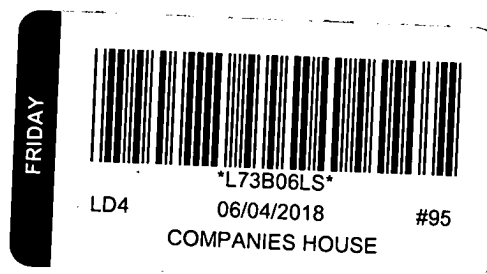


Registration Number: 03910588

EARTHPORTFX LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2017



**EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
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**EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
DIRECTORS AND ADVISERS**

Directors

Simon Adamiyatt
Hank Uberoi

Company Number

03910588

Registered Office

140 Aldersgate Street
London
EC1A 4HY

Bankers

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

Auditor

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Solicitors

Bird & Bird LLP
12 New Fetter Lane
London EC4A 1JP

Registrars and Receiving Agents

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

**EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
STRATEGIC REPORT**

The Directors present their Strategic Report for the year ended 30 June 2017.

Principal activities

EarthportFX Limited is an Authorised Payment Institution registered with the Financial Conduct Authority ("FCA").

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's revenue for the year increased by 6% to £9,803,515 (FY 2016: £9,288,015) and gross margin remained flat at 84% (FY 2016: 84%). The loss for the year was £2,594,277 (FY 2016: profit £3,571,338). This is mainly due to an unrealised fair value loss of £6,378,751 compared to a gain of £6,675,400 last year, also reducing the net assets to £5,454,374 (FY 2016: £8,048,651). The overall financial position remained strong with cash and cash equivalents as at 30 June 2017 at £7,542,389 (FY 2016: £7,787,211). During the year, Company maintained straight through processing (STP) rate of 99.99% (FY 2016: 99.99%).

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.

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 and considers revenue, gross profit and straight through processing as key performance indicators, which have been discussed in the financial statements.

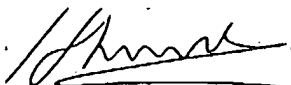
Future developments

The Company invests in people and software with a focus to develop and enhance the trading platform in order to facilitate future growth by addressing client needs and maintaining the highest level of customer service to maximise customer retention.

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.

By order of the Board



Hank Uberoi
Director

30 October 2017

**EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
DIRECTORS' REPORT**

The Directors present their report and the Financial Statements for the year ended 30 June 2017.

Directors

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

Simon Adamiyatt

Hank Uberoi (appointed 1 September 2016)

Wayne Mitchell (resigned 1 September 2016)

Julian Kelly (resigned 1 September 2016)

Peter Klein (resigned 5 April 2017)

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 loss for the year ended 30 June 2017 after taxation was £2,594,277 (FY 2016: profit £3,571,338). The Directors have not recommended the payment of a dividend (FY 2016: £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

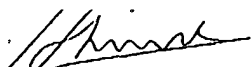
The principal activities, business review and future outlook, key performance indicators, and principal risks and uncertainties required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance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

Going concern

The Company reported an operating profit before exceptional items for the year to 30 June 2017 in line with the Board's strategy. The Directors have reviewed the projected cash flow for the period to 31 December 2018 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 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)
30 October 2017

**EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN
THE PREPARATION OF THE FINANCIAL STATEMENTS**

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
YEAR ENDED 30 JUNE 2017
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EARTHPORTFX

Opinion

We have audited the financial statements of EarthportFX Limited (the 'company') for the year ended 30 June 2017 which comprise the income statement, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EARTHPORTFX (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

Responsibilities of directors

As explained more fully 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, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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.

