

2017

Annual Financial Report

For the year ended 30 June 2017

Pepperstone Limited



 **Pepperstone**

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Pepperstone Limited
Company profile and information

Profile

Pepperstone Limited (the "Company") is a UK registered limited company. The Company is a wholly owned subsidiary of Pepperstone Group Limited ("Pepperstone" or the "Parent", and collectively, the "Group"). Pepperstone is a provider of online over-the-counter trading services based in Australia, offering a wide range of financial products to retail investors.

Directors

Joe Davenport

Peter Halloway-Churchill (formerly Brooks)

appointed 10 October 2016

resigned 14 March 2017

Mohammed Tayeb

resigned 30 December 2016

appointed 13 February 2017

resigned 22 June 2017

Owen Kerr

resigned 28 June 2017

Philip Horner

appointed 22 June 2017

Iain Rogers

appointed 19 July 2017

Savvakis Ioannou

appointed 19 July 2017

Auditor

Ernst & Young LLP

25 Churchill Place

London E14 5EY

United Kingdom

Registered office

68 Hanbury St

London, E1 5JL

United Kingdom

Registration number

08965105

Pepperstone Limited

Strategic report

The directors present their strategic report of the Company for the year ended 30 June 2017.

The Company is a wholly owned subsidiary of Pepperstone Group Limited (the "Parent"), which is also its immediate parent.

The Company's principal activity is to onboard retail clients for the purpose of providing a platform for clients to buy and sell leveraged spot foreign exchange ("FX") and Contracts-For-Difference ("CFD") products. The Company has no traded market risk as all market risk is borne by the Parent. As part of this process, clients deposit monies directly with the Company.

Review of the business and future developments

The Company entered the market through a soft launch of its product and services during the year. Following the soft launch, the Company suspended trading to focus on making the appropriate changes to its operations and enhance its systems, processes and controls. The Company recommenced business activities in August 2017.

Results for the year

The directors announce a loss of £280,162 (2016: loss of £435) before taxation as the Company commenced its first year of operation. The Company earned revenue from rebate income earned on traded volume on a daily basis. As this was the first year of operations and as a result of the suspension of trading activity, company expenses, comprising mainly of operational costs, exceeded revenues.

Principal risks and uncertainties

As a result of its daily operations and the industry in which the Company operates, it exposes itself into a variety of risks, for which constant monitoring is required in order to be maintained at an acceptable level. The risks faced by the Company are analysed below (Operational, Conduct and Reputational risk), in addition to the ones which are analysed in greater depth together with financials in Note 18 of these Financial Statements.

Going Concern

As the Company progressed through the year making the necessary preparations to become operational, there exists an inherent risk to the preparation of the financial statements on a going concern assumption. In recognising that the Company is in its start-up phase, the Parent has provided ongoing support to the Company and will continue to do so to ensure that the Company will reach profitability.

As a result, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Operational Risk

Operational risk is defined as any instance where there is potential or actual impact to the Company resulting from inadequate or failed internal processes, people, systems or from external events. The impacts can be financial as well as non-financial such as client money, customer detriment, reputational or regulatory consequences.

Pepperstone Limited
Strategic report (continued)

The Company devotes a significant budget each year to ensure that its systems are evaluated, maintained and upgraded continuously. In addition, daily backups are being made on servers established outside the offices to be able to carry its core operations in cases of unforeseen events. Concentration risk is minimised through the use of multiple alternate service providers. Controls and governance frameworks are in place to minimise risk of human error.

Conduct Risk

Conduct risk is the risk of not delivering fair customer outcomes. The Company will be exposed to the financial costs and regulatory consequences of the need to take action to remedy any customer detriment arising from failures in areas such as designing products to meet customer needs, ensuring products are clearly and fairly described and are administered and perform in line with the way they have been marketed and sold to customers. Conduct risk is managed in line with the overall risk management framework as described in the Operational risk section above.

Reputation Risk

One of the most important factors in attracting clients in our sector is the reputation that each company has and how it is perceived. The Company takes good care in safeguarding and maintaining its trading name. The risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company.

Events after the balance sheet date

Details of material events since the balance sheet date are contained in note 20 to the financial statements.

Pillar 3

Pillar 3 is a regulatory required disclosure of the Company's capital, risk exposures and risk management policies per Part 8 Title 1 of the Capital Requirements Regulation 575/2013.

