

Company Registration No. 08111366 (England and Wales)

IRONFX GLOBAL UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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IRONFX GLOBAL UK LIMITED

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IRONFX GLOBAL UK LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014**

Directors

M. A. Kashiouris
D. Kyriacou
D. Hatzis
S. A. Mitsi

Company number

08111366 (England and Wales)

Registered Office

24-25 Bevis Marks
2nd Floor
London
EC3A 7JB

Auditor

Citroen Wells
Devonshire House
1 Devonshire Street
London
W1W 5DR

IRONFX GLOBAL UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report for the year ended 31 December 2014.

Review of the business and key performance indicators

The company's principal activity was arranging (bringing about) deals in investments and making arrangements with a view to transactions in investments. The company is authorised and regulated by the Financial Conduct Authority ('FCA').

During the year the company applied for, and was granted, a variation of permissions by the FCA to become an IFPRU €125K limited licence firm that can hold and control client money. After variation, the company's permissions have been extended to dealing in investments as agent and dealing in investments as principal (matched principal broker).

The directors consider turnover and pre-tax profit to be the key performance indicators. The company has earned revenues of US\$ 6,918,085 (2013: US\$ 815,576) with a pre-tax profit of US\$ 329,433 (2013: US\$ 38,839). The performance for the year, and the position at 31 December 2014, are considered to be satisfactory and the directors are optimistic about the future as the business grows.

Principal risks and uncertainties

The directors' risk management policy is to identify the principal business risks in achieving the company's strategic objectives, establishing appropriate internal controls to manage those risks and ensuring that appropriate monitoring and reporting systems are in place.

The company's activities expose it to a variety of financial risks, which have continually evolved as the business has grown and activities have expanded into matched principal brokerage.

The company's approach to managing risks applicable to the financial instruments concerned is set out in note 14 to the financial statements.

The company's risk management policy is under continuous review and the directors have been conscious throughout 2014 of the growing business and the need to ensure that the controls are robust and appropriate for the larger operations, including those required as a firm regulated by the FCA to hold and control client money.

Pillar 3 disclosures

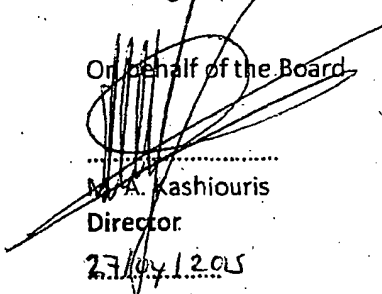
In accordance with the rules of the Financial Conduct Authority, the company has published information on its risk management objectives and policies on its regulatory capital requirements and resources. These disclosures can be reviewed at the following website address; <http://www.ironfx.co.uk/en>.

Future plans and developments

The directors are confident about the future of the company and its financial position that will allow it to grow in the future.

Following a prudent approach to growth since incorporation, the directors are satisfied that the company has put in place during 2014 a sound business model, driven by the wider group's experience in the foreign exchange markets, which will allow the company to provide its products to a wide ranging market.

On behalf of the Board


.....
M.A. Kashiouris
Director

23/04/2015

IRONFX GLOBAL UK LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The results for the year are set out on page 7. At the end of the reporting year the state of affairs of the company was considered satisfactory and the directors do not recommend the payment of a dividend for the year.

Donations

During the year the company made a donation of £5,000 to the UK Conservative party (2013: no political donations made).

Directors

The following directors have held office since 1 January 2014:

M. A. Kashiouris

D. Kyriacou

D. Hatzis

S. A. Mitsi

Appointed 13 May 2014

Appointed 2 February 2015

Auditors

The auditors, Citroen Wells, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 of the company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 year. In preparing the 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 they have been prepared in accordance with IFRS as adopted by the EU;
- 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.

