

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**  
**FOR**  
**EXNESS EUROPE LIMITED**

FRIDAY



\*A669B8BD\*

A30

12/05/2017

#292

COMPANIES HOUSE

**EXNESS EUROPE LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Report of the Independent Auditors</b>	<b>4</b>
<b>Statement of Comprehensive Income</b>	<b>5</b>
<b>Statement of Financial Position</b>	<b>6</b>
<b>Statement of Changes in Equity</b>	<b>7</b>
<b>Statement of Cash Flows</b>	<b>8</b>
<b>Notes to the Financial Statements</b>	<b>9-13</b>

**EXNESS EUROPE LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>DIRECTORS:</b>	P A Valov D R Morris
<b>REGISTERED OFFICE:</b>	55 Old Broad Street London EC2M 1RX
<b>BUSINESS ADDRESS:</b>	55 Old Broad Street London EX2M 1RX
<b>REGISTERED NUMBER:</b>	08861481 (England and Wales)
<b>AUDITORS:</b>	AGK Partners Chartered Accountants & Statutory Auditors 1 Kings Avenue London N21 3NA

**EXNESS EUROPE LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their strategic report for the year ended 31 December 2016.

**REVIEW OF BUSINESS**

The principal activity of Exness Europe Limited ("the Company") is that of the provision of investments services in relation to foreign exchange and contracts for difference ("CFDs").

The company is authorised and regulated by the Financial Conduct Authority("FCA").

The company made an application to the FCA in December 2015 to become a regulated firm offering CFDs. The company became authorised and regulated by the FCA on the 1st September 2016 as an IFPRU €125k firm.

In the latter half of 2016 and in a response to communications from the regulator to the industry in general, the firms board made the decision to apply to become a full scope IFPRU €730k firm. While a change in prudential category has been requested, the main business of the company will not be changing from the current model, with the exception of the firm, once authorised, being able to take own account positions as a principal firm without the matched limitation.

The company expects to launch operations no later than September 2017.

At this stage, there are no relevant KPIs to report.

**PRINCIPAL RISKS AND UNCERTAINTIES**


The principal risks affecting the business are regulatory, operational and technological. The Directors mitigate these risks through stringent controls and processes. The firm is capitalised comfortably in excess of regulatory Capital requirements and having not commenced operations, is well placed to adjust to any changes in the regulatory landscape that may effect systems or other business requirements.

**FUTURE DEVELOPMENT**

The Company has a strong balance sheet and with its global coverage of clients within the group and technological expertise, the board is confident the business can react decisively and positively to any changes imposed by the regulators to the industry.

The board's decision in December to apply to become a full scope IFPRU €730k firm will allow the firm, on approval, to increase the margin of profit from client trading.

**ON BEHALF OF THE BOARD:**



.....  
D R Morris - Director

24 April 2017

**EXNESS EUROPE LIMITED**

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2016.

**DIRECTORS**

P A Valov has held office during the whole of the period from 1 January 2016 to the date of this report.

Other changes in directors holding office are as follows:

A F Gibbins - resigned 31 December 2016

D R Morris - appointed 1 March 2016

**DISCLOSURE IN THE STRATEGIC REPORT**

Information relating to the following areas have been disclosed in the strategic report:

- Review of the business
- Principal activities of the company

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

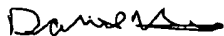
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, AGK Partners, have signified their willingness to continue in office as auditors.

**ON BEHALF OF THE BOARD:**



.....  
D R Morris - Director

24 April 2017

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
EXNESS EUROPE LIMITED**

We have audited the financial statements of Exness Europe Limited for the year ended 31 December 2016 on pages five to thirteen. The financial reporting framework that has been applied in their preparation is 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'.

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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, 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 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 Report of the Directors 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 31 December 2016 and of its loss 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.

**Other matter**

In the previous accounting period the directors of the company took advantage of audit exemption under s477 of the Companies Act. Therefore, the prior period financial statements were not subject to audit.