The Pillar 3 disclosures are publicly available from www.pillar3.eu.

Approval

This report was approved by the Board and signed on its behalf by:



Savvakis Ioannou
Director
23 October 2017

68 Hanbury St
London, E1 5JL
United Kingdom

Pepperstone Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2017.

Directors

The directors, who served throughout the year except as noted, where as follows:

Joe Davenport	
Peter Halloway-Churchill (formerly Brooks)	appointed 10 October 2016 resigned 14 March 2017
Mohammed Tayeb	resigned 30 December 2016 appointed 13 February 2017 resigned 22 June 2017
Owen Kerr	resigned 28 June 2017
Philip Horner	appointed 22 June 2017
Iain Rogers	appointed 19 July 2017
Savvakis Ioannou	appointed 19 July 2017

Dividends

No interim dividends were paid during the year (2016: nil). No final dividends were declared or paid during the year (2016: nil).

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic report on page 2 and form part of this report by cross-reference.

Research and development

The Company did not enter into any research and development activities during the year.

Existence of branches outside the UK

The Company had no branches in existence outside the United Kingdom

Going concern

The Company spent the majority of the year making the necessary preparations to become operational, resulting in a loss for the year. In recognising that the Company is in its start-up phase, the Parent has provided ongoing support to the Company and will continue to do so to ensure that the Company will reach profitability.

As a result, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Pepperstone Limited
Directors' report (continued)

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk, foreign exchange risk and liquidity risk.

Cash flow risk

The Company is in its infancy and one of the key risks is to ensure there is sufficient cash flow to maintain operations. The Company has the support of its Parent to ensure all financial liabilities and outgoings are met on a timely basis while maintaining sufficient capital adequacy.

Credit risk

Credit risk is one of the principal risks the Company faces. Credit risk exposure relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company and arises principally from the Company's receivables.

It is the Company's policy not to grant credit to clients. Insofar as that underlying contracts represent a leveraged trading service, the "credit" applicable to the client's account is limited to the amount of margin within that account, as such there is minimal exposure to the Company.

The Company has in place systems on its trading platforms that will not permit a client to trade in excess of the margin balance.

Foreign exchange risk

The Company incurs market risk on foreign currency movements on own cash assets & liabilities held in foreign currencies. The Company monitors its exposure on a day to day basis and hedges its exposure if required.

Liquidity risk

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price. In order to maintain a liquidity position in line with FCA requirements, the Company measures liquidity risk with a variety of measures, including regular stress testing and cash flow monitoring, and reporting to both the Company and Group boards.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Pepperstone Limited
Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they should have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Ernst & Young LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



Savvakis Ioannou
Director
23 October 2017

68 Hanbury St
London, E1 5JL
United Kingdom

Pepperstone Limited
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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework.

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 Financial Reporting Standard 101 Reduced Disclosure Framework have been followed subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS101 used in the preparation of 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.

Pepperstone Limited**Independent auditor's report to the member of Pepperstone Limited**

We have audited the financial statements of Pepperstone Limited for the year ended 30 June 2017 which comprise the Statement of Profit and Loss, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 23. 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 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, 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 Report and audited Financial Statements 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 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Pepperstone Limited

Independent auditor's report to the member of Pepperstone Limited (continued)

Opinion on other matter 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or the Directors' Report. 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.

Ernst & Young LLP

James Hitchings (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
23 October 2017

Pepperstone Limited**Statement of profit and loss for the year ended 30 June 2017**

	Note	30 June 2017 (£)	30 June 2016 (£)
Fee and commission revenue		32,952	-
Cost of sales		(19,931)	-
Gross profit		13,021	-
Employee expenses	3	(269,833)	-
Legal & compliance		(18,976)	-
Depreciation and amortisation		(3,832)	-
Other expenses		(6,814)	(435)
Other income		8,070	-
Operating loss before income tax		(278,364)	(435)
Income tax credit/(expense)	4	(1,798)	-
Loss for the financial year from continuing activities		(280,162)	(435)

The above statement should be read in conjunction with the accompanying notes.

All amounts are from continuing operations. There were no items of other comprehensive income for 2017 or 2016 and therefore no Statement of Comprehensive income has been presented.