RSM UK Audit LLP

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

30 October 2017

**EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
INCOME STATEMENT**

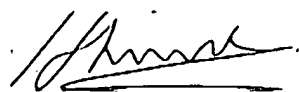
	Notes	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Continuing operations			
Turnover		9,803,515	9,288,015
Cost of sales		(1,608,192)	(1,442,846)
Gross profit		8,195,323	7,845,169
Administrative expenses		(6,171,174)	(6,076,631)
Operating profit before exceptional items		2,024,149	1,768,538
Unrealised fair value adjustment	5	(6,378,751)	6,675,400
Unrealised foreign exchange gain	5	1,581,169	1,548,230
Exceptional loss	6	-	(5,000,000)
Operating (loss)/profit	4	(2,773,433)	4,992,168
Finance income	9	1,314	-
Finance cost	9	(174)	(4,415)
(Loss)/profit before taxation		(2,772,293)	4,987,753
Income tax income/(expense)	10	178,016	(1,416,415)
(Loss)/profit and total comprehensive income attributable to owners of the parent for the year		(2,594,277)	3,571,338

There were no items of other comprehensive income for 2017 or 2016 other than those included in the Income Statement.

EARTHPORTFX LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

Company Registration Number: 03910588	Notes	As at 30 June 2017 £	Restated As at 30 June 2016 £
Non-current assets			
Property, plant and equipment	11	24,357	67,376
Intangible assets	12	310,860	688,675
Total non-current assets		335,217	756,051
Current assets			
Trade and other receivables	13	373,034	174,194
Derivative financial assets – forward contracts	21	7,292,572	11,034,050
Cash and cash equivalents	14	7,542,389	7,787,211
Total current assets		15,207,995	18,995,455
Current liabilities			
Trade and other payables	15	(5,961,698)	(8,483,395)
Derivative financial liabilities – forward contracts	21	(3,335,782)	(2,250,086)
Deferred tax liability	16	(791,358)	(969,374)
Total current liabilities		(10,088,838)	(11,702,855)
Net current assets		5,119,157	7,292,600
Total assets less current liabilities		5,454,374	8,048,651
Net assets		5,454,374	8,048,651
Equity			
Share capital	17	583,338	583,338
Share premium	17	4,696,396	4,696,396
Retained earnings		174,640	2,768,917
Equity attributable to the owner of the parent		5,454,374	8,048,651

The financial statements on pages 7 to 31 were approved and authorised for issue by the Board of Directors on 30 October 2017 and were signed on its behalf by:



Hank Uberoi
Director

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
STATEMENT OF CHANGES IN EQUITY

Attributable to owner of the parent

	Share Capital £	Share Premium £	Retained Earnings £	Total Equity £
Balance at 1 July 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
Total comprehensive loss for the year	-	-	(2,594,277)	(2,594,277)
Balance at 30 June 2017	583,338	4,696,396	174,640	5,454,374

**EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
STATEMENT OF CASH FLOWS**

	Notes	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Net cash (used)/generated from operating activities	18	(245,962)	1,347,922
Investing activities			
Interest received		1,314	-
Purchases of plant and equipment		-	(18,446)
Purchases of intangible assets		-	(340,734)
Net cash generated/(used) in investing activities		1,314	(359,180)
Financing activities			
Interest paid		(174)	(4,415)
Net cash used in financing activities		(174)	(4,415)
Net (decrease)/increase in cash and cash equivalents		(244,822)	984,327
Cash and cash equivalents at beginning of the year		7,787,211	6,802,884
Cash and cash equivalents at end of the year		7,542,389	7,787,211

**EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS**

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 is a wholly owned subsidiary at 30 June 2017 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.

Going concern

The Company reported an operating profit before exceptional items for the year to 30 June 2017 in line with the Board's strategy. The Directors have reviewed the projected cash flow for the period to 31 December 2018 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. The company is also supported by its parent company Earthport Plc.

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 2016. 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 – effective for annual periods on or after 1 January 2018
- IFRS 15: Revenue from Contracts with Customers – effective for annual periods on or after 1 January 2018
- IFRS 16: Leases – effective for annual periods on or after 1 January 2019
- IFRS 2 Amendments: Classification and Measurement of Share-based payment transactions – effective for annual periods on or after 1 January 2018
- IFRIC 23: Uncertainty over Income Tax Treatments – effective for annual periods on or after 1 January 2019

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. The directors have particularly considered the impact of IFRS 15 to the company's revenue recognition policies. The accounting policy for recognising the revenue is not expected to change when the rules under IFRS 15 are applied. A further detailed review of the policy for recognising revenue will be required when IFRS 15 is adopted. The directors do not expect a material impact on the company financial statements in the period of initial application.