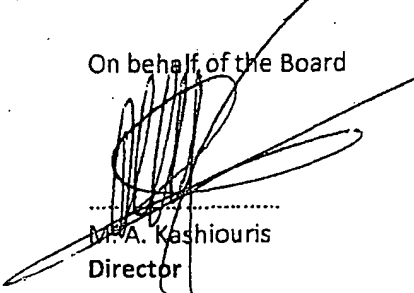
IRONFX GLOBAL UK LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2014**

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



.....
Mr. A. Kashiouris
Director

27/04/2015

IRONFX GLOBAL UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IRONFX GLOBAL UK LIMITED

We have audited the company financial statements of IronFX Global UK Limited for the year ended 31 December 2014 set out on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 Annual 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 the 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 2014 and of the company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

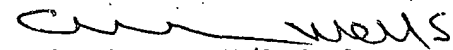
IRONFX GLOBAL UK LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF IRONFX GLOBAL UK LIMITED**

Matters on which we are required to report by exception

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



Mark Bailey FCA CTA (Senior Statutory Auditor)
for and on behalf of Citroen Wells

23.10.2015

Chartered Accountants
Statutory Auditor

Devonshire House
1 Devonshire Street
London
W1W 5DR

IRONFX GLOBAL UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 31 December 2014 US \$	Year ended 31 December 2013 US \$
Continuing operations			
Revenue		6,918,085	815,576
Gross profit		6,918,085	815,576
Administration expenses		(6,588,652)	(776,737)
Net profit before taxation		329,433	38,839
Income tax expense	7	(85,460)	(11,560)
Profit for the year and total comprehensive income attributable to the owners of the company		243,973	27,279

The notes form part of these financial statements

IRONFX GLOBAL UK LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	31 December 2014 US \$	31 December 2013 US \$
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,088,968	171,803
Current assets			
Trade and other receivables	9	1,460,280	133,734
Cash and cash equivalents	10	2,405,476	142,570
Total current assets		3,865,756	276,304
Total assets		4,954,724	448,107
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	11	2,270,868	347,463
Total liabilities		2,270,868	347,463
Equity			
Issued share capital	12	2,417,015	77,776
Retained earnings	13	266,841	22,868
Total equity		2,683,856	100,644
Total liabilities and equity		4,954,724	448,107

The financial statements were approved by the Board of Directors and authorised for issue on 27/04/2015 and were signed on its behalf by:


M.A. Kashtiouris
Director

Company Registration No. 08111366

The notes form part of these financial statements

IRONFX GLOBAL UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital US \$	Retained earnings US \$	Total equity US \$
Balance at 1 January 2013	1,547	(4,411)	(2,864)
Increase in issued share capital	76,229	-	76,229
Profit for the year and total comprehensive income	-	27,279	27,279
Balance at 31 December 2013	77,776	22,868	100,644
Increase in issued share capital	2,339,239	-	2,339,239
Profit for the year and total comprehensive income	-	243,973	243,973
Balance at 31 December 2014	2,417,015	266,841	2,683,856

IRONFX GLOBAL UK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Year ended 31 December 2014 US \$	Year ended 31 December 2013 US \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before tax	329,433	38,839
Depreciation of non-current assets	191,972	5,610
	<u>521,405</u>	<u>44,449</u>
MOVEMENTS IN WORKING CAPITAL		
Increase in cash and cash equivalents, held on behalf of clients	799,102	-
Increase in trade and other receivables	(1,326,546)	(133,671)
Increase in trade and other payables	1,038,843	332,976
	<u>1,032,804</u>	<u>243,754</u>
NET CASH FROM OPERATING ACTIVITIES		
CASH FLOWS USED IN INVESTING ACTIVITIES		
Payments for property, plant and equipment	(1,109,137)	(177,413)
	<u>(1,109,137)</u>	<u>(177,413)</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued	2,339,239	76,229
	<u>2,339,239</u>	<u>76,229</u>
NET CASH GENERATED FROM FINANCING ACTIVITIES		
	<u>2,262,906</u>	<u>142,570</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>142,570</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>2,405,476</u></u>	<u><u>142,570</u></u>

ACCOUNTING POLICIES

1. GENERAL INFORMATION

IronFX Global UK Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the Registered Office is given on page 1.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) **Standards and interpretations adopted by the company with no material effect on financial statements**

The company has adopted the following new and amended IFRSs during the current period, which have not had any significant impact on the amounts reported in these financial statements but may affect the accounting of future transactions or arrangements.