Pepperstone Limited**Statement of financial position as at 30 June 2017**

	Note	30 June 2017 (£)	30 June 2016 (£)
Fixed assets			
Intangible assets	5	77,960	-
Property, plant and equipment	6	8,021	-
Current assets			
Cash and cash equivalents	7	435,232	124,565
Trade and other receivables	8	39,877	-
Prepayments and accrued income	9	4,576	-
Creditors - amounts falling due within one year	10	(83,675)	-
Net current assets		396,010	124,565
Total assets less current liabilities		481,991	124,565
Provisions for liabilities	11	(6,208)	-
Net assets		475,783	124,565
Equity			
Called-up share capital	12	756,380	125,000
Retained losses		(280,597)	(435)
Total shareholders' funds		475,783	124,565

The above statement should be read in conjunction with the accompanying notes.

These financial statements were approved and authorised for issue by the Board on 23 October 2017 and were signed on behalf of the Board by:



Savvakis Ioannou
Director
23 October 2017

Pepperstone Limited**Statement of changes in equity for the year ended 30 June 2017**

	Called-up share capital (£)	Retained losses (£)	Total (£)
Balance as at 1 July 2015	125,000	-	125,000
Loss for the year	-	(435)	(435)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(435)	(435)
Issue of share capital	-	-	-
Balance as at 30 June 2016	125,000	(435)	124,565
Balance as at 1 July 2016	125,000	(435)	124,565
Loss for the year	-	(280,162)	(280,162)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(280,162)	(280,162)
Issue of share capital	631,380	-	631,380
Balance as at 30 June 2017	756,380	(280,597)	475,783

The above statement should be read in conjunction with the accompanying notes.

Pepperstone Limited
Notes to the financial statements

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Notes to the financial statements (continued)

1. General information

Pepperstone Limited is a private limited company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the business review on page 2.

The Company has applied Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") issued by the Financial Reporting Council ("FRC") incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

2. Significant accounting policies

The principal accounting policies are summaries below. They have all been applied consistently in dealing with items which are considered material in relation to the Company's financial statements throughout the year.

a) Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") issued by the FRC. Accordingly, in the year ended 30 June 2017 the Company has changed its accounting framework from United Kingdom Generally Accepted Accounting Practice ("old UK GAAP") to FRS 101 as issued by the FRC and has, in doing so, applied the requirements of International Financial Reporting Standard 1 ("IFRS 1") paragraphs 6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 as issued by the FRC. The adoption of FRS 101 did not

materially affect the balances and no restatement was required.

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions available under that standard as indicated below:

- The requirement of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 10(d), 10(f), 16, 38(c)-(d), 40(a)-(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- Exemptions conferred by FRS 101: 8(j) and (k) "Related party disclosures", the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures, and transactions with other wholly owned group companies are not disclosed separately.
- The requirements of paragraphs 134 and 135 of IAS 36.

All shareholders were notified in writing of the intention to take these exemptions, and no objections were made. Where required, equivalent disclosures are given in the group accounts of Pepperstone Group Limited. Refer to Note 23 for more information.

The financial statements are presented in Pound Sterling and all values are rounded to the nearest whole pound unless otherwise stated.

Pepperstone Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

b) Adoption of new and revised standards

As explained above, the Company has adopted FRS 101 for the first time in the current year. As part of this adoption, new and revised Standards and Interpretations have been adopted in the current year. The application of these specific Standards and Interpretations has not had a material effect on the Company.

c) Going concern

The financial statements are prepared on a going concern basis as disclosed in the Directors' report.

d) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be presented.

e) Fair value measurement

Fair value is the amount for which an asset could be exchanged or liability settled, between willing parties in an arm's length transaction.

Where the classification of a financial asset or liability results in it being measured at fair value, wherever possible, the fair value is determined by reference to the quoted bid or offer price in the most advantageous active market to which the Company has immediate access.

Fair value for a net open position that is a financial liability quoted on an active market is the current offer price, and for a financial asset the bid price.

