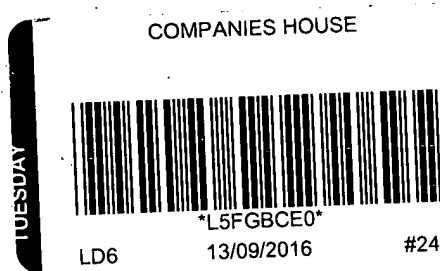


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**AFX MARKETS LTD**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2016**



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**AFX MARKETS LTD**

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**COMPANY INFORMATION**

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<b>Directors</b>	G Duo M Mazzacco M Persichino
<b>Registered number</b>	07612002
<b>Registered office</b>	33 Sun Street Second Floor London EC2M 2PY
<b>Independent auditors</b>	Ecovis Wingrave Yeats LLP Chartered Accountants & Statutory Auditor Waverley House 7-12 Noel Street London W1F 8GQ

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**AFX MARKETS LTD**

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## AFX MARKETS LTD

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2016

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#### Introduction

The principle activity of the company is to act as an intermediary broker for customers who wish to trade OTC financial instruments, principally Forex and CFD products via online products.

#### Business review

The directors are of the opinion that the company is in a good position to progress in the next financial year and believe that their expertise should help ensure the company is a success.

#### Principal risks and uncertainties

The principal risk for the company is its exposure to the volatility of economic conditions and possible economic downturns. Such downturns will likely have an impact on investor confidence, which will likely impact the frequency and value of trades undertaken by customers.

Further, the wider cost of regulation and compliance related to the company's registration with the FCA means the directors will continue to seek operational efficiencies to offset such costs.

#### Financial key performance indicators

The company performed in line with expectations. All costs are recharged to the parent company in cost plus arrangement with the exception of foreign currency gains and losses. The company is yet to commence trading on behalf of its own clients.

This report was approved by the board on 22<sup>nd</sup> OF AUGUST 2016 and signed on its behalf.

  
**M Mazzacco**  
Director

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## **AFX MARKETS LTD**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2016**

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The directors present their report and the financial statements for the year ended 30 April 2016.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £14,254 (2015 - £12,315).

#### **Directors**

The directors who served during the year were:

G Duo  
M Mazzacco  
M Persichino

#### **Post balance sheet events**

There have been no significant events affecting the Company since the year end.

#### **Directors' responsibilities statement**

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

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**AFX MARKETS LTD**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 APRIL 2016**

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**Disclosure of information to auditors**

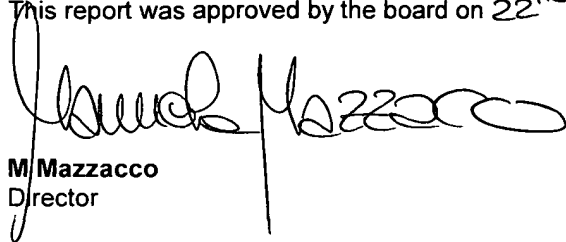
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, Ecovis Wingrave Yeats LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22<sup>nd</sup> OF AUGUST 2016 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'M. Mazzacco', is written over a horizontal line.

**M. Mazzacco**  
Director

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## **AFX MARKETS LTD**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AFX MARKETS LTD**

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We have audited the financial statements of AFX Markets Ltd for the year ended 30 April 2016, set out on pages 6 to 17. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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 Auditors**

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

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**AFX MARKETS LTD**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AFX MARKETS LTD**

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**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.



