including IFRS 15 "Revenue from contracts with clients" is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- IFRS 9 "Financial Instruments: Classification and Measurement" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:
 - i. Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
 - ii. Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
 - iii. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
 - iv. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
 - v. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

Amana Financial Services UK Limited

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

The Company is currently assessing the impact of the new standard on its financial statements and as of the date of issue of these financial statements the impact of the adoption of this standard is not reasonably estimable.

- IFRS 16 "Leases" (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company is currently assessing the impact of the new standard on its financial statements and as of the date of issue of these financial statements the impact of the adoption of this standard is not known.

Revenue recognition

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

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

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

Commission income

The Company and Amana Capital Limited have entered into an agreement under which all trades between the Company and its customers are off-set by equivalent trades between the Company and Amana Capital Limited.

The Company receives commission income from Amana Capital Limited for acting as the principal to its customers in derivatives comprising CFDs. The commission is calculated on a monthly basis by reference to the trading volume of the Company's clients for different products. However, there is a minimum amount receivable each month.

Amana Financial Services UK Limited

2 Summary of significant accounting policies (continued)

Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the US Dollar which is 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 the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within "other gains/(losses) - net"

Current and deferred tax income tax

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

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

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

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

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

Amana Financial Services UK Limited

2 Summary of significant accounting policies (continued)

Plant and equipment

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

The annual depreciation rates are as follows:

	2017 %	2016 %
Office equipment	8	8
Computer hardware	20	20
Furniture and fittings	20	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The respective impairment change is recognised with administration expenses in the statement of comprehensive income.

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

Gains and losses on disposal of plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other gains/(losses) - net" in the statement of comprehensive income .

Intangible assets

Purchased computer software is recognised as an intangible asset at cost when acquired. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

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

Amana Financial Services UK Limited

2 Summary of significant accounting policies (continued)

Impairment of non-financial assets

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

Financial assets

(i) Classification

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

- **Financial assets at fair value through profit or loss**

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

- **Loans and receivables**

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

Amana Financial Services UK Limited

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(ii) Recognition and measurement

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

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

Derecognition of financial assets and liabilities

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

(i) Financial assets

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

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

(ii) Financial liabilities

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

Amana Financial Services UK Limited

2 Summary of significant accounting policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Impairment of financial assets

The Company assesses at the statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

Derivative financial instruments

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

Amana Financial Services UK Limited

2 Summary of significant accounting policies (continued)

Trade and other receivables

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

Share capital

Ordinary shares are classified as equity.

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

Provisions

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

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

Operating leases

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

Trade and other payables

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

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

Amana Financial Services UK Limited

2 Summary of significant accounting policies (continued)

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash at bank and deposits held at call with banks with original maturities of three months or less.

Fiduciary activities

In order to render investment services to clients, the Company holds cash on behalf of clients. The cash is kept in bank accounts in the Company's name on behalf of its clients. The cash held on behalf of those clients classified as "retail clients" are kept in segregated client money bank accounts, for additional protection to said clients in the unlikely event of the Company's insolvency. In all cases, cash held on behalf of retail clients are held by the Company in a fiduciary capacity and are not included as part of the Company's assets and liabilities in the financial statements.

3 Financial risk management

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

The primary objective of the Committee is to assess, manage and oversee the overall management of all risks including market risk, credit risk and liquidity risk. It also has the responsibility to ensure the adequacy and effectiveness at controls in place for managing the risk.

Furthermore, the Committee is responsible for reviewing the applicable risk limits and recommending amendments, if required, to the Board of Directors. Lastly, the Committee has to address control failures and to suggest remedial action if considered necessary.

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including price risk and foreign exchange risk), credit risk and liquidity risk. The Company is not materially exposed to interest rate risk.

(a) Market risk

(i) Price risk

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

The Company only acts as a matched principal broker to its clients trades, hence has entered into an agreement with Amana Capital Limited, under which all trades between the Company and its clients are offset by equivalent trades between the Company and Amana Capital Limited. As a result of the above, the Company is not exposed to price risk because each transaction with the client is offset by equivalent trades between the Company and Amana Capital Limited.