Where no active market exists for a particular asset or liability, the Company uses a valuation technique to arrive at the fair value, including the

use of transaction prices obtained in recent arm's length transactions, discounted cash flow analyses, option pricing models and other valuation techniques, based on market conditions and risks existing at reporting date. In doing so, fair value is estimated using a valuation technique that makes maximum use of observable market inputs and places minimal reliance upon entity-specific inputs.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

f) Financial instruments

The Company determines the classification of its financial instruments at initial recognition in accordance with the categories outlined below and re-evaluates this designation at each financial year-end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities classified as held for trading, or designated as such on inception, are included in this category and relate to the trading derivative open positions as shown in the statement of financial position and related notes. Financial instruments are classified as held

Pepperstone Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

f) Financial instruments (continued)

for trading if they are expected to settle in the short-term. All financial instruments at fair value through the profit or loss are carried in the statement of financial position at fair value with gains and losses recognised in the income statement.

Determination of fair value

Financial instruments arising from open client positions and the Company's hedging positions are stated at fair value and disclosed according to the valuation hierarchy required by IFRS 7.

According to IFRS 13 'Fair value Measurement', fair value is a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at measurement date.

The best evidence of fair value is a quoted market price in an active market. Where no quoted market price for an instrument is available, the fair value is based on present value estimates or other valuation techniques based on current market conditions. These valuation techniques rely on market observable inputs wherever possible, or rely on inputs which are reasonable assumptions based on market conditions.

Under IFRS 13 all financial assets and liabilities measured or disclosed at fair value are categorised into one of the following levels:

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.

Derecognition of financial instruments

A financial asset or financial liability is recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument, which is generally on trade date.

The Company derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

A financial liability is derecognised from the Statement of Financial Position when the Company has discharged its obligation or the contract is cancelled or expires.

Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, bank overdrafts and client funds held on segregated client accounts.

Pepperstone Limited**Notes to the financial statements (continued)**

2. Significant accounting policies (continued)**g) Cash and cash equivalents (continued)**

Cash held on segregated client accounts are client monies held in trust for the purposes of customer trading in financial instruments. These amounts are restricted from the Company's personal use under the regulations set out by its Financial Conduct Authority Licence No. 684312.

h) Trade and other receivables

Trade and other receivables comprise interest accrued on investments which is received on maturity or on the rate reset date and other sundry debtors.

Trade and other receivables are initially recorded at fair value including transaction costs. At reporting date, trade and other receivables are measured at amortised cost using the effective interest method, less any allowance for impairment.

Recoverability of receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The impairment loss is calculated as the carrying amount less the present value of estimated future cash flows, discounted at the original effective interest rate.

i) Property, plant & equipment

Each class of property, plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Office equipment	20%
Computer equipment	33.3%
Leasehold improvements	20%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of profit and loss.

j) Intangibles

Intangible assets include purchased computer software, capitalised website costs and software licenses. The identifiable and directly associated external and internal costs of acquiring and developing software are capitalised and recognised as an intangible asset where the software is controlled by the Company, and where it is probable that future economic benefits will flow from its use over more than one year. Costs associated with maintaining software are recognised as an expense as incurred.

Pepperstone Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

j) Intangibles (continued)

Computer software and other intangible assets are stated at cost less amortisation and impairment losses, if any.

Capitalised software costs and other intangible assets are amortised on a diminishing value basis. The amortisation rates used for each class of intangible assets are:

Class of intangible asset	Depreciation rate
Computer software	33.3%
Website	25%
Licences	10%

The assets' residual values, amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

k) Impairment of financial assets

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions. At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit or loss.

Impairment losses are recognised through an allowance account for loans and receivables in the Statement of profit and loss.

l) Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists,

an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset at a pre-tax discount rate reflecting the specific risks in the asset. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of profit and loss.

Impairment testing is performed annually for intangible assets with indefinite lives. Assets that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately.

m) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a liability with the amounts paid within the stipulated payment terms.

n) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-

Pepperstone Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

n) Provisions (continued)

tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the Statement of profit and loss.

o) Revenue recognition

The Company makes markets for customers trading in Margin FX spot and Contract for Difference markets. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured.

Fee and commission revenue represents the fixed fee income earned on traded volume on a daily basis, and takes into consideration the trades which have been opened under consideration by the Company's clients. These fees earned are accrued and invoiced on a monthly basis.

p) Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities/assets are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax

deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. To the extent there is uncertainty over the recoverability of a deferred tax amount, no asset will be recognised.

q) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the Statement of financial position.

r) Foreign currency translation and balances

i. Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which it operates.

The financial statements are presented in Pound sterling which is the Company's functional and presentation currency.