IFRS 12	Disclosure of Interests in Other Entities, effective 1 January 2014
Amendments to IFRS 10 and 12	Investment entities, effective 1 January 2014
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities

b) **Standards, amendments and interpretations to existing standards in issue but not yet effective and have not been adopted early by the company**

At the date of authorisation of this report the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 9	Financial Instruments, effective 1 January 2018
IFRS 15	Revenue from contracts, effective 1 January 2017
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2017
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions, effective 1 July 2014
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2013, effective 1 July 2014

Other than disclosure, the directors do not anticipate any significant impact as a result of these new standards.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation – Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU ("IFRS"), IFRIC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS.

In the preparation of the financial statements the management has had to exercise judgement in the process of applying the company's accounting policies.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The financial statements have been prepared on the accruals basis of accounting using a number of measurement bases including historical cost convention and fair value in accordance with IFRS as adopted by the European Union.

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

b) Going concern

The financial statements have been prepared on the going concern basis. The company's business activities, including the factors likely to affect its future development and performance, as well as its objectives and policies in managing the financial risks to which it is exposed are discussed in the Strategic Report and note 14 to the financial statements.

This includes the company's objectives, policies and processes for managing its financial assets and financial liabilities; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company is currently well capitalised and the directors have reviewed the ongoing risks to which the business is exposed and its available liquidity, and capital resources for regulatory purposes, and have concluded there is reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

As part of the assessment the directors have considered the impact that the company's parent undertaking has on its operations. The company remains largely dependent on services and support provided by its parent, at least in the short and medium term, who has provided the directors with confirmation of support for the foreseeable future.

As with any company placing reliance on other group entities for financial support and services, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

c) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable from the company's parent undertaking, representing;

- i) Amounts receivable for services provided under a cost plus service agreement, which excludes value added tax. Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration. Revenue not billed is included in unbilled receivables and payments on account in excess of the relevant amount of revenue are included in trade and other payables.
- ii) Gains and losses on trading in financial markets on derivative products offered in the form of trading in contracts for difference and financial spread betting together with associated income and expenses derived from these financial instruments. Revenue is recognised in the statement of comprehensive income when it is considered probable that the economic benefits associated with the transaction will flow to the company and can be reliably measured.

d) Expenditure

Expenditure is recognised in the statement of comprehensive income on an accruals basis.

e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting year. Taxable profit differs from profit as reported in the statement of comprehensive income as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

e) Taxation – (continued)

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the end of the reporting year where an event has occurred that results in an obligation to pay more or less tax in the future. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years including the timing differences reversal, based on tax rates and laws enacted or substantially enacted at the end of the reporting year.

f) Cash and cash equivalents

Cash and cash equivalents comprise current account balances and bank deposits.

The company holds client money on behalf of clients in accordance with the client money rules of the UK's Financial Conduct Authority, which is included within cash at bank and in hand on the balance sheet.

g) Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(i) Receivables and other financial assets

Receivables are measured at amortised cost, using the effective interest method, less any impairment. Interest income, if applicable, is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Financial assets at fair value through profit or loss

Financial assets relate to derivative financial instruments such as contracts for difference and spread betting contracts and are classified as held for trading if they are expected to settle in the short term.

The fair value of derivative financial instruments and positions which are open at the year end is arrived at using valuation techniques that include only observable market data by reference to rates and prices published in active markets, namely foreign exchange currency rates. The open positions are shown as trade receivables at the year end.

(iii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each end of the reporting year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. Changes in the carrying amount of the asset are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

h) Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities relate to derivative financial instruments such as contracts for difference and spread betting contracts and are classified as held for trading if they are expected to settle in the short term.

The fair value of derivative financial instruments and positions which are open at the year end is arrived at using valuation techniques that include only observable market data by reference to rates and prices published in active markets, namely foreign exchange currency rates. The balances are included in trade payables at the year end.