Amana Financial Services UK Limited

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

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

At 31 December 2017, if the US Dollar (\$) had weakened/strengthened by 10% (2016: 10%) against the Pound Sterling with all other variables held constant the pre-tax profits for the year (2016: pre-tax losses) would have been \$40,321 (2016: \$52,021) lower/higher (2016: lower/higher), mainly as a result of foreign exchange gains/losses (2016: gains/losses) on the translation of Pound Sterling denominated cash, trade and other receivable and trade and other payable balances.

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

(b) Credit risk

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

Credit risk arises from derivative financial instruments and deposits with banks and financial institutions, as well as from credit exposure to customers, including outstanding receivables.

For banks and financial institutions, only parties whom management has internally assessed as financially healthy and stable are accepted.

If there is no independent rating, management assesses the credit quality of the counterparty, taking into account its financial position, past experience and other factors.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. Transactions with customers are settled using major banks or financial institutions specialising in online transferring of funds and transactions.

The maximum exposure to credit risk at the statement of financial position date is presented in the table below:

	2017 \$	2016 \$
Credit risk by category		
Cash at bank	1,164,884	1,119,761
Trade and other receivables (excluding prepayments)	2,213,664	1,100,995
	<u>3,378,548</u>	<u>2,220,756</u>

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. For further details on credit risk, refer to Note 10.

3 Financial risk management (continued)

Amana Financial Services UK Limited

3.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient financial resources to meet its liabilities and obligations as they fall due.

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

	Less than 1 year \$
31 December 2017	
Trade and other payables	2,969,466
	<hr/>
	Less than 1 year \$
31 December 2016	
Trade and other payables	2,113,670
	<hr/>

Management monitors its cash flow position on a monthly basis and compares its budget with actual expenditure and acts accordingly.

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital as defined by management at 31 December 2017 and 2016 consists of equity as shown on the face of the statement of financial position.

Amana Financial Services UK Limited

3 Financial risk management (continued)

3.3 Fair value estimation

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

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

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

At 31 December 2017	Level 2 \$	Total balance \$
Assets		
Derivative financial instruments (Note 3.4)	1,703,418	1,703,418
Liabilities		
Derivative financial instruments (Note 3.4)	232,339	232,339
 At 31 December 2016		
Assets		
Derivative financial instruments (Note 3.4)	1,848,741	1,848,741
Liabilities		
Derivative financial instruments (Note 3.4)	104,131	104,131

The Company has no investments designated as level 1 or level 3.

The carrying value less impairment provision of all financial assets and financial liabilities not carried at fair value, including trade receivables, are assumed to approximate their fair values.

Amana Financial Services UK Limited

3 Financial risk management (continued)

3.4 Offsetting financial assets and liabilities

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

	Gross amounts before offsetting in the statement of financial position (a) \$	Gross amounts set off in the statement of financial position (b) \$	Net amount after offsetting in the statement of financial position (c) = (a) - (b) \$
<u>31 December 2017</u>			
ASSETS			
Derivative financial asset	1,703,418	1,703,418	-
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	1,703,418	1,703,418	-
	Gross amounts before offsetting in the statement of financial position (a) \$	Gross amounts set off in the statement of financial position (b) \$	Net amount after offsetting in the statement of financial position (c) = (a) - (b) \$
LIABILITIES			
Derivative financial liability	232,339	232,339	-
Advances of net unrealised revenue	1,471,079	1,471,079	-
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	1,703,418	1,703,418	-
	Gross amounts before offsetting in the statement of financial position (a) \$	Gross amounts set off in the statement of financial position (b) \$	Net amount after offsetting in the statement of financial position (c) = (a) - (b) \$
ASSETS			
Derivative financial asset	1,848,741	1,848,741	-
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	1,848,741	1,848,741	-
	Gross amounts before offsetting in the statement of financial position (a) \$	Gross amounts set off in the statement of financial position (b) \$	Net amount after offsetting in the statement of financial position (c) = (a) - (b) \$
LIABILITIES			
Derivative financial liability	104,131	104,131	-
Advances of net unrealised revenue ⁽¹⁾	1,744,610	1,744,610	-
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	1,848,741	1,848,741	-

⁽¹⁾ Advances of net unrealised revenue relate to net unrealised revenue arising from the open positions with clients that the Company has withdrawn from client funds and recognised as a payable measured at amortised cost.