Pepperstone Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

r) Foreign currency translation and balances (continued)

ii. Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of profit and loss. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the Statement of profit and loss.

s) Accounting estimates and judgements

The preparation of the financial report requires the making of accounting judgements, estimates and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses.

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

i. Estimation of useful lives

The estimation of useful lives, residual values and depreciation methods require significant

management judgement and are reviewed annually. Any changes to useful lives may affect prospective depreciation rates and asset carrying values.

ii. Litigations and other claims

From time to time the Company may receive customer complaints or be subject to various litigation or regulatory claims.

Where a claim is considered to be more likely than not to result in a cost to the Company, a provision has been made based on management's best estimate of the cost to the Company of settling such claims.

t) Employee benefits

i. Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed in the Statement of profit and loss as a component of the profit or loss as the related services are provided. A provision is recognised for the amount expected to be paid under short-term cash bonus plans and outstanding annual leave balances if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

ii. Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

Pepperstone Limited**Notes to the financial statements (continued)****3. Employee expenses**

	30 June 2017	30 June 2016
	(£)	(£)
Employee expenses		
Wages and salaries	184,109	-
Social security costs	85,724	-
Contribution to pension schemes	-	-
Total employee expenses	269,833	-

	No.	No.
The average number of employees (including executive directors) was:		
Management	5	3
Other	2	-
Total average employees	7	3

Prior to 31 December 2016, employee expenses amounting to £142,329 (2016: £35,000) were paid by Pepperstone Group Limited.

Pepperstone Limited
Notes to the financial statements (continued)

4. Tax on profit and ordinary activities

	30 June 2017	30 June 2016
	(£)	(£)

Tax charge comprises:

Current tax

UK Corporation tax expense/(credit)	-	-
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Deferred tax

Deferred tax expense for the current year	1,798	-
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Total tax expense/(credit)	1,798	-
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Reconciliation of tax expense/(credit)

UK tax expense/(credit) for the year at 19% (2016: 20%)	(52,889)	(87)
Disallowable items and other permanent differences	54,687	-
Other adjustments	-	87
Total income tax expense/(credit)	1,798	-

Movements in deferred tax assets and liabilities were as follows:

	Capital allowances	Total
	(£)	(£)
At 1 July 2015	-	-
Credit/(charge) to the income statement	-	-
At 30 June 2016	-	-
Credit/(charge) to the income statement	(1,798)	(1,798)
At 30 June 2017	(1,798)	(1,798)

Accumulated losses of £280,162 (2016: £435,435) resulting in a deferred tax asset of £73,159 (2016: nil) have not been recognised. The deferred tax asset has not been recognised due to uncertainty surrounding the recoverability of the asset.

Pepperstone Limited**Notes to the financial statements (continued)****5. Intangible assets**

	30 June 2017 (£)	30 June 2016 (£)
Computer software	1,250	-
Less accumulated amortisation	(190)	-
Carrying amount of computer software	1,060	-
Platform licences	76,900	-
Less accumulated amortisation	-	-
Carrying amount of platform licences	76,900	-
Total intangibles	77,960	-

Reconciliation of intangibles

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year.

Computer software

Carrying amount at beginning of year	-	-
Additions	1,250	-
Disposals	-	-
Amortisation	(190)	-
Carrying amount at end of year	1,060	-

Platform licences

Carrying amount at beginning of year	-	-
Additions	76,900	-
Disposals	-	-
Amortisation	-	-
Carrying amount at end of year	76,900	-
Total intangibles	77,960	-

Pepperstone Limited
Notes to the financial statements (continued)

6. Property, plant & equipment

	30 June 2017	30 June 2016
	(£)	(£)
Computer hardware	11,152	-
Less accumulated depreciation	(3,604)	-
Carrying amount of computer hardware	7,548	-
Furniture & fittings	511	-
Less accumulated depreciation	(38)	-
Carrying amount of furniture & fittings	473	-
Total property, plant & equipment	8,021	-

Reconciliation of property, plant & equipment

Movement in the carrying amounts for each class of property, plant & equipment between the beginning and the end of the current financial year.