(ii) Payables and other financial liabilities

The company's financial liabilities are subsequently measured at amortised cost using the effective interest method. The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or expired.

(iii) Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

i) Foreign currency transactions

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in US Dollars which is considered to be the company's functional and presentational currency under the current business model, which is consistent with the company's parent undertaking.

Transactions in foreign currencies are translated to US Dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting year. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income in the year in which they arise.

j) Property, plant and equipment

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives of the depreciable assets are as follows:

Leasehold improvements	Over the term of the lease, subject to break clause
Fixtures and fittings	5 years on a straight line basis

Depreciation methods, useful lives and residual values are reviewed at each reporting date. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

k) Leasing

Leases are classified as financial leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

l) Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, as described in this note, the directors are required to make judgements. Estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumption are based on historical experience and other factors that are considered to be relevant, as reviewed on an ongoing basis. For the year ended 31 December 2014 there were no assumptions or estimates that are considered critical in applying the accounting policies.

Some of the company's assets and liabilities are measured at fair value but the valuation of these instruments does not require any discounting or other judgement or estimation, since the company does not offer any financial products with an underlying value that does not have a readily available market price. Market prices are obtained from the relevant exchanges.

IRONFX GLOBAL UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

4. STAFF COSTS

	Year ended 31 December 2014 US \$	Year ended 31 December 2013 US \$
Wages and salaries	3,517,694	414,628
Social security costs	327,086	37,167
	<u>3,844,780</u>	<u>451,795</u>

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

	No.	No.
Management, accounts managers and administration	<u>85</u>	<u>22</u>

5. REVENUE

The total revenue of the company for both the current and prior year has been derived from its parent undertaking based in Cyprus, exclusive of VAT.

6. PROFIT BEFORE TAX

	Year ended 31 December 2014 US \$	Year ended 31 December 2013 US \$
The profit before tax is stated after charging:		
Depreciation of non-current assets	191,972	5,610
Operating lease rentals – land and buildings	658,718	135,153
Loss on foreign exchange transactions	156,963	-
	<u> </u>	<u> </u>
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's annual accounts	19,800	12,480
Other services	26,308	3,270
	<u> </u>	<u> </u>

IRONFX GLOBAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7. INCOME TAX EXPENSE

	Year ended 31 December 2014 US \$	Year ended 31 December 2013 US \$
Domestic current year tax UK corporation tax		
Deferred tax Charge for the year	85,460	11,560
	<u>85,460</u>	<u>11,560</u>

a) Factors affecting the tax charge

The income tax provision for the current year reconciles back to the accounting profit as follows:

	Year ended 31 December 2014 US \$	Year ended 31 December 2013 US \$
Profit on ordinary activities before tax	329,433	38,839
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2013: 23%)	69,181	8,933
Effect of:		
Non-deductible expenses	21,058	4,883
Depreciation add back	40,146	1,290
Capital allowances utilised	(130,385)	(15,106)
Current tax charge for the year	<u>-</u>	<u>-</u>

There was no tax charge for the year as a result of capital allowances available to the company, in excess of the taxable profits.

b) Deferred tax liability

	31 December 2014 US \$	31 December 2013 US \$
Original and reversal of temporary differences	<u>97,020</u>	<u>11,560</u>

The deferred tax liability at 31 December 2014 has arisen due to temporary timing differences that have originated on the non-current assets of the company, resulting in an obligation to pay more tax in the future.