Amana Financial Services UK Limited

3 Financial risk management (continued)

3.4 Offsetting financial assets and liabilities (continued)

The amount set off in the statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting.

The Company has a service level agreement with Amana Capital Limited according to which all trades between the Company and its clients are hedged by entering into off-set trades between the Company and Amana Capital Limited and are settled on a daily basis. The Company reserves the right, at any time and at the Company's sole discretion, to set-off any unrealised losses incurred in respect of a clients' open positions against that client money held by the Company on behalf of that client in accordance with the agreement between the customer and the Company. This arrangement meets the criteria for offsetting and therefore, no derivatives and associated fair value balances are presented on the statement of financial position or statement of comprehensive income.

There were no other amounts subject to master netting and similar arrangements not set off in the statement of financial position.

4 Revenue

	2017 \$	2016 \$
Commissions (Note 18(i))	<u>1,351,045</u>	<u>1,102,773</u>

5 Expenses by nature

	2017 \$	2016 \$
Administrative expenses:		
Staff costs (Note 7)	527,541	302,504
Management fees (Note 18(i))	120,000	120,000
Bank charges	185,961	194,570
Professional fees	61,165	74,305
Property rent, rates and insurance	81,670	87,639
Auditors' remuneration	57,520	50,019
Travel and hospitality expenses	68,828	15,519
Subscriptions and licences	23,504	20,894
Utilities	6,126	4,893
Depreciation (Note 11)	15,586	14,550
Amortisation (Note 12)	522	522
Recruitment expenses	14,688	43,382
Other expenses	103,468	89,270
Total administrative expenses	<u>1,266,579</u>	<u>1,018,067</u>

Auditors' remuneration includes fees payable to the Company's statutory audit firm of \$13,645 (2016: \$13,950) for the audit of the financial statements and \$43,875 (2016: \$36,069) for audit-related assurance services.

Amana Financial Services UK Limited

6 Other gains/(losses) - net

	2017 \$	2016 \$
Net foreign exchange transaction gains/(losses) on operating activities	<u>120,881</u>	<u>(120,206)</u>

7 Staff costs

	2017 \$	2016 \$
Wages and salaries	472,364	279,559
Social security costs	54,380	22,945
Pension fund contributions	797	-
	<u>527,541</u>	<u>302,504</u>

The monthly average number of employees during the year ended 31 December 2017 was 6 (2016: 4).

8 Income tax

	2017 \$	2016 \$
Current tax expense:		
Corporation tax expense	<u>31,718</u>	<u>-</u>

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

	2017 \$	2016 \$
Profit/(loss) before tax	<u>205,347</u>	<u>(35,500)</u>
Tax calculated at the applicable corporate tax rate	39,529	(7,100)
Tax effect of expenses not deductible for tax purposes	3,101	3,023
Tax effect of allowances and income not subject to tax	(1,051)	(2,444)
Tax effect of tax losses for which no deferred tax asset was recognised	(9,861)	6,521
Income tax expense	<u>31,718</u>	<u>-</u>

The weighted average applicable tax rate was 19.25% (2016: 20%).

As at 31 December 2017, the Company has taxable losses available to carry forward against future taxable income amounting to US\$nil (2016: US\$ 49,080).

