

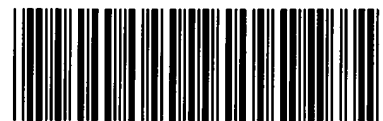
Registration Number: 03910588

EARTHPORTFX LIMITED (formerly Baydonhill Limited)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

30 JUNE 2016

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EARTHPORTFX LIMITED

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**EARTHPORTFX LIMITED
DIRECTORS AND ADVISERS**

Directors

Simon Adamiyatt
Hank Uberoi
Peter Klein

Company Number

03910588

Registered Office

21 New Street
London
EC2M 4TP

Bankers

Bank of Ireland
Bow Bells House
1 Bread Street
London
EC4M 9BE

Auditor

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
25 Farringdon Street
London
EC4A 4AB

Solicitors

Bird & Bird LLP
15 Fetter Lane
London EC4A 1JP

Registrars and Receiving Agents

Capita Assets Services
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU

**EARTHPORTFX LIMITED
STRATEGIC REPORT
YEAR ENDED 30 JUNE 2016**

The Directors present their Strategic Report for the year ended 30 June 2016.

Principal activities

Baydonhill Limited is an Authorised Payment Institution registered with the Financial Conduct Authority ("FCA"). On 16 June 2016, company changed its name to EarthportFX Limited.

The principal activities of the Company comprise the provision of cross border payment services and the provision of foreign currency exchange related products.

Business Review: Risks and Uncertainties

The Company operates in a competitive environment affected, amongst other things, by the impact of macro-economic factors on the propensity of our customers to buy the services we offer and by the activities of our competitors. The Company also operates in an environment of ever increasing compliance obligations from both regulators and suppliers which increases the Company's cost base and can impact upon the type of business that can be serviced.

Changes in economic conditions will affect the level of demand for our services. The competitive risk from the activities of our competitors manifests itself in price pressure and the number of calls required to secure an appointment. The Company develops innovative solutions to address client needs and maintains the highest level of customer service to maximise customer retention.

Key Performance Indicators

In addition to the monthly management accounts and information that is produced and monitored against the Company's plan and the previous year's performance, the Board uses Key Performance Indicators ("KPIs") in the management of the key risks of the business and as a measure of the business efficiencies of the Company. The KPIs cover the following:

- Revenue performance and Gross profit is measured against budget.

Future developments

The Company invests in people and software with a focus to develop and enhance the trading platform in order to facilitate future growth.

Financial risk management

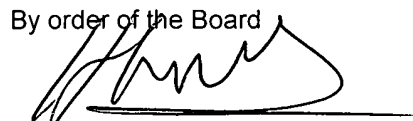
Details of the Company's financial instruments and its policies with regard to financial risk management are given in note 22 to the financial statements.

Exceptional loss

In February 2016, Company experienced a material financial loss amounting to £5 million, resulting from a fraud perpetrated by a corporate client. Immediately upon discovery of the loss event, an internal investigation commenced, and concurrently, amended controls were applied across the whole organisation to ensure losses were finite and any exposure curtailed. A number of external engagements were initiated in parallel to identify all potential avenues of recovery.

A formal claim has been initiated under the Company's Financial Crime Insurance (which remains extant) and we are supported in this claim by specialist insurance claim legal advisers. The recovery of the claim is uncertain and therefore has not been included in the financial statements.

By order of the Board



Hank Uberoi
Director

26 October 2016

**EARTHPORTFX LIMITED
DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2016**

The Directors present their report and the Financial Statements for the year ended 30 June 2016.

Directors

Directors who served during the year and up to the date of approval of these financial statements are:

Simon Adamiyatt	appointed 2 November 2015
Hank Uberoi	appointed 1 September 2016
Peter Klein	appointed 1 September 2016
Wayne Mitchell	resigned 1 September 2016
Julian Kelly	resigned 1 September 2016

Results for the year and dividends

In November 2013, EarthportFX was acquired in its entirety and became 100% subsidiary of Earthport plc. Since the acquisition there have been a number of activities and changes across the group to combine and leverage the joint capabilities, products and resources of the group. These activities include initiatives to offer/move product offerings from either platform, enhanced access to capital from the parent and also to drive efficiencies in the cost base. Due to these and other ongoing changes the periods after the acquisition are not directly comparable.