IRONFX GLOBAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

8. NON-CURRENT ASSETS

	Leasehold improvements US \$	Fixtures, fittings & equipment US \$	Total US \$
Cost			
At 1 January 2014	97,405	80,008	177,413
Additions	<u>389,218</u>	<u>719,919</u>	<u>1,109,137</u>
At 31 December 2014	<u>486,623</u>	<u>799,927</u>	<u>1,286,550</u>
Depreciation			
At 1 January 2014	987	4,623	5,610
Charge for the year	<u>79,862</u>	<u>112,110</u>	<u>191,972</u>
At 31 December 2014	<u>80,849</u>	<u>116,733</u>	<u>197,582</u>
Carrying amount			
At 31 December 2014	<u>405,774</u>	<u>683,194</u>	<u>1,088,968</u>
At 31 December 2013	<u>96,418</u>	<u>75,385</u>	<u>171,803</u>
Cost			
At 1 January 2013	-	-	-
Additions	<u>97,405</u>	<u>80,008</u>	<u>177,413</u>
At 31 December 2013	<u>97,405</u>	<u>80,008</u>	<u>177,413</u>
Depreciation			
At 1 January 2013	-	-	-
Charge for the year	<u>987</u>	<u>4,623</u>	<u>5,610</u>
At 31 December 2013	<u>987</u>	<u>4,623</u>	<u>5,610</u>
Carrying amount			
At 31 December 2013	<u>96,418</u>	<u>75,385</u>	<u>171,803</u>
At 31 December 2012	<u>-</u>	<u>-</u>	<u>-</u>

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9. TRADE AND OTHER RECEIVABLES	31 December 2014 US \$	31 December 2013 US \$
Current:		
Trade receivables – open derivative positions	56,985	-
Other receivables	1,272,788	133,734
Amounts due from parent undertaking	130,507	-
	1,460,280	133,734

Amounts due after more than one year and included in other receivables above is US\$ 443,183 (2013: US\$ 81,933), in respect of rent deposits under operating lease commitments.

Other receivables disclosed above are classified as loans and receivables and are therefore measured at cost. The directors consider that the carrying amount of trade receivables approximates to their fair value.

10. CASH AND CASH EQUIVALENT	31 December 2014 US \$	31 December 2013 US \$
Current:		
Cash and bank balances	1,606,374	142,570
Cash held on behalf of clients	799,102	-
	2,405,476	142,570

11. TRADE AND OTHER PAYABLES	31 December 2014 US \$	31 December 2013 US \$
Current:		
Bank loans and overdrafts	-	375
Trade payables – open derivative positions	56,985	-
Trade payables – client balances	799,102	-
Trade payables – other payables	391,381	106,308
Amount due to parent undertaking	-	72,306
Deferred tax liability (note 7)	97,020	11,560
Taxation and social security	98,475	28,476
Other payables	827,905	128,438
	2,270,868	347,463

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. No interest is charged on the trade payables. The company has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

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12. ISSUED CAPITAL	31 December 2014 US \$	31 December 2013 US \$
Issued and fully paid		
1,500,000 fully paid ordinary shares of £1 each	<u>2,417,015</u>	<u>77,776</u>

During the year, 1,450,000 ordinary shares of £1 each were subscribed for and allotted at par for a total cash consideration equivalent to US\$ 2,339,239.

13. RETAINED EARNINGS	31 December 2014 US \$	31 December 2013 US \$
Balance at beginning of year	22,868	(4,411)
Profit for the year	243,973	27,279
Balance at end of year	<u>266,841</u>	<u>22,868</u>

14. FINANCIAL INSTRUMENTS

Categories of financial instruments

Details of the significant accounting policies and methods adopted (including the criteria for recognition and the basis of measurement) for each class of financial liability and equity instrument are disclosed in note 3 to the financial statements.

Financial assets	31 December 2014 US \$	31 December 2013 US \$
Current financial assets		
Trade and other receivables	489,782	-
Fair value through profit or loss	56,985	-
Cash and cash equivalents	1,606,374	142,570
Cash held on behalf of clients	799,102	-
	<u>2,952,243</u>	<u>142,570</u>
Financial liabilities	31 December 2014 US \$	31 December 2013 US \$
Current financial liabilities		
Trade and other payables	488,401	334,788
Cash held on behalf of clients	799,102	-
Fair value through profit or loss	56,985	-
	<u>1,344,488</u>	<u>334,788</u>

14. FINANCIAL INSTRUMENTS – (continued)

Financial risk management objectives

The overarching objective of the directors is to have a risk management policy to be able to identify and assess the business risks in achieving the company's, and wider group's, strategic objectives, establishing appropriate internal controls to manage those risks and ensuring that appropriate monitoring and reporting systems are in place. These controls are to be continually reviewed.