Computer hardware

Carrying amount at beginning of year	-	-
Additions	11,152	-
Disposals	-	-
Depreciation	(3,604)	-
Carrying amount at end of year	7,548	-

Furniture & fittings

Carrying amount at beginning of year	-	-
Additions	511	-
Disposals	-	-
Depreciation	(38)	-
Carrying amount at end of year	473	-

Total property, plant & equipment	8,021	-
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Pepperstone Limited**Notes to the financial statements (continued)****7. Cash and cash equivalents**

	30 June 2017 (£)	30 June 2016 (£)
Cash at bank - own cash	430,342	124,565
Cash at bank - segregated client funds	4,890	-
Total cash and cash equivalents	435,232	124,565

8. Trade and other receivables

Amounts due from payment providers	30,638	-
Other assets	9,239	-
Total trade and other receivables	39,877	-

9. Prepayments and accrued income

Prepayments	4,576	-
Total prepayments	4,576	-

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

Client funds	(4,890)	-
Trade payables	(76,987)	-
Taxation and social security	(1,798)	-
Total amounts falling due within one year	(83,675)	-

Pepperstone Limited**Notes to the financial statements (continued)****11. Provisions for liabilities**

	30 June 2017 (£)	30 June 2016 (£)
Annual leave		
Balance at beginning of year	-	-
Utilised during the year	13,200	-
Additional provisions	(19,408)	-
Balance at end of year	(6,208)	-
Total provisions	(6,208)	-
Current	(6,208)	-
Non-current	-	-
Total provisions	(6,208)	-

Annual leave provisions relate to employee entitlements expected to be paid or settled within 12 months of employees rendering service.

12. Called-up share capital

	30 June 2017 Number of shares	30 June 2017 (£)	30 June 2016 Number of shares	30 June 2016 (£)
Ordinary shares allotted and fully paid				
Balance at beginning of year	125,000	125,000	125,000	125,000
Issue of shares at £1 per share	631,380	631,380	-	-
Balance at end of year	756,380	756,380	125,000	125,000

On 10 October 2016, 50,000 ordinary shares were issued for £50,000 at £1 per share.

On 9 February 2017, 341,240 ordinary shares were issued for £341,240 at £1 per share.

On 16 February 2017, 240,140 ordinary shares were issued for £240,140 at £1 per share.

The Company has one class of ordinary shares which carry no right to fixed income. In the event of liquidation, assets would be distributed among the holders of ordinary shares in proportion to the amounts paid up on the ordinary shares. All ordinary shares rank *pari passu* in all respects.

Pepperstone Limited**Notes to the financial statements (continued)****13. Financial and capital commitments****Operating lease commitments**

Non-cancellable operating leases contracted for but not capitalized in the financial statements.

	30 June 2017	30 June 2016
	(£)	(£)
Payable - minimum lease payments		
No later than 1 year	124,168	-
Between 1 year and 5 years	143,071	-
Greater than 5 years	-	-
Balance at end of year	267,239	-

14. Contingent liabilities

Legal and regulatory matters may give rise to a material future outflow of economic benefit, however, the Company currently does not consider that there are any matters where an economic outflow is probable.

15. Related party transactions

The Company has adopted the disclosure exemptions in IAS 24 – Related Party Disclosures.

As at 30 June 2017, the Company has no outstanding balances, commitments or guarantees with any related parties (2016: nil). There were no provisions for doubtful debts or any expenses recognised in relation to doubtful debts due from related parties for the year ended 30 June 2017 (2016: nil).

Other than transactions entered into between the Parent and the Company, there have been no transactions with other related parties, or loans to related parties outstanding as at 30 June 2017 (2016: nil).

16. Dividends and distributions

No interim or final dividends were paid or declared for the year ended 30 June 2017 (2016: nil).

17. Auditor's remuneration

Audit of the financial statements	24,000	-
Other audit related fees	30,000	-
Total auditor's remuneration	54,000	-

Auditor's remuneration is paid and borne by Pepperstone Group Limited, the immediate parent company. Other audit related fees relate to the Client Asset report in line with the requirements of SUP 3.10 "Duties of auditors: notification and report on client assets" of the FCA Handbook.

Pepperstone Limited**Notes to the financial statements (continued)**

18. Financial instruments**Categories of financial instruments at fair value**

As a financial services business, financial instruments are central to the Company's activities. The risk associated with financial instruments represents a significant component of those faced by the Company and is analysed in more detail below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.

a). Classification

The following tables analyse the Company's assets and liabilities in accordance with the categories of financial instruments in IAS 39.