Amana Financial Services UK Limited

9 Financial instruments by category

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

	Loans and receivables \$	Total \$
31 December 2017		
Assets as per statement of financial position:		
Trade and other receivables (excluding prepayments) (Note 13)	2,113,664	2,113,664
Cash and cash equivalents (Note 14)	1,164,884	1,164,884
Total	3,278,548	3,278,548
	Other financial liabilities \$	Total \$
31 December 2017		
Liabilities as per statement of financial position:		
Trade and other payables (Note 16)	2,969,466	2,969,466
	Loans and receivables \$	Total \$
31 December 2016		
Assets as per statement of financial position:		
Trade and other receivables (excluding prepayments) (Note 13)	1,100,995	1,100,995
Cash and cash equivalents (Note 14)	1,119,761	1,119,761
Total	2,220,756	2,220,756
	Other financial liabilities \$	Total \$
31 December 2016		
Liabilities as per statement of financial position:		
Trade and other payables (Note 16)	2,113,670	2,113,670

10 Credit quality of financial assets

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

	2017 \$	2016 \$
Fully performing trade and other receivables: ⁽¹⁾		
Counterparties without external credit rating but which have been internally assessed as adequate and healthy		
Group 1	2,112,957	681,759
Group 2	707	419,236
	2,113,664	1,100,995
Cash at bank (Moody's):		
Held with a bank with an A1 credit rating	1,134,756	1,089,545*
Banks without external credit rating but which have been internally assessed as adequate and healthy	30,128	30,216
	1,164,884	1,119,761

Amana Financial Services UK Limited

10 Credit quality of financial assets (continued)

* The comparative has been restated to show that this balance was held with a bank with an A1 credit rating

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

Group 1 – receivables from related parties with no history of default

Group 2 – receivables from third parties with no history of default

None of the financial assets that are fully performing has been renegotiated in the last year (2016: \$Nil) and there is no balance that is past due or impaired (2016: \$Nil). No collateral is held for the financial assets disclosed above (2016: \$Nil).

11 Plant and equipment

	Office equipment \$	Computer hardware \$	Furniture and fittings \$	Total \$
Cost:				
At 1 January 2016	11,015	18,852	15,294	45,161
Additions	-	-	43,407	43,407
At 31 December 2016/1 January 2017	11,015	18,852	58,701	88,568
Additions	680	3,477	1,303	5,460
At 31 December 2017	<u>11,695</u>	<u>22,329</u>	<u>60,004</u>	94,028
Accumulated Depreciation:				
At 1 January 2016	1,033	2,557	837	4,427
Charge for the year (Note 5)	881	3,779	9,890	14,550
At 31 December 2016/1 January 2017	1,914	6,336	10,727	18,977
Charge for the year (Note 5)	922	4,108	10,556	15,586
At 31 December 2017	<u>2,836</u>	<u>10,444</u>	<u>21,283</u>	34,563
Carrying amount:				
At 31 December 2016	<u>9,101</u>	<u>12,516</u>	<u>47,974</u>	69,591
At 31 December 2017	<u>8,859</u>	<u>11,885</u>	<u>38,721</u>	59,465

Amana Financial Services UK Limited

12 Intangible assets

	Computer software \$	Total \$
Cost:		
At 1 January 2016	2,611	2,611
Additions	-	-
At 31 December 2016/31 December 2017	<u>2,611</u>	<u>2,611</u>
Accumulated Amortisation:		
At 1 January 2016	914	914
Charge for the year (Note 5)	522	522
At 31 December 2016/1 January 2017	<u>1,436</u>	<u>1,436</u>
Charge for the year (Note 5)	522	522
At 31 December 2017	<u>1,958</u>	<u>1,958</u>
Carrying amount:		
At 31 December 2016	<u>1,175</u>	<u>1,175</u>
At 31 December 2017	<u>653</u>	<u>653</u>

13 Trade and other receivables

	2017 \$	2016 \$
Receivables from related parties (Note 18 (iv))	2,112,957	681,759
Other receivables	707	419,236
Prepayments	99,644	84,047
	<u>2,213,308</u>	<u>1,185,042</u>

The fair values of trade and other receivables on 31 December 2017 and 31 December 2016 approximate their carrying amount.