The profit for the year ended 30 June 2016 after taxation was £3,571,338 (2015: £2,337,474). The Directors have not recommended the payment of a dividend (2015: £ Nil).

Statement as to disclosure of information to the auditor

The Directors who were in office at the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the Auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

Directors' liability insurance

The Directors have taken out an insurance policy to cover Directors' and Officers' liabilities as permitted by the Companies Act 2006.

Matters of strategic importance

The principal activities, business review and future outlook, key performance indicators, and principal risks and uncertainties required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C(11) of the Companies Act 2006.


Going concern

The Company reported an operating profit for the year to 30 June 2016 in line with the Board's strategy. The Directors have reviewed the projected cash flow for the period to 31 October 2017 and consider that the Company will have adequate resources to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these Financial Statements and indicate that no additional funding is required. Accordingly, they consider it appropriate to continue to prepare the financial statements on a going concern basis.

Auditor

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has expressed its willingness to continue in office as Auditor of the company and a resolution to reappoint RSM UK Audit LLP and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

By order of the Board
Hank Uberoi (Director)
26 October 2016



EARTHPORTFX LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN
THE PREPARATION OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

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

- a. Select suitable accounting policies and then apply them consistently;
- b. Make judgments and accounting estimates that are reasonable and prudent;
- c. State whether applicable IFRS, as adopted by the European Union, have been followed subject to any material departures disclosed and explained in the financial statements; and
- d. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

EARTHPORTFX LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EARTHPORTFX LIMITED

We have audited the financial statements on pages 6 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit 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 provisions of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

RSM UK Audit LLP

PAUL WATTS (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor
Chartered Accountants
25 Farringdon Street
London, EC4A 4AB

26 October 2016

**EARTHPORTFX LIMITED
INCOME STATEMENT
YEAR ENDED 30 JUNE 2016**

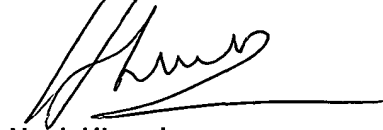
	Notes	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Continuing operations			
Turnover		9,288,015	9,879,437
Cost of sales		(1,442,846)	(843,008)
Gross profit		7,845,169	9,036,429
Administrative expenses		(6,076,631)	(6,833,101)
Operating profit before exceptional items		1,768,538	2,203,328
Unrealised fair value adjustment	5	6,675,400	(747,366)
Unrealised foreign exchange gain	5	1,548,230	1,093,215
Exceptional loss	6	(5,000,000)	-
Operating profit	4	4,992,168	2,549,177
Finance income	9	-	9,417
Finance cost	9	(4,415)	(3,028)
Profit before taxation		4,987,753	2,555,566
Income tax expense	10	(1,416,415)	(218,092)
Profit and total comprehensive income attributable to owners of the parent for the year		3,571,338	2,337,474

There were no items of other comprehensive income for 2016 or 2015 other than those included in the Income Statement.

EARTHPORTFX LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

Company Registration Number: 03910588	Notes	As at 30 June 2016 £	As at 30 June 2015 £
Non-current assets			
Property, plant and equipment	11	67,376	93,148
Intangible assets	12	688,675	784,358
Deferred tax assets	17	-	447,041
Total non-current assets		756,051	1,324,547
Current assets			
Trade and other receivables	14	4,954,575	4,952,697
Derivative financial assets – forward contracts	22	6,253,669	976,068
Cash and cash equivalents	15	7,787,211	6,802,884
Total current assets		18,995,455	12,731,649
Current liabilities			
Trade and other payables	16	(9,365,883)	(6,813,486)
Derivative financial liabilities – forward contracts	22	(1,367,598)	(2,765,397)
Deferred tax liability	17	(969,374)	-
Total current liabilities		(11,702,855)	(9,578,883)
Net current assets		7,292,600	3,152,766
Total assets less current liabilities		8,048,651	4,477,313
Net assets		8,048,651	4,477,313
Equity			
Share capital	18	583,338	583,338
Share premium	18	4,696,396	4,696,396
Retained earnings		2,768,917	(802,421)
Equity attributable to the owner of the parent		8,048,651	4,477,313

The financial statements on pages 6 to 29 were approved and authorised for issue by the Board of Directors on 26 October 2016 and were signed on its behalf by:


Hank Uberoi
 Director

EARTHPORTFX LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2016

Attributable to owner of the parent

	Share Capital £	Share Premium £	Retained Earnings £	Total Equity £
Balance at 1 July 2014	583,338	4,696,396	(3,139,895)	2,139,839
Total comprehensive income for the year	-	-	2,337,474	2,337,474
Balance at 30 June 2015	583,338	4,696,396	(802,421)	4,477,313
Total comprehensive income for the year	-	-	3,571,338	3,571,338
Balance at 30 June 2016	583,338	4,696,396	2,768,917	8,048,651

**EARTHPORTFX LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2016**

	Notes	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Net cash generated from operating activities	19	1,347,922	4,564,764
Investing activities			
Interest received		-	9,417
Purchases of plant and equipment		(18,446)	(32,152)
Purchases of intangible assets		(340,734)	(739,684)
Net cash used in investing activities		(359,180)	(762,419)
Financing activities			
Decrease in borrowings from group companies		-	(25,000)
Interest paid		(4,415)	(3,028)
Net cash used in financing activities		(4,415)	(28,028)
Net increase in cash and cash equivalents		984,327	3,774,317
Cash and cash equivalents at beginning of the year		6,802,884	3,028,567
Cash and cash equivalents at end of the year		7,787,211	6,802,884

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these financial statements.

Basis of preparation

The Financial Statements have been prepared in accordance with IFRS as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006.

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial instruments.

The Company has taken advantage of section 400 of the Companies Act 2006 and not prepared consolidated accounts incorporating the investments referred to in note 13, as the Company is a wholly owned subsidiary at 30 June 2016 and is included within the consolidated financial statements of Earthport plc, a company incorporated in the United Kingdom, which have been prepared in accordance with IFRS as adopted by the EU and filed with the registrar of Companies. The accounts therefore present information about the Company.

Going concern

The Company reported an operating profit for the year to 30 June 2016 in line with the Board's strategy. The Directors have reviewed the projected cash flow for the period to 31 October 2017 and consider that the Company will have adequate resources to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these Financial Statements and indicate that no additional funding is required. Accordingly, they consider it appropriate to continue to prepare the financial statements on a going concern basis.

Adoption of new standards and interpretations

During the current year, the Company adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2015. There is no impact on the Financial Statements of these adoptions.

At the date of approval of these Financial Statements the following Standards and Interpretations relevant to the Company were in issue but not yet effective and therefore have not been applied in these Financial Statements:

- IFRS 9 – Financial Instruments
- IFRS 10 and IAS 28 Amendments: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture
- IFRS 10, IFRS 12 and IAS 28: Amendments: Investment Entities: Applying the Consolidation of Exception
- IFRS 11 Amendments: Accounting for Acquisitions of Interests in Joint Operations
- IFRS 15 Revenue from Contracts with Customers
- IAS 1 Amendments: Disclosure initiative
- IAS 16 and IAS 38 Amendments: Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 27 Amendments: Equity Method in Separate Financial Statements

The Directors do not anticipate that the adoption of these Standards and Interpretations will have a significant impact on the Financial Statements of the Company.

There were no other Standards or Interpretations, which were in issue but not yet effective at the date of authorisation of these Financial Statements that the Directors anticipate, will have a material impact on the Financial Statements of the Company.

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

1 ACCOUNTING POLICIES (continued)

Taxation

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

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

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

The carrying amount of deferred tax assets is reviewed at each year-end date and amended to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised that are substantively enacted at the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Revenue recognition

Revenue is the difference between the cost and selling price of currency (foreign currency margin), together with commissions on the sale and purchase of currencies. Revenue is recognised after receiving client authorisation to undertake foreign currency transactions for immediate or forward delivery.

Where the Company enters into contracts with its clients, it also enters into matched contracts with its banker.

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	-	3-5 years straight line
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EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

1 ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and impairment losses.

Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of the intangible assets. The useful lives are as follows:

Customer database	-	3 years straight line
Online system	-	3 - 5 years straight line

The intangible asset is the online trading system ("BHonline"). As at the year end, the remaining amortisation period is until 30 June 2018.

Disposal - property, plant and equipment

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. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Disposal - intangibles

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Financial instruments

Financial assets and financial liabilities were recognised in the Statement of Financial Position when the Company become a party to the contractual provisions of the instrument. In order to show a better picture of the company's position, the company has decided to exercise the offsetting model, as per *IAS 32 Financial Instruments: Presentation* where applicable.