	Loans & receivables (£)	Other financial instruments at amortised cost (£)
At 30 June 2017		
Assets		
Cash and cash equivalents	435,232	-
Trade and other receivables	39,877	-
Total assets	475,109	-
Liabilities		
Client funds	-	(4,890)
Trade payables	-	(1,798)
Total liabilities	-	(6,688)

Pepperstone Limited**Notes to the financial statements (continued)****18. Financial Instruments (continued)****a). Classification (continued)**

	Loans & receivables	Other financial instruments at amortised cost
	(£)	(£)
At 30 June 2016		
Assets		
Cash and cash equivalents	124,565	-
Trade and other receivables	-	-
Total assets	124,565	-
Liabilities		
Client funds	-	-
Trade payables	-	-
Total liabilities	-	-

b) Valuation

The fair values of the Company's financial assets and liabilities are not materially different from their carrying values. The Company holds no financial instruments that are measured at fair value subsequent to initial recognition.

c) Credit risk

Credit risk exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company and arises principally from the Company's receivables.

It is the Company's policy not to grant credit to clients. Insofar as that underlying contracts represent a leveraged trading service, the "credit" applicable to the client's account is limited to the amount of margin within that account, as such there is minimal exposure to the Company.

The Company has in place systems on its trading platforms that will not permit a client to trade in excess of the margin balance on their account as described below.

Maximum exposure to credit risk

The following table analyses the Company's maximum exposure to credit risk, at their carrying amounts and excludes individual client funds held in segregated client accounts.

Pepperstone Limited
Notes to the financial statements (continued)

18. Financial Instruments (continued)

c). Credit risk (continued)

	30 June 2017 (£)	30 June 2016 (£)
Cash and cash equivalents	430,342	124,565
Amounts due from payment providers	30,638	-
Other assets	9,239	-
Total maximum exposure to credit risk	470,219	124,565

i) Neither past due nor impaired

These financial assets reflect the application of consistent and conservative lending criteria on inception and the quality and level of security held. The contractual repayments are individually monitored to ensure that classification as neither past due nor impaired remains appropriate.

The following table shows the credit quality of financial assets which are neither past due nor impaired.

	Cash and cash equivalents (£)	Amounts due from payment providers (£)	Other assets (£)	Total (£)
At 30 June 2017				
AAA - A2	430,342	-	-	430,342
Unrated	-	30,638	9,239	39,877
Total carrying amount	430,342	30,638	9,239	470,219
At 30 June 2016				
AAA - A2	124,565	-	-	124,565
Unrated	-	-	-	-
Total carrying amount	124,565	-	-	124,565

ii) Past due but not impaired

As at the year ended 30 June 2017, there are no financial assets that are past due but not impaired (2016: nil).

iii) Impaired

As at the year ended 30 June 2017, there are no financial assets that are considered impaired (2016: nil).

Pepperstone Limited

Notes to the financial statements (continued)

18. Financial Instruments (continued)

d) Market risk

i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Company has limited exposure to interest rate risk on its cash positions and any borrowings. Cash is held in non-interest bearing current accounts. The Company has access to overdraft facilities, which is currently not being utilised.

The impact of an increase/decrease in interest rate would on have an immaterial impact on pre-tax profits or/and equity. The net exposure at the end of the reporting period is representative of what the Company was and is expecting to be exposed to at the end of the next twelve months.

ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Exposure to foreign currency risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in foreign currency will affect future cash flows or the fair value of assets and liabilities.

The Company has no traded market risk as all market risk is borne by the Parent. As a result, the Company has an immaterial exposure to foreign currency risk arising from Margin FX trades.

As a result, the Company is exposed to only one material source of foreign currency risk.

Translational foreign currency risk

Translation exposures arise from financial and non-financial items held by an entity with a functional currency different from the Company's presentation currency. The Company does not hedge translational exposures as they do not have a significant impact on the Company's capital resources.

To manage this risk, the Company regularly analyses its currency groups by netting the currency's cash balances with the respective client liabilities. If the net position of a currency group is in deficit, funds from a currency group that is in surplus may be converted and transferred to bring the deficit currency group into surplus.

Pepperstone Limited**Notes to the financial statements (continued)****18. Financial Instruments (continued)****d). Market risk (continued)****Sensitivity analysis**

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the end of the reporting period.

The table below shows the pre-tax impact (£ GBP) of a change in foreign currency exchange rates as at 30 June assuming all other variables remain constant.