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
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(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
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(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 platform. 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.

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
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(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.

As at 30 June 2016, the fair value of client contracts was classified as trade receivables or payables. The treatment of these contracts was subsequently reviewed and it was concluded that these contracts fall within the definition of Derivative Assets and Liabilities per para 9 of IAS39. This resulted in restatement of our 2016 Trade Receivables and Payables balances (see notes 13 and 15). Group will continue to measure the financial instruments in accordance with IAS 39, by initially recognising foreign exchange bank contracts, foreign exchange customer contracts and all currency bank accounts at fair value and re-value them at every reporting date (see note 5).

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.

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

1 ACCOUNTING POLICIES (continued)

Prior Year Adjustments

As at 30 June 2016, the fair value of client contracts was classified within trade receivables or payables. The treatment of these contracts was subsequently reviewed and it was concluded that these contracts fall within the definition of Derivative Financial Assets and Liabilities per para 9 of IAS39. As a result, the 2016 balances of trade receivables, trade payables, derivative financial assets and liabilities have been restated and detailed in the below table. This restatement has no impact on the Statement of Comprehensive Income or Shareholders' funds (see notes 13, 15 and 21).

Following line items in Statement of Financial position were impacted.

2016	Trade receivables	Derivative Financial Assets
	£	£
Balance as reported in 2016 annual report	4,780,381	6,253,669
Reclassification of derivative financial assets	(4,780,381)	4,780,381
	<hr/>	<hr/>
Balance as restated	-	11,034,050
	<hr/>	<hr/>
2016	Trade Payables	Derivative Financial Liabilities
	£	£
Balance as reported in 2016 annual report	951,394	1,367,598
Reclassification of derivative financial assets	(882,488)	882,488
	<hr/>	<hr/>
Balance as restated	68,906	2,250,086
	<hr/>	<hr/>

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 contracts at the year end. The tax rates substantively enacted as at 1 April 2017 have been adopted in computing the deferred tax asset (see note 16).

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

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

Credit risk

The financial derivative assets 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 and reviewed regularly and for the majority of clients there is an option to make a margin call (see note 22).

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 (see note 12).

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 see note 21).

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 (FY 2016: One).

4 OPERATING PROFIT

	Year ended 30 June 2017	Year ended 30 June 2016
	£	£
Operating profit for the year is stated after charging:		
Depreciation of plant and equipment	43,019	44,218
Amortisation of intangible assets	377,815	436,417
Staff costs	3,306,555	3,632,986
Foreign exchange (loss)/gain	(669)	5,471
Audit fees (see note 7)	30,000	30,000

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

5 UNREALISED FAIR VALUE ADJUSTMENT

As of the 30 June 2017, all outstanding client contracts and currencies held in 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 2017 £	Year ended 30 June 2016 £
Unrealised fair value adjustment from receivables and payables	(6,378,751)	6,675,400
Unrealised foreign exchange gain from segregated bank accounts	1,581,169	1,548,230

6 EXCEPTIONAL ITEM

Exceptional loss	-	(5,000,000)
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In February 2016, the 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 2017 £	Year ended 30 June 2016 £
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 - As provided by RSM UK Audit LLP	6,500	3,900

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

8 STAFF COSTS

The average number of persons, including Directors, was:

	Year ended 30 June 2017	Year ended 30 June 2016
	Number	Number
Selling	26	35
Administration	18	23
	<hr/> 44	<hr/> 58
Staff costs for the above persons were:	£	£
Wages & salaries	2,801,833	3,121,274
Social security costs	369,924	353,216
Pension costs	89,805	125,670
Other staff costs	44,993	32,826
	<hr/> 3,306,555	<hr/> 3,632,986

DIRECTORS' REMUNERATION

The directors are considered to be the key management personnel.