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

	2017 \$	2016 \$
US Dollar – functional and presentation currency	2,112,957	1,100,836
Pound Sterling	99,644	84,048
Euro	707	158
	<u>2,213,308</u>	<u>1,185,042</u>

Amana Financial Services UK Limited

14 Cash and cash equivalents

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

	2017 \$	2016 \$
Cash at bank	<u>1,164,884</u>	<u>1,119,761</u>

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

	2017 \$	2016 \$
US Dollar – functional and presentation currency	954,536	559,759
Pound Sterling	92,376	559,080
Euro	117,972	922
	<u>1,164,884</u>	<u>1,119,761</u>

15 Share capital

	Number of shares	Share Capital	Total
Authorised, issued and fully paid:			
At 1 January 2016/ 31 December 2016/31 December 2017	<u>3,000</u>	<u>300,000</u>	<u>300,000</u>

The total authorised number of ordinary shares as at 31 December 2017 was 3,000 (2016: 3,000) with a par value of \$100 per share (2016: \$100 per share). All issued shares are fully paid.

16 Trade and other payables

	2017 \$	2016 \$
Trade payables	914,800	415,423
Payable to related parties (Note 18(iv))	1,801,726	1,575,332
Other payables and accrued expenses	252,940	122,915
	<u>2,969,466</u>	<u>2,113,670</u>

The fair value of trade and other payables on 31 December 2017 approximate their carrying amount at the statement of financial position date.

Trade and other payables are denominated in the following currencies:

	2017 \$	2016 \$
US Dollar – functional and presentation currency	2,251,150	1,990,756
Pound Sterling	595,229	122,914
Euro	123,087	-
	<u>2,969,466</u>	<u>2,113,670</u>

Amana Financial Services UK Limited

17 Derivative financial instruments

Derivative financial instruments are primarily open positions on contracts for differences (CFDs) in which the Company acts as the counterparty to positions held by the Company's customers at the year- end.

The Company has a legal right to offset derivative financial instruments against advances from unrealised net trading revenues based on the terms of the client agreement.

None of the derivative financial instruments is either past due or impaired.

18 Related party transactions and ultimate parent undertaking

The immediate and ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Amana Capital Group SAL (Holding), registered in Lebanon, which owns 100% of the Company's shares and is controlled by a number of individuals, none of whom has a controlling interest.

The following transactions were carried out with related parties:

(i) Services

	2017 \$	2016 \$
Amana Capital Limited:		
Commissions income (Note 4)	<u>1,351,045</u>	<u>1,102,773</u>
Amana Capital Group SAL (Holding):		
Management fees (Note 5)	<u>(120,000)</u>	<u>(120,000)</u>

(ii) Key management personnel compensation

The compensation of key management personnel is as follows:

	2017 \$	2016 \$
Salaries and other short-term employee benefits	<u>218,524</u>	<u>135,653</u>

(iii) Director's remuneration

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

	2017 \$	2016 \$
Total amount of emoluments of directors	<u>48,276</u>	<u>14,643</u>

Three directors of the Company are remunerated by an entity under common control where they are also acting as directors. There is no recharge of their remuneration to the Company and their total remuneration is disclosed in the consolidated financial statements of the group.

Amana Financial Services UK Limited

18 Related party transactions and ultimate parent undertaking (continued)

(iv) Year-end balances

	2017 \$	2016 \$
<u>Payable to related parties</u>		
<u>Payable to parent entity:</u>		
Payable to Amana Capital Group SAL (Holding)	540,000	10,000
<u>Payable to entities under common control:</u>		
Payable to Amana Capital SAL	977,838	467,478
Payable to Amana Capital Limited	-	970,183
Payable to Amana Information Services DMCC	21,594	-
Payable to Amana Financial Services (Dubai) Ltd	262,294	127,671
Total (Note 16)	1,801,726	1,575,332

The above payable balances bear no interest, are not secured and are payable on demand.

	2017 \$	2016 \$
<u>Receivable from related parties</u>		
Receivable from Amana Capital Limited (Note 13)	1,853,047	681,756
Receivable from Amana Capital SAL	259,910	-
	2,112,957	681,756

19 Commitments

The Company leases its current premises under non-cancellable operating lease agreements. The lease expenditure charged in the statement of comprehensive income during the year is disclosed in Note 5.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017 \$	2016 \$
Not later than 1 year	68,229	62,432
Later than 1 year and no later than 5 years	119,401	171,110
	187,630	233,542

20 Events after the statement of financial position date

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

Independent Auditor's Report on pages 8 to 9.