**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.



Michael David Marcus (Senior Statutory Auditor)  
for and on behalf of AGK Partners  
Chartered Accountants & Statutory Auditors  
1 Kings Avenue  
London  
N21 3NA

24 April 2017

**EXNESS EUROPE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

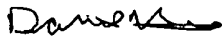
	Notes	2016 £	2015 £
<b>REVENUE</b>		-	-
Administrative expenses	3	(402,224)	(85,923)
Other income		54,630	-
Other losses	5	<u>(551)</u>	<u>(60)</u>
<b>OPERATING LOSS and LOSS BEFORE TAXATION</b>		<b>(348,145)</b>	<b>(85,983)</b>
Income tax expense	6	-	-
<b>LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b><u>(348,145)</u></b>	<b><u>(85,983)</u></b>

**EXNESS EUROPE LIMITED (REGISTERED NUMBER: 08861481)**

**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2016**

	Notes	2016 £	2015 £
<b>CURRENT ASSETS</b>			
Other receivables	7	81,080	1,177
Cash and bank balances	11	<u>2,279,709</u>	<u>1,494</u>
		2,360,789	2,671
<b>CURRENT LIABILITIES</b>			
Other payables	8	<u>(98,444)</u>	<u>(7,095)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>2,262,345</u>	<u>(4,424)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,262,345</u>	<u>(4,424)</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	9	2,748,014	133,100
Accumulated losses	10	<u>(485,669)</u>	<u>(137,524)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>2,262,345</u>	<u>(4,424)</u>

The financial statements were approved by the Board of Directors on 24 April 2017 and were signed on its behalf by:



.....  
D R Morris - Director



**EXNESS EUROPE LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Called up share capital £	Accumulated losses £	Total equity £
<b>Balance at 1 January 2015</b>		100	(51,541)	(51,441)
<b>Comprehensive loss</b>				
Loss and total comprehensive loss for the year	10	-	(85,983)	(85,983)
<b>Transaction with owners</b>				
Issue of share capital	9	133,000	-	133,000
<b>Balance at 31 December 2015</b>		<u>133,100</u>	<u>(137,524)</u>	<u>(4,424)</u>
<b>Comprehensive loss</b>				
Loss and total comprehensive loss for the year	10	-	(348,145)	(348,145)
<b>Transaction with owners</b>				
Issue of share capital	9	2,614,914	-	2,614,914
<b>Balance at 31 December 2016</b>		<u>2,748,014</u>	<u>(485,669)</u>	<u>2,262,345</u>

**EXNESS EUROPE LIMITED**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Loss before income tax		(348,145)	(85,983)
Changes in working capital:			
Other receivables		(79,903)	(859)
Other payables		<u>91,349</u>	<u>(44,664)</u>
Cash used in operations		<u>(336,699)</u>	<u>(131,506)</u>
Income tax paid		<u>-</u>	<u>-</u>
<b>Net cash used in operating activities</b>		<u>(336,699)</u>	<u>(131,506)</u>
 <b>Cash flows from financing activities</b>			
Proceeds from share issue	9	<u>2,614,914</u>	<u>133,000</u>
<b>Net Cash generated from financing activities</b>		<u>2,614,914</u>	<u>133,000</u>
 <b>Increase in cash and cash equivalents</b>		<b>2,278,215</b>	<b>1,494</b>
<b>Cash and cash equivalents at beginning of year</b>	11	<b>1,494</b>	<b>-</b>
 <b>Cash and cash equivalents at end of year</b>		<u><u>2,279,709</u></u>	<u><u>1,494</u></u>

**EXNESS EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. STATUTORY INFORMATION**

Exness Europe Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

The Financial Statements of the company are presented in its functional currency, Sterling, on the basis that this represents the currency of the primary economic environment in which it operates.

This is the first year in which the Financial Statements have been prepared under FRS 102. The transition to FRS 102 is explained in the note below.

**Transition to FRS 102**

The company transitioned to FRS 102 from previously applicable UK Generally Accepted Accounting Practice for the period beginning 1 January 2015. No adjustments have been made at either the transition date or for the year ended 31 December 2015.

**Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

**Principal activity**

The principal activity of Exness Europe Limited ("the Company") is that of the provision of investments services in relation to foreign exchange and contracts for difference ("CFDs").

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet at their fair value when the Company becomes a party to the contractual provisions of the instrument. They are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**EXNESS EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**2. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Cash and bank balances**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less from the date of acquisition and bank overdrafts.

**Going concern**

The directors have reasonable expectation that on the basis of the financial support from its parent company, the company can continue to be in operational existence for the foreseeable future and to continue to adopt the going concern basis of accounting in preparing the financial statements.