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Directors' remuneration in aggregate comprised:		
Aggregate remuneration	66,989	361,560
Compensation for loss of office	263,495	-
Company pension contributions to money purchase schemes	7,575	26,400
	<hr/> 338,059	<hr/> 387,960

Retirement benefits are accruing to two (FY 2016: two) Directors under the Company's money purchase pension scheme.

No Directors are accruing benefits under defined benefit schemes (FY 2016: Nil).

Two Directors received compensation of £263,495 for loss of office (FY 2016: Nil).

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

8 STAFF COSTS (continued)

During the year ended 30 June 2017 the highest emolument made to a director was:

	Aggregate remuneration £	Compensation for loss office £	Pension contributions to money purchase schemes £	Total emoluments £
Julian Kelly (resigned 1 September 2016)	31,989	145,975	4,725	182,689

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 (resigned 1 September 2016)	192,060	11,400	203,460

9 FINANCE INCOME AND FINANCE COST

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Finance income		
Interest receivable and similar income	1,314	-
Finance cost		
Bank loans and overdrafts	-	3,138
Other Interest	174	1,277
	174	4,415

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

10 TAXATION

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Deferred tax		
Origination and reversal of temporary differences	178,016	(1,416,415)
Total deferred tax	178,016	(1,416,415)
Total tax on profit	178,016	(1,416,415)

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 2017 £	Year ended 30 June 2016 £
(Loss)/profit before taxation	(2,772,293)	4,987,753
Tax on loss on ordinary activities at standard United Kingdom corporation tax rate of 20% (2016: 20.75 %)	(554,458)	997,550
Effects of:		
Capital allowances in excess of depreciation	252,862	144,599
Expenses not deductible for tax purposes	(187,446)	(107,191)
Other permanent differences	831,452	475,465
Utilisation of tax losses	1,078,026	616,468
Deferred tax on losses relieved	(1,551,357)	(887,142)
Tax effect on fair value adjustments	168,377	96,286
Reduction of tax rate on deferred tax asset	(4,635)	(2,650)
Utilisation of parent company losses	145,196	83,030
Total tax charge for the year	178,017	1,416,415

The company has trading losses carried forward of £5.9 million (FY 2016: £3.3 million). The potential deferred tax asset arising on the losses carried forward has not been recognised owing to uncertainty as to its recoverability.

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

11 PROPERTY, PLANT AND EQUIPMENT

	Office Equipment £
Cost	
At 1 July 2015	256,302
Additions	18,446
	<hr/>
At 1 July 2016	274,748
Additions	-
	<hr/>
At 30 June 2017	274,748
	<hr/>
Depreciation	
At 1 July 2015	163,154
Charge for the year	44,218
	<hr/>
At 1 July 2016	207,372
Charge for the year	43,019
	<hr/>
At 30 June 2017	250,391
	<hr/>
Net book value	
At 30 June 2015	93,148
	<hr/>
At 30 June 2016	67,376
	<hr/>
At 30 June 2017	24,357
	<hr/>

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

12 INTANGIBLE ASSETS

Cost	On-line system £	Customer Database £	Total £
At 1 July 2015	1,452,183	90,374	1,542,557
Additions	340,734	-	340,734
At 1 July 2016	1,792,917	90,374	1,883,291
Additions	-	-	-
At 30 June 2017	1,792,917	90,374	1,883,291
Amortisation			
At 1 July 2015	752,821	5,378	758,199
Charge for the year	406,292	30,125	436,417
At 1 July 2016	1,159,113	35,503	1,194,616
Charge for the year	347,690	30,125	377,815
At 30 June 2017	1,506,803	65,628	1,572,431
Net book value			
At 30 June 2015	699,362	84,996	784,358
At 30 June 2016	633,804	54,871	688,675
At 30 June 2017	286,114	24,746	310,860