Trade and other receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. Cash and cash equivalents no longer include client segregated accounts, which used to be part of the Company's bank balance because the Board decided to apply the offsetting model (*IAS 32 Financial Instruments: Presentation*). This resulted in de-recognising all client contracts and client money held in client segregated bank accounts.

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

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing loans are initially recorded at fair value, which is ordinarily equal to the proceeds received net of direct issue costs. Finance costs are accounted for on an accruals basis in the Income Statement using the effective interest method.

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

1 ACCOUNTING POLICIES (continued)

Derivative financial instruments

Derivative financial instruments are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The instrument is derecognised from the Statement of Financial Position when the contractual rights or obligations arising from that instrument expire or are extinguished.

Derivative financial instruments are recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to fair value at the end of each reporting period. The gain or loss on re-measurement to fair value is recognised immediately in the Income Statement.

Foreign currency

Transactions denominated in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each year-end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Exchange gains and losses which arise from normal trading activities are included in the Income Statement as incurred.

Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the lease.

Pension costs

Contributions to defined contribution schemes are charged to the Income Statement as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Company's financial statements.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATE UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year-end date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Deferred tax liability

Deferred tax in respect of net derivative financial liabilities has been recognised in the year. This deferred tax liability arises on the temporary timing differences of open contract at the year end. The tax rates substantively enacted as at 1 April 2016 have been adopted in computing the deferred tax asset.

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATE UNCERTAINTY (continued)

Credit risk

The trade receivables balances predominantly represent amounts not yet due under forward contracts. There is a possibility that if a forward contract fails to deliver, the market loss may exceed the deposit held from the customer. The mark to market position of outstanding forward contracts is monitored regularly and for the majority of clients there is an option to make a margin call. In respect of all other trade receivables, a full line by line review of trade receivables is carried out regularly.

The Directors have made provisions for impairments where there is some evidence that not all amounts will be recoverable.

Impairment of intangibles

Intangibles are a significant asset and represent the cost of the online trading system. There is no off the shelf software against which the net book value or the useful economic life of the software can be compared. However, the reasonableness of the value is assessed by the present value of the gross profits generated from customers who trade online rather than via a dealer.

Fair value measurement of derivatives

The fair value of derivatives is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period and informed by the valuations provided by the banks or financial institution.

3 SEGMENTAL INFORMATION

Revenue, profit and net assets/liabilities are all attributable to one business segment and all revenue is generated within the United Kingdom. There is only one customer who individually contributed over 10% towards the total revenue (2015: One).

4 OPERATING PROFIT

	Year ended 30 June 2016	Year ended 30 June 2015
	£	£
Operating profit for the year is stated after charging:		
Depreciation of plant and equipment	44,218	48,034
Amortisation of intangible assets	436,417	254,363
Staff costs	3,632,986	4,249,807
Audit fees (see note 7)	30,000	30,000
	<hr/>	<hr/>

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

5 UNREALISED FAIR VALUE ADJUSTMENT

As of the 30 June 2016, all outstanding client contracts and currencies held on all segregated accounts were measured at fair value. The difference between the book value and the fair valuation of these items resulted in an income statement charge or credit as stated below. These items are classified as exceptional due to the fact that they represent the mark to market of open positions at the year end and are not reflective of the anticipated gain or loss which will arise when these contracts mature.

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Unrealised fair value adjustment from receivables and payables	6,675,400	(747,366)
Unrealised foreign exchange gain from segregated bank accounts	1,548,230	1,093,215

6 EXCEPTIONAL ITEM

Exceptional loss	(5,000,000)	-
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In February 2016, Company experienced a material financial loss amounting to £5 million, resulting from a fraud perpetrated by a corporate client. Immediately upon discovery of the loss event, an internal investigation commenced, and concurrently, amended controls were applied across the whole organisation to ensure losses were finite and any exposure curtailed. A number of external engagements were initiated in parallel to identify all potential avenues of recovery.

A formal claim has been initiated under the Company's Financial Crime Insurance (which remains extant) and we are supported in this claim by specialist insurance claim legal advisers. The recovery of the claim is uncertain and therefore has not been included in the financial statements.