Throughout 2014 the directors have had regard to the ever growing business in the UK and also to a variation in its regulatory permissions with the Financial Conduct Authority, allowing the company from October 2014 to dealing in investments as agent and as principal (matched principal broker). While the existing controls were considered appropriate for the company's extended operations, the directors have been conscious of ensuring that the company's systems and controls grow with its change in operations in 2014, continually seeking to improve its risk management policy.

The company's approach to managing risks applicable to the financial instruments concerned is shown below:

Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern and meet the regulatory capital requirements imposed by the Financial Conduct Authority. The capital structure of the company consists of the equity of the company (comprising issued capital plus retained earnings as detailed in notes 12 and 13).

The company is currently capitalised at a level comfortably in excess of the minimum regulatory capital required at the end of 31 December 2014 and it has always been the prudent decision to maintain a healthy capital surplus to cover any unforeseen increases in cost. The directors monitor management accounts on a frequent basis to ensure that an appropriate level of capital and cash resources are maintained to meet regulatory requirements. The cost base of the company has increased throughout 2014 to a level at 31 December 2014 which is thought to be reflective of the ongoing cost basis for the foreseeable future.

Therefore the directors are comfortable that the current capitalisation of the company is appropriate for the operation of the business, but are also aware that further capital would be made available in the event that it is thought prudent to capitalise the firm further for regulatory purposes.

Market risk – interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fluctuations of market interest affect the prices of securities.

The company's management monitors the interest rate fluctuations and acts accordingly however it does not consider interest risk as significant since it does not hold any material interest bearing assets and liabilities. Furthermore, the interest rates applying to the UK are currently minimal and therefore have negligible impact.

The directors are aware that interest rates are likely to rise, but the company does not look to interest as a key source of revenue.

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14. FINANCIAL INSTRUMENTS – (continued)

Market risk – price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk).

The company is exposed to price risk by virtue of its financial instruments that are traded as contracts for difference and spread betting contracts. However, the positions at any point are mitigated through matched positions held with counterparties, notably the company's parent undertaking.

Foreign exchange risk

The company is exposed to foreign exchange risk as certain transactions and balances are in Sterling and therefore it has currency risk exposure to fluctuations in exchange rates. These fluctuations do not have a material impact on the financial statements at 31 December 2014, and will be continually reviewed by the directors as the business grows.

The directors are responsible for managing the company's exposure to foreign currency risk by monitoring the exposure on all foreign currency denominated assets and liabilities. Foreign currency risk, as defined by IFRS 7, arises as the value of future transactions fluctuate due to changes in foreign exchange rates.

The table below therefore shows the company's concentration of assets and liabilities in other currencies. It has been analysed between monetary and non-monetary items to meet the requirements of IFRS 7.

	31 December 2014 US \$	31 December 2013 US \$
Assets		
Non-monetary assets	1,122,694	171,803
Other assets (monetary)	3,678,290	276,304
Liabilities		
Other liabilities (monetary)	(2,116,863)	(263,597)
Net position exposure	<u>2,684,121</u>	<u>184,510</u>

At 31 December 2014, had the exchange rate between US Dollars and Sterling increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets attributable to the company's operations would amount to approximately US\$ 140,700.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. During the majority of the year the company's sole counterparty was its parent undertaking, but this extended to numerous counterparties following the company moving into matched principal trading from November 2014.

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14. FINANCIAL INSTRUMENTS – (continued)

Credit risk – (continued)

Credit risk is monitored by management on an ongoing basis with respect to trading positions. The directors address credit risk in a number of ways including:

- aiming to maintain a diversified client portfolio thus avoiding high concentration and exposure to a small number of clients;
- ensuring that clients cannot begin to trade unless money has been deposited into clients' account; and
- ensuring that the necessary margin is tied for any open positions.

Furthermore, the credit risk that arises from client positions is further reduced by the company's policies and tools, which include manual and automatic stop loss limits in order to prevent any open positions exceeding the company's pre-set margin.