**Other receivables**

Other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

**Other payables**

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

**3. EXPENSES BY NATURE**

	2016	2015
	£	£
Rent paid	21,165	2,942
Insurance	1,835	-
Director's salaries	147,000	17,000
Wages	81,795	-
Social security	23,930	-
Telephone	473	-
Post and stationery	144	-
Advertising	360	-
Travelling	1,040	1,634
Recruitment fees	47,600	-
Computer expenses	21,630	7,800
Sundry expenses	620	4
Legal and professional	43,374	53,487
Auditors remuneration	2,000	-
Auditors remuneration for non-audit work	6,540	2,640
Bank charges	2,718	416
	<u>402,224</u>	<u>85,923</u>

The total fees charged by the Company's statutory auditor for the year ended 31 December 2016 for other non-assurance services amounted to £6,540 (2015: £2,640).

**EXNESS EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**4. STAFF COSTS**

	2016	2015
	£	£
Wages and salaries	228,795	17,000
Social security costs	<u>23,930</u>	<u>-</u>
	<u>252,725</u>	<u>17,000</u>

The average monthly number of employees and directors paid during the year was as follows:

	2016	2015
Management	<u>2</u>	<u>1</u>

**5. OTHER LOSSES**

	2016	2015
	£	£
Foreign exchange differences	<u>551</u>	<u>60</u>

**6. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 December 2016 nor for the year ended 31 December 2015.

**Reconciliation of total tax charge included in profit and loss**

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

	2016	2015
	£	£
Loss before tax	<u>(348,145)</u>	<u>(85,983)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	(69,629)	(17,197)
Effects of:		
Tax effect of expenses not deductible for tax purposes	-	-
Tax effect of allowances and income not subject to tax	-	-
Tax effect of tax losses brought forward	69,629	17,197
Special contribution for defence	<u>-</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

**7. OTHER RECEIVABLES**

	2016	2015
	£	£
Amount owed by group undertakings	54,630	-
Other receivables	7,558	-
Prepayments	<u>18,892</u>	<u>1,177</u>
	<u>81,080</u>	<u>1,177</u>

**EXNESS EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**8. OTHER PAYABLES**

	2016 £	2015 £
Other payables	27,362	-
Social security and other taxes	33,355	-
Payable to related party (Note 12)	32,607	296
Accrued expenses	<u>5,120</u>	<u>6,799</u>
	<u>98,444</u>	<u>7,095</u>

**9. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2016 £	2015 £
Number:	Class:	Nominal value:		
2,748,014	Ordinary	1.00	<u>2,748,014</u>	<u>133,100</u>

During the year under review 2,614,914 (2015: 133,000) Ordinary shares of £1 each were allotted and fully paid for cash.

**10. ACCUMULATED LOSSES**

	Accumulated Losses £
At 1 January 2016	(137,524)
Deficit for the year	<u>(348,145)</u>
At 31 December 2016	<u>(485,669)</u>

**11. CASH AND BANK BALANCES**

	2016 £	2015 £
Cash at bank and in hand	<u>2,279,709</u>	<u>1,494</u>

Cash and bank balances include the following for the purposes of the cash flow statement:

	2016 £	2015 £
Cash and bank balances	<u>2,279,709</u>	<u>1,494</u>

**EXNESS EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**12. RELATED PARTY DISCLOSURES**

The Company is controlled by Exness Global Limited, incorporated in Cyprus, which owns 100% of the Company's shares. The financial statements of Exness Global Limited and its subsidiary companies, which include the results of the company, can be obtained from Siafi, 1, Porto Bello, Flat 401 3042, Limassol, Cyprus.

The following transactions were carried out with related parties:

**i. Directors remuneration**

The total remuneration of the Directors (which equals the key management personnel compensation) was as follows:

	2016 £	2015 £
Directors' remuneration	<u>147,000</u>	<u>17,000</u>

**ii. Year-end balances**

	2016 £	2015 £
Receivable from related party	<u>54,630</u>	<u>-</u>
Payable to related party	<u>32,607</u>	<u>296</u>

**13. EVENTS AFTER THE BALANCE SHEET DATE**

There have been no events after the balance sheet date that require amendment to the financial statements or additional disclosure in them.