7 AUDITOR'S REMUNERATION

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	30,000	30,000
Fees payable to the Company's auditor and its associates' for other services:		
Other services relating to taxation	3,900	3,900

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

8 STAFF COSTS

The average number of persons, including Directors, was:

	Year ended 30 June 2016	Year ended 30 June 2015
	Number	Number
Selling	35	37
Administration	23	31
	<hr/> 58	<hr/> 68
Staff costs for the above persons were:	£	£
Wages & salaries	3,121,274	3,664,938
Social security costs	353,216	449,659
Pension costs	125,670	67,406
Other staff costs	32,826	67,804
	<hr/> 3,632,986	<hr/> 4,249,807

DIRECTORS' REMUNERATION

The directors are considered to be the key management personnel.

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Directors' remuneration in aggregate comprised:		
Aggregate remuneration	361,560	311,060
Company pension contributions to money purchase schemes	26,400	26,400
	<hr/> 387,960	<hr/> 337,460

Retirement benefits are accruing to two (2015: two) Directors under the Company's money purchase pension scheme.

No Directors (2015: Nil) are accruing benefits under defined benefit schemes.

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
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8 STAFF COSTS (continued)

During the year ended 30 June 2016 the highest emolument made to a director was:

	Aggregate remuneration £	Pension contributions to money purchase schemes £	Total emoluments £
Wayne Mitchell	192,060	11,400	203,460

During the year ended 30 June 2015, the highest emolument made to a director was:

	Aggregate remuneration £	Pension contributions to money purchase schemes £	Total emoluments £
Julian Kelly	154,500	15,000	169,500

9 FINANCE INCOME AND FINANCE COST

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Finance income		
Interest receivable and similar income	-	9,417
Finance cost	3,138	2,956
Bank loans and overdrafts		
Interest due on loans from third party	-	72
Other Interest	1,277	-
	4,415	3,028

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

10 TAXATION

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Current Tax	-	(3,690)
Deferred tax		
Origination and reversal of temporary differences	(1,416,415)	(214,402)
Total deferred tax	(1,416,415)	(214,402)
Total tax on profit	(1,416,415)	(218,092)

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of United Kingdom corporation tax to the loss before tax is as follows:

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Profit before taxation	4,987,753	2,555,566
Tax on loss on ordinary activities at standard United Kingdom corporation tax rate of 20% (2015: 20.75 %)	997,550	530,280
Effects of:		
Capital allowances in excess of depreciation	144,599	(107,772)
Expenses not deductible for tax purposes	(107,191)	79,892
Other permanent differences	475,465	(354,374)
Utilisation of tax losses	616,468	(459,466)
Deferred tax on losses relieved	(887,142)	661,205
Tax effect on fair value adjustments	96,286	(71,764)
Reduction of tax rate on deferred tax asset	(2,650)	1,975
Utilisation of parent company losses	83,030	(61,884)
Total tax charge for the year	1,416,415	218,092

The company has trading losses carried forward of £3.3 million (FY 2015: £nil). The potential deferred tax asset arising on the losses carried forward has not been recognised owing to uncertainty as to its recoverability.

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

11 PROPERTY, PLANT AND EQUIPMENT

	Office Equipment £
Cost	
At 1 July 2014	224,150
Additions	32,152
	<hr/>
At 1 July 2015	256,302
Additions	18,446
	<hr/>
At 30 June 2016	274,748
	<hr/>
Depreciation	
At 1 July 2014	115,120
Charge for the year	48,034
	<hr/>
At 1 July 2015	163,154
Charge for the year	44,218
	<hr/>
At 30 June 2016	207,372
	<hr/>
Net book value	
At 30 June 2014	109,030
	<hr/>
At 30 June 2015	93,148
	<hr/>
At 30 June 2016	67,376
	<hr/> <hr/>

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

12 INTANGIBLE ASSETS

Cost	On-line system £	Customer Database £	Total £
At 1 July 2014	802,873	-	802,873
Additions	649,310	90,374	739,684
At 1 July 2015	1,452,183	90,374	1,542,557
Additions	340,734	-	340,734
At 30 June 2016	1,792,917	90,374	1,883,291
Amortisation			
At 1 July 2014	503,836	-	503,836
Charge for the year	248,985	5,378	254,363
At 1 July 2015	752,821	5,378	758,199
Charge for the year	406,292	30,125	436,417
At 30 June 2016	1,159,113	35,503	1,194,616
Net book value			
At 30 June 2014	299,037	-	299,037
At 30 June 2015	699,362	84,996	784,358
At 30 June 2016	633,804	54,871	688,675

Amortisation for all years is included in administrative expenses in the income statement.