	30 June 2017	30 June 2016
	(£)	(£)
+5% strengthening of sterling against other currencies	14,772	-
-5% weakening of sterling against other currencies	(14,767)	-

The net exposure at the end of the reporting period is representative of what the Company was and is expected to be exposed to at the end of the next twelve months.

e) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forecast cash flow analysis in relation to its operational, investing and financial activities, monitored on a monthly basis;
- ensuring it holds sufficient excess cash above the regulatory requirement after excluding cash held under segregated client accounts; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses by preparing quarterly 12-month cash flow forecasts.

The Company is required to maintain a minimum level of capital pursuant to the requirements of Basel II/CRD IV. This capital adequacy balance is monitored closely by the Board on a quarterly basis through a review of the Company's Internal Capital Adequacy Assessment Process ("ICAAP"). The Company has adhered to this requirement at all times throughout the year.

Maturity profile of financial liabilities

The tables below summarise the maturity profile of the Company's financial liabilities at balance date based on contractual undiscounted repayment obligations as at 30 June 2017. There were no liabilities as at 30 June 2016 and therefore no comparative table has been disclosed. The Company does not expect the majority of customers to request repayment on the earliest date that the Company could be required to pay, and the tables do not reflect the expected cash flows indicated by the Company's client deposit retention history.

Pepperstone Limited**Notes to the financial statements (continued)****18. Financial Instruments (continued)****e). Liquidity risk (continued)**

	On demand	0-3 months	3-12 months	1-5 years	5+ years	Total
	(£)	(£)	(£)	(£)	(£)	(£)
At 30 June 2017						
Client funds	(4,890)	-	-	-	-	(4,890)
Trade payables	-	(1,798)	-	-	-	(1,798)
Total	(4,890)	(1,798)	-	-	-	(6,688)

19. Directors' remuneration

	30 June 2017	30 June 2016
	(£)	(£)
Directors' remuneration		
Emoluments	189,757	35,000
Company contributions to money purchase pension schemes	-	-
Total directors' remuneration	189,757	35,000

The number of directors who:

Are members of a money purchase scheme	-	-
Total shareholders' funds	-	-

Remuneration of the highest paid director

Emoluments	106,795	33,000
Company contributions to money purchase pension schemes	-	-
Total remuneration of the highest paid director	106,795	33,000

20. Subsequent event

On 11 August 2017, the Company re-commenced its trading activities after finalising its operational changes in line with FCA requirements. In addition, the Company re-aligned its revenue model towards a matched-principal basis. The Company also issued an additional 200,000 ordinary shares at a par value of £1 per share on 11 September 2017. Aside from the matters noted above, there were no other material subsequent events.

Pepperstone Limited

Notes to the financial statements (continued)

21. Capital management

The legal and regulatory framework under which the Company operates, stipulates that the Company must maintain a minimum capital adequacy ratio of 8%. The method of calculation is determined in accordance with the provisions of the European Capital Requirements Regulation No. 595/2013. The Company aims to always maintain a high capital adequacy ratio well above the required minimum, which has been achieved during the year. The capital adequacy ratio is reported to the Company's regulatory authority on a quarterly basis, and disclosures have been made in accordance with the Capital Requirements Regulation (Pillar III).

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 to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

22. Controlling party

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is FX HoldCo Pty Ltd, a Company incorporated in Australia. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is FX HoldCo Pty Ltd.

The parent undertaking of the smallest such group is Pepperstone Group Limited, a Company incorporated in Australia. The Company's immediate controlling party is Pepperstone Group Limited.

23. Explanation of transition to FRS 101

For all periods up to and including the year ended 30 June 2016, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (old UK GAAP). These financial statements, for the year ended 30 June 2017, are the first the Company has prepared in accordance with FRS 101. Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 July 2015 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 July 2015, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 July 2015 prepared under previously extant UK GAAP and its financial statements for the year ended 30 June 2016.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6–33 of IFRS 1 "First time adoption of International Financial Reporting Standards", except for the requirement of paragraphs 6 and 21 to present an opening statement of financial position at the date of transition in accordance with paragraphs 7A of "FRS101 — Reduced disclosure Framework".

The transition to FRS 101 has had no material impact to the opening balances of the financial statements for the year ended 30 June 2016 and 30 June 2017.