The directors manage cash flow risk by regularly monitoring the amounts outstanding and calling on funds to enable the company to meet liabilities as they fall due. Any cash deposits with banks are held with a major international banking group with reported substantial financial strength and high grade credit ratings assigned by international credit-rating agencies.

As at 31 December 2014, there were no debtors past their due date.

Liquidity risk

Liquidity risk refers to the risk of not having sufficient resources to enable the company to meet its obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the directors, who will manage the company's short, medium and long-term funding and liquidity management requirements.

The company aims to maintain high levels of liquidity at all times and the directors will regularly monitor cash flow and management accounts to ensure that the company maintains adequate working capital, therefore the directors do not consider liquidity risk to be significant.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external factors. This is considered to be a key risk for management during the year, as the directors have set to put in place controls and systems that are able to deal with both the growing business operations and also the regulatory requirements of the company.

The directors draw on experience in the industry on a group wide basis and ensure that significant strategic decisions made by management are continually monitored. Management formally communicates duties and responsibilities to employees through regular meetings, seminars and trainings.

15. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 seeks to increase consistency and comparability in fair value measurements and disclosures through a fair value hierarchy.

IRONFX GLOBAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

15. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES – (continued)

The hierarchy categorises the inputs used in valuation techniques into 3 levels.

Level 1

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions.

The company did not have any Level 1 instruments at the year end or at the end of the prior year.

Level 2

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This category includes the foreign currency derivative and CFD positions which are open as at 31 December 2014 (there were no open positions at 31 December 2013).

The fair value of these instruments is arrived at by reference to rates and prices published in active markets (e.g. foreign exchange currency rates, equities, commodities and indices). The valuation of these instruments includes only observable market data and does not require any discounting or other areas of judgement or estimation.

Level 3

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. The company did not have any Level 3 instruments at the year end or at the end of the prior year.

Transfers between levels in the hierarchy

For assets and liabilities that are recognised in the financial statements on a recurring basis, the directors of the company are expected to determine whether transfers have occurred between the levels in the hierarchy by re-assessing the appropriate categorisation at the end of each reporting period. There were no transfers in or out of Level 1, 2 or 3 during the year.

a) Financial instruments at fair value through profit or loss

	Level 1 US \$	Level 2 US \$	Level 3 US \$	Total US \$
Assets				
Trade receivables – open positions	-	56,985	-	56,985
Liabilities				
Trade payables – open positions	-	56,985	-	56,985

As at 31 December 2014 the company held open positions with its clients and counterparties, but with no net effect on the company's statement of comprehensive income.

IRONFX GLOBAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

15. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES – (continued)

b) *Other financial assets and liabilities*

Other than the financial assets and liabilities referred to above, there are no financial assets or financial liabilities of the company that are measured at fair value on a recurring basis, in either the current or prior year.

The directors have considered the book values and fair values of the company's financial assets and liabilities as at 31 December 2014 and consider them to be approximate to their book value owing to the short term maturity of these instruments and the current low interest rate environment.

16. RELATED PARTY DISCLOSURES

The company's parent undertaking is IronFX Global Limited, a company incorporated in Cyprus.

During the year, the company earned revenue amounting to US\$ 6,756,655 from its parent undertaking (2013: US\$ 815,576). At the year end, the company was owed US\$ 130,507 by its parent (2013: US\$ 72,306 owed to parent), representing fees for the year less advances receivable.

17. OPERATING LEASE ARRANGEMENTS

Operating leases relate to business premises with lease terms ranging from 3 to 10 years, subject to break clause.

The company does not have an option to purchase the leased assets at the expiry of the lease periods entered into.

Payments recognised as an expense

	Year ended 31 December 2014 US\$	Year ended 31 December 2013 US\$
Minimum lease payments	658,718	135,153

Non-cancellable operating lease commitments

	Year ended 31 December 2014 US\$	Year ended 31 December 2013 US\$
Less than one year	539,840	-
Later than one year and not later than five years	2,290,792	623,170
Later than five years	2,394,221	-
	<u>5,224,853</u>	<u>623,170</u>