13 INVESTMENTS IN SUBSIDIARIES

On 7 April 2015, EarthportFX dissolved two out of three dormant subsidiaries registered in England and Wales and on 26 April 2016 third subsidiary Currencies4Less Limited was also dissolved. There is no income statement impact as all provisions were made in previous years.

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

14 TRADE AND OTHER RECEIVABLES

	30 June 2016 £	30 June 2015 £
Trade receivables	4,780,381	4,807,832
Less: provision for impairment	-	(100,000)
	<hr/>	<hr/>
Trade receivables – net	4,780,381	4,707,832
Prepayments and accrued income	109,106	244,865
Other receivables	65,088	-
	<hr/>	<hr/>
	4,954,575	4,952,697
	<hr/>	<hr/>

Trade and other receivables are non-interest bearing and are generally not yet due or less than 3 days past due.

A provision for impairment of trade receivables is established when there is evidence that the Company will be unable to collect all amounts due according to the original terms. The Company considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired.

The movement in the bad debt provision can be analysed as follows:

	30 June 2016 £	30 June 2015 £
Opening position	100,000	128,536
Amount charged to the Income Statement	4,000	(24,182)
Amount written off as uncollectible	(104,000)	(4,354)
	<hr/>	<hr/>
Closing position	-	100,000
	<hr/>	<hr/>

15 CASH AND CASH EQUIVALENTS

	30 June 2016 £	30 June 2015 £
Cash at bank	2,026,642	2,041,036
Secured funding (held in Sterling)	5,760,569	4,761,848
	<hr/>	<hr/>
	7,787,211	6,802,884
	<hr/>	<hr/>

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

16 TRADE AND OTHER PAYABLES

	30 June 2016 £	30 June 2015 £
Amounts owed to Group undertakings	8,105,552	3,092,703
Trade payables	882,488	2,538,636
Trade payables in respect of expenses	68,906	419,342
Other tax and social security	98,356	169,021
Accruals and deferred income	210,581	593,784
	<hr/>	<hr/>
Total trade and other payables	9,365,883	6,813,486
	<hr/>	<hr/>

Trade payables in respect of expenses comprise amounts outstanding for administrative and other ongoing costs. The average credit period taken for trade purchases is 33 days (2015: 31 days). No interest is charged on the outstanding balance.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

17 DEFERRED TAX

	30 June 2016 £	30 June 2015 £
At start of the year	447,041	661,205
Charged to the Income Statement	(1,416,415)	(214,164)
	<hr/>	<hr/>
At end of the year	(969,374)	447,041
	<hr/>	<hr/>

Deferred tax asset:

	Tax losses £	Short term timing differences on derivatives £	Accelerated capital allowances £	Total recognised £
At 1 July 2014	556,104	-	105,100	661,204
Charge for the year	(556,104)	354,374	(12,433)	(214,163)
At 30 June 2015	<hr/> -	<hr/> 354,374	<hr/> 92,667	<hr/> 447,041
Charge for the year	-	(354,374)	(92,667)	(447,041)
At 30 June 2016	<hr/> -	<hr/> -	<hr/> -	<hr/> -
	<hr/>	<hr/>	<hr/>	<hr/>

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

17 DEFERRED TAX (continued)

Deferred tax liability:	Short term timing differences on derivatives £	Total recognised £
At 1 July 2015	-	-
Charge for the year	(969,374)	(969,374)
At 30 June 2016	(969,374)	(969,374)

18 SHARE CAPITAL AND SHARE PREMIUM

		30 June 2016 £	30 June 2015 £
Authorised			
75,000,000 Ordinary Shares of 1 pence each		750,000	750,000
	Number	Share capital £	Share premium £
Allotted, called up and fully paid Ordinary Shares of 1 pence each			
As at 1 July 2014, 1 July 2015 and 30 June 2016	58,333,751	583,338	4,696,396

The Company has one class of Ordinary Shares which carry no right to fixed income.