Gerard Collins (Senior statutory auditor)

for and on behalf of  
**Ecovis Wingrave Yeats LLP**

Chartered Accountants & Statutory Auditor

Waverley House  
7-12 Noel Street  
London  
W1F 8GQ

Date:

23/8/16



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**AFX MARKETS LTD**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 APRIL 2016**

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	Note	2016 £	2015 £
Turnover	2	581,673	410,630
Cost of sales		(761)	(2,534)
<b>Gross profit</b>		<b>580,912</b>	<b>408,096</b>
Administrative expenses		(563,138)	(392,702)
<b>Operating profit</b>	3	<b>17,774</b>	<b>15,394</b>
Interest receivable and similar income	6	44	-
<b>Profit before tax</b>		<b>17,818</b>	<b>15,394</b>
Tax on profit	7	(3,564)	(3,079)
<b>Profit for the year</b>		<b>14,254</b>	<b>12,315</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>14,254</b>	<b>12,315</b>

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

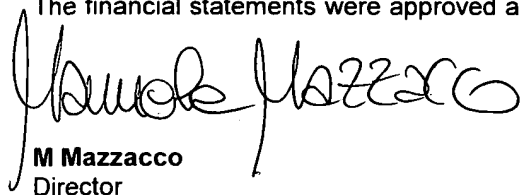
The notes on pages 10 to 17 form part of these financial statements.

**AFX MARKETS LTD**  
**REGISTERED NUMBER: 07612002**

**BALANCE SHEET**  
**AS AT 30 APRIL 2016**

	Note	2016 £	2015 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	183,328	192,944
Cash at bank and in hand	9	622,899	318,820
		<u>806,227</u>	<u>511,764</u>
Creditors: amounts falling due within one year	10	(619,532)	(339,322)
<b>Net current assets</b>		<u>186,695</u>	<u>172,442</u>
<b>Total assets less current liabilities</b>		<u>186,697</u>	<u>172,443</u>
<b>Net assets excluding pension asset</b>		<u>186,697</u>	<u>172,443</u>
<b>Net assets</b>		<u><u>186,697</u></u>	<u><u>172,443</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	159,453	159,453
Retained Earnings		27,244	12,990
		<u>186,697</u>	<u>172,443</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

  
**M Mazzacco**  
 Director

22nd of August 2016

The notes on pages 10 to 17 form part of these financial statements.

**AFX MARKETS LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2016**

	Share capital £	Retained earnings £	Total equity £
At 1 May 2015	159,453	12,990	172,443
<b>Comprehensive income for the year</b>			
Profit for the year	-	14,254	14,254
	-	-	-
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	14,254	14,254
<b>At 30 April 2016</b>	<b>159,453</b>	<b>27,244</b>	<b>186,697</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2015**

	Share capital £	Retained earnings £	Total equity £
At 1 May 2014	159,453	675	160,128
<b>Comprehensive income for the year</b>			
Profit for the year	-	12,315	12,315
	-	-	-
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	12,315	12,315
<b>At 30 April 2015</b>	<b>159,453</b>	<b>12,990</b>	<b>172,443</b>

The notes on pages 10 to 17 form part of these financial statements.

**AFX MARKETS LTD**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 APRIL 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	14,254	12,315
<b>Adjustments for:</b>		
Interest received	(44)	-
Taxation	3,564	3,079
Decrease/(increase) in debtors	30,544	(51,212)
Increase in amounts owed by groups	(20,929)	(38,888)
Increase in creditors	279,725	202,944
Increase in amounts owed to groups	-	(55,518)
Corporation tax	(3,079)	-
<b>Net cash generated from operating activities</b>	<b>304,035</b>	<b>72,720</b>
<b>Cash flows from investing activities</b>		
Interest received	44	-
<b>Net cash from investing activities</b>	<b>44</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>304,079</b>	<b>72,720</b>
Cash and cash equivalents at beginning of year	318,820	246,100
<b>Cash and cash equivalents at the end of year</b>	<b>622,899</b>	<b>318,820</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	622,899	318,820
	<b>622,899</b>	<b>318,820</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2016**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 16.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note ).

The following principal accounting policies have been applied:

**1.2 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Income reflects amounts recharged to the parent company, AFX Capital Markets Limited, during the year to cover the company's expense costs.

**1.3 Operating leases: Lessee**

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

**1.4 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.5 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2016

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1. Accounting policies (continued)

1.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) at fair value with changes recognised in the Profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

1.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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**AFX MARKETS LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2016**

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**1. Accounting policies (continued)**

**1.8 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

**1.9 Interest income**

Interest income is recognised in the Profit and loss account using the effective interest method.