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

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

13 TRADE AND OTHER RECEIVABLES

	Year ended 30 June 2017 £	Restated Year ended 30 June 2016 £
Trade receivables	-	-
Prepayments and accrued income	329,672	109,106
Other receivables	43,362	65,088
	<hr/> 373,034	<hr/> 174,194

Trade receivables as at 30 June 2016 relating to client forward foreign exchange contracts were restated as Derivative financial Assets per IAS39. 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:

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Opening position	-	100,000
Amount charged to the Income Statement	-	4,000
Amount written off as uncollectible	-	(104,000)
	<hr/>	<hr/>
Closing position	-	-

14 CASH AND CASH EQUIVALENTS

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Cash at bank	2,281,923	2,026,642
Secured funding (held in Sterling)	5,260,466	5,760,569
	<hr/> 7,542,389	<hr/> 7,787,211

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

15 TRADE AND OTHER PAYABLES

	Year ended 30 June 2017 £	Restated Year ended 30 June 2016 £
Amounts owed to Group undertakings	5,125,624	8,105,552
Trade payables	457,313	68,906
Other tax and social security	132,887	98,356
Accruals and deferred income	235,720	210,581
Other Creditors	10,154	-
	<hr/>	<hr/>
Total trade and other payables	5,961,698	8,433,395
	<hr/>	<hr/>

Trade payables balance of £882k as at 30 June 2016 relating to client forward foreign exchange contracts were restated as Derivative Financial Liabilities per IAS39. Trade payables comprise amounts outstanding for administrative and other ongoing costs. The average credit period taken for trade purchases is 33 days (FY 2016: 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.

16 DEFERRED TAX

Deferred tax liability	Year ended 30 June 2017 £	Year ended 30 June 2016 £
At start of the year	(969,374)	447,041
Charged to the Income Statement	178,016	(1,416,415)
	<hr/>	<hr/>
At end of the year	(791,358)	(969,374)
	<hr/>	<hr/>
	Short term timing differences on derivatives £	Total recognised £
At 1 July 2016	(969,374)	(969,374)
Charge for the year	178,016	178,016
At 30 June 2017	<hr/>	<hr/>
	(791,358)	(791,358)
	<hr/>	<hr/>

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

17 SHARE CAPITAL AND SHARE PREMIUM

		Year ended 30 June 2017 £	Year ended 30 June 2016 £
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 2015, 1 July 2016 and 30 June 2017	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.

18 NET CASH GENERATED FROM OPERATING ACTIVITIES

	Year Ended 30 June 2017 £	Year Ended 30 June 2016 £
Operating (loss)/profit	(2,773,433)	4,992,168
Depreciation charge	43,019	44,218
Amortisation charge	377,815	436,417
Decrease/(Increase) in receivables and derivative financial assets	3,542,638	(5,279,479)
(Decrease)/Increase in payables and derivative financial liabilities	(1,436,001)	1,154,598
Cash (used)/generated from operations	(245,962)	1,347,922

19 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 £7,575 (FY 2016: £26,400).

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 £8,174 owing to the pension scheme at the end of the year (FY 2016: £ 8,925).

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

20 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 2017 £	Year ended 30 June 2016 £
Salaries and other short-term employee benefits	338,059	387,960

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 2017 £	Year ended 30 June 2016 £
Earthport plc, the ultimate parent company	190,880,204	162,247,736

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

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Earthport plc in respect of facility recharges and bank fees	1,577,956	978,132

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

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Earthport plc	5,125,624	8,105,552

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

21 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives Financial Instruments held for trading are classified as current Asset or Liability. Derivatives financial assets and liabilities are amounts not yet due under forward foreign exchange contracts payments executed with clients maturing between a period of 3 days to 12 months. All Derivative financial instruments are recognised and measured at fair value through income statements. Forward foreign exchange contracts held for trading were as follows:

	2017		Restated 2016	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
Forward foreign exchange contracts – held for trading	7,292,572	(3,335,782)	11,034,050	(2,250,086)
Total	7,292,572	(3,335,782)	11,034,050	(2,250,086)

As at 30 June 2016, the fair value of client contracts was classified as trade receivables or payables. The treatment of these contracts was subsequently reviewed and it was concluded that these contracts fall within the definition of Derivative Assets and Liabilities per para 9 of IAS39. This resulted in restatement of 2016 Derivative Assets and liabilities (see note 2 critical accounting judgements and key sources of estimate uncertainty and under prior year adjustment).