The share premium account represents the excess of consideration received for shares issued above their nominal value net of transaction costs.

19 NET CASH GENERATED FROM OPERATING ACTIVITIES

	Year Ended 30 June 2016 £	Year Ended 30 June 2015 £
Operating profit	4,992,168	2,549,177
Depreciation charge	44,218	48,034
Amortisation charge	436,417	254,363
Current year tax charge	-	3,690
(Increase) / decrease in receivables and derivative financial assets	(5,279,479)	82,855
Increase in payables and derivative financial liabilities	1,154,598	1,626,645
Cash generated from operations	1,347,922	4,564,764

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

20 PENSION COMMITMENTS

The Company operates two defined contribution pension schemes for the directors. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds for the year and amounted to £26,400 (2015: £26,400). There was £ Nil (2015: £ Nil) owing to the pension schemes at the end of the year.

The company operates a stakeholder pension scheme since the 1st March 2015. The company contributes 5% of the basic salary of all employees other than the directors. There was £8,925 owing to the pension scheme at the end of the year (2015: £ 119,750).

21 RELATED PARTY TRANSACTIONS

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the Board, the Company's key management are the Directors of the Company. Information regarding their compensation is given below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Salaries and other short-term employee benefits	387,960	337,460

During the year the Company entered into contracts to purchase foreign exchange on an arm's length basis on behalf of the following related parties. The total values of the transactions during the period were:

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Julian Kelly, a former director of the Company	-	236
Earthport plc, the ultimate parent company	162,247,736	98,625,042

During the year the Company incurred the following costs from related parties that have been reflected in the Financial Statements:

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Earthport plc in respect of facility recharges and bank fees	978,132	421,247

At the end of the year the following amounts were owed to related parties:

	Year ended 30 June 2016 £	Year ended 30 June 2015 £
Earthport plc	8,105,552	3,092,703

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

22 FINANCIAL INSTRUMENTS

The Company's financial instruments comprise derivatives relating to forward contracts, cash and cash equivalents, borrowings and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations.

The Company's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk and foreign currency exchange rate risk. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company's finance department.

Financial assets and liabilities by category

The carrying values of financial assets and liabilities, which are principally denominated in Sterling, Euros or US Dollars, were as follows:

	Loans and receivables £	Assets at fair value through profit and loss £	Non- financial assets £	Total £
2016				
Property, plant and equipment	-	-	67,376	67,376
Intangible assets	-	-	688,675	688,675
Deferred tax asset	-	-	-	-
Trade and other receivables	4,845,469	-	109,106	4,954,575
Derivative financial assets	-	6,253,669	-	6,253,669
Cash and cash equivalents	7,787,211	-	-	7,787,211
Total assets	12,632,680	6,253,669	865,157	19,751,506
<hr/>				
	Loans and receivables £	Assets at fair value through profit and loss £	Non- financial assets £	Total £
2015				
Property, plant and equipment	-	-	93,148	93,148
Intangible assets	-	-	784,358	784,358
Deferred tax asset	-	-	447,041	447,041
Trade and other receivables	4,707,832	-	244,865	4,952,697
Derivative financial assets	-	976,068	-	976,068
Cash and cash equivalents	6,802,884	-	-	6,802,884
Total assets	11,510,716	976,068	1,569,412	14,056,196

Carrying values do not differ materially from their fair value at both 30 June 2016 and 30 June 2015, as these instruments are relatively short term in nature.

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

22 FINANCIAL INSTRUMENTS (continued)

	Amortised cost £	Liabilities at fair value through profit and loss £	Non- financial liabilities £	Total £
2016				
Trade and other payables	9,365,883	-	-	9,365,883
Derivative financial liabilities	-	1,367,598	-	1,367,598
Deferred tax liability	-	-	969,374	969,374
Total liabilities	9,365,883	1,367,598	969,374	11,702,855

	Amortised cost £	Liabilities at fair value through profit and loss £	Non- financial liabilities £	Total £
2015				
Trade and other payables	6,813,486	-	-	6,813,486
Derivative financial liabilities	-	2,765,397	-	2,765,397
Total liabilities	6,813,486	2,765,397	-	9,578,883

Carrying values do not differ materially from their fair value at both 30 June 2016 and 30 June 2015.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. Unlisted equity investments are included in Level 3. The fair value of the embedded derivative is determined using the present value of the estimated future cash flows based on financial forecasts.