**2. Analysis of turnover**

	2016 £	2015 £
Expenses recharged	<b>581,673</b>	410,630
	<u><b>581,673</b></u>	<u>410,630</u>

All turnover arose within Cyprus.

**AFX MARKETS LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2016**

**3. Operating profit**

The operating profit is stated after charging:

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	7,100	7,100
Exchange differences	(17,818)	(15,393)
Other operating lease rentals	71,552	76,716
	<u>71,552</u>	<u>76,716</u>

During the year, no director received any emoluments (2015 - £NIL).

**4. Auditors' remuneration**

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	7,100	7,100
	<u>7,100</u>	<u>7,100</u>

**5. Employees**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	257,519	178,215
	<u>257,519</u>	<u>178,215</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
	5	5
	<u>5</u>	<u>5</u>

**6. Interest receivable**

	2016 £	2015 £
Other interest receivable	44	-
	<u>44</u>	<u>-</u>



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**AFX MARKETS LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2016**

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**7. Taxation**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	3,564	3,079
	<u>3,564</u>	<u>3,079</u>
<b>Total current tax</b>	<u>3,564</u>	<u>3,079</u>
<b>Taxation on profit on ordinary activities</b>	<u>3,564</u>	<u>3,079</u>

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 20%) as set out below:

	2016 £	2015 £
Profit on ordinary activities before tax	17,818	15,394
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of % (2015 - 20%)	3,564	3,079
<b>Total tax charge for the year</b>	<u>3,564</u>	<u>3,079</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

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**AFX MARKETS LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2016**

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**8. Debtors**

	2016 £	2015 £
Amounts owed by group undertakings	145,210	124,281
Other debtors	10	10
Prepayments and accrued income	38,108	68,653
	<u>183,328</u>	<u>192,944</u>

**9. Cash and cash equivalents**

	2016 £	2015 £
Cash at bank and in hand	622,899	318,820
	<u>622,899</u>	<u>318,820</u>

**10. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	96,430	89,685
Corporation tax	3,564	3,079
Other creditors	433,901	172,784
Accruals and deferred income	85,637	73,774
	<u>619,532</u>	<u>339,322</u>

Included within other creditors is a liability to the firm's clients regarding client money held for the purpose of trading as per the principal activity. This amounts to £422,326 with the corresponding amount forming part of the cash at bank balance.

**AFX MARKETS LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2016**

**11. Financial instruments**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<b>622,899</b>	<b>318,820</b>
Financial assets that are debt instruments measured at amortised cost	<b>150,493</b>	<b>154,013</b>
	<u><b>773,392</b></u>	<u><b>472,833</b></u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>(581,558)</b>	<b>(334,668)</b>
	<u><b>(581,558)</b></u>	<u><b>(334,668)</b></u>

**12. Share capital**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
159,453 Ordinary shares of £1 each	<u><b>159,453</b></u>	<u><b>159,453</b></u>

**13. Commitments under operating leases**

At 30 April 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	<b>8,720</b>	<b>-</b>
Later than 1 year and not later than 5 years	<b>-</b>	<b>52,320</b>
<b>Total</b>	<u><b>8,720</b></u>	<u><b>52,320</b></u>

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**AFX MARKETS LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2016**

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**14. Related party transactions**

At the year end the company owes an amount of £1,574 (2015 - £1,574) to M Mazzacco, a director of the company, in relation to expenses met by her on behalf of the company. No interest accrues on this balance.

At the year end an amount of £145,210 (2015 - £124,281) was owed to the company by AFX Capital Markets Limited, the company's controlling party.

**15. Controlling party**

During the year ended 30 April 2016, the company's immediate ultimate controlling undertaking was AFX Capital Markets Limited, by virtue of its majority shareholding in the company. The parent company is incorporated in Cyprus and its trading address is Gladstonos 116, Kyprianou House, 1st floor, 3032 Limassol, Cyprus.

**16. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.