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	Total
2017	£	£	£
Trade and other receivables	43,363	-	43,363
Derivative financial assets	-	7,292,572	7,292,572
Cash and cash equivalents	7,542,389	-	7,542,389
Total assets	7,585,752	7,292,572	14,878,324

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

22 FINANCIAL INSTRUMENTS (continued)

	Loans and receivables £	Assets at fair value through profit and loss £	Total £
2016 - Restated			
Trade and other receivables	65,088	-	65,088
Derivative financial assets	-	11,034,050	11,034,050
Cash and cash equivalents	7,787,211	-	7,787,211
Total assets	7,852,299	11,034,050	18,886,349

Carrying values do not differ materially from their fair value at both 30 June 2017 and 30 June 2016, as these instruments are relatively short term in nature.

	Amortised cost £	Liabilities at fair value through profit and loss £	Total £
2017			
Trade and other payables	5,961,698	-	5,961,698
Derivative financial liabilities	-	3,335,782	3,335,782
Total liabilities	5,961,698	3,335,782	9,297,480

	Amortised cost £	Liabilities at fair value through profit and loss £	Total £
2016 - Restated			
Trade and other payables	8,483,395	-	8,483,395
Derivative financial liabilities	-	2,250,086	2,250,086
Total liabilities	8,483,395	2,250,086	10,733,481

Carrying values do not differ materially from their fair value at both 30 June 2017 and 30 June 2016.

EARTHPORTFX LIMITED
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

22 FINANCIAL INSTRUMENTS (continued)

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 2017, the only financial instruments measured at fair value were derivative financial instruments and these are classified as Level 2.

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 in relation to credit lines is £5,260,466 (FY 2016: £5,760,569) 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:

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Trade and other receivables	373,034	174,194
Derivative financial assets	7,292,572	11,034,050
Cash and cash equivalents	7,542,389	7,787,211
	<hr/> 15,207,995	<hr/> 18,995,455

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
YEAR ENDED 30 JUNE 2017
NOTES TO THE FINANCIAL STATEMENTS
(continued)

22 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

	Less than 1 year £	1 to 2 years £	2 to 5 years £	Total £
30 June 2017				
Amounts due to Group companies	5,125,624	-	-	5,125,624
Trade and other creditors	836,073	-	-	836,073
Derivative financial liabilities	3,335,782	-	-	3,335,782
	9,297,479	-	-	9,297,479
30 June 2016 - Restated				
Amounts due to Group companies	8,105,552	-	-	8,105,552
Trade and other creditors	377,843	-	-	377,843
Derivative financial liabilities	2,250,086	-	-	2,250,086
	10,733,481	-	-	10,733,481

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 £349,780 (FY 2016: £107,973) and £214,193 (FY 2016: £114,194) 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
YEAR ENDED 30 JUNE 2017
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22 FINANCIAL INSTRUMENTS (continued)

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.

23 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 (FY 2016: £5.5 million).

24 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, 140 Aldersgate Street, London, EC1A 4HY.

25 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:

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Cash held on behalf of clients	21,322,650	15,232,264

26 CAPITAL REQUIREMENT DISCLOSURE

On Authorised Payment Institution Capital Adequacy return (FSA056) for the year ended 30 June 2017, the Company had a capital requirement of €692,107. This capital requirement is met and exceeded as the Company had a capital surplus of €10,183,370. (The Euro rate used at the time was GBP 1 = EUR 1.1).