As at 30 June 2016, the only financial instruments measured at fair value were derivative financial instruments and these are classified as Level 2.

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016
(continued)

22 FINANCIAL INSTRUMENTS (continued)

Credit risk

The Company's credit risk is primarily attributable to its forward contracts. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made and a credit approval process where the client is seeking either payment by Direct Debit or a deposit waiver on forward contracts. The amount of exposure to any individual counter-party is subject to a limit, which is reassessed annually by the Directors.

The carrying amount of security deposit held is £5,760,569 (2015: £4,761,848) which can be withdrawn at any time providing all spot, forward and swap contracts are delivered.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	30 June 2016 £	30 June 2015 £
Trade and other receivables	4,954,575	4,952,697
Derivative financial assets	6,253,669	976,068
Cash and cash equivalents	7,787,211	6,802,884
	<hr/> 18,995,455 <hr/>	<hr/> 12,731,649 <hr/>

Interest rate risk

The Company has interest bearing assets. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate.

Liquidity risk

The Company's policy is to manage its capital requirements and liquidity through a combination of retained earnings, the issue of equity and borrowings from Group undertakings. The Company monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The table below shows the contractual maturity analysis of the undiscounted residual contractual cash flows of the Company's liabilities:

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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22 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Less than 1 year £	1 to 2 years £	2 to 5 years £	Total £
30 June 2016				
Amounts due to Group companies	8,105,552	-	-	8,105,552
Trade and other creditors	1,260,331	-	-	1,260,331
Derivative financial liabilities	1,367,598	-	-	1,367,598
	10,733,481	-	-	10,733,481
30 June 2015				
Amounts due to Group companies	3,092,703	-	-	3,092,703
Trade and other creditors	3,720,783	-	-	3,720,783
Derivative financial liabilities	2,765,397	-	-	2,765,397
	9,578,883	-	-	9,578,883

Foreign currency exchange rate risk

The Company is exposed to foreign currency exchange rate risk in connection with revenue generated during the year in currencies other than Sterling. There is no exposure on the balances owing to and from customers under both spot and forward contracts as these have been mitigated by spot and forward contracts with a bank.

The principal currencies other than Sterling in which revenue is generated are the Euro and the US Dollar. A 10 per cent strengthening of these currencies against Sterling over the course of the year would have increased gross profit by £107,973 (2015: £76,633) and £114,194 (2015: £79,492) respectively assuming that all other variables remain constant.

Derivative financial instruments

Derivative financial instruments are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The instrument is derecognised from the Statement of Financial Position when the contractual rights or obligations arising from that instrument expire or are extinguished.

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the Income Statement. In order to show an appropriate picture of the Company's position, Company has decided to exercise the offsetting model, as per IAS 32 Financial Instruments: Presentation where applicable.

EARTHPORTFX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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23 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 maintain optimal capital structure to reduce the cost of capital.

The Company defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Company's long-term debt commitments and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares, reducing or increasing debt, paying dividends and returning capital to shareholders.

The Company is not subject to any externally imposed capital requirements.

24 COMMITMENTS AND GUARANTEES

The Company has a facility with its bankers for spot and forward foreign exchange trading up to a maximum contingent risk amount outstanding (as determined by the bank) of £5.5 million (2015: £5.5 million).

25 PARENT COMPANIES AND CONTROLLING PARTIES

The Ultimate Parent Company and controlling party is Earthport plc which prepares group accounts including the Company. These are available from their registered office, 21 New Street, London, EC2M 4TP.

26 AMOUNT HELD ON BEHALF OF THIRD PARTIES NOT RECOGNISED IN THE FINANCIAL STATEMENTS

The following items are held by the Company on behalf of third parties:

	30 June 2016	30 June 2015
	£	£
Cash held on behalf of clients	15,232,264	15,830,016

27 CAPITAL REQUIREMENT DISCLOSURE

On Authorised Payment Institution Capital Adequacy return (FSA056) for the year ended 30 June 2016, the Company had a capital requirement of €982,630. This capital requirement is met and exceeded as the Company had a capital surplus of €4,984,261. (The Euro rate used at the time was GBP 1 = EUR 1.2).