

Registrar's Copy

Consolidated Financial Statements for the Year Ended 31 December 2016

for

Alpha FX Group plc (formerly Alpha Capital Limited)

Company no. 07262416

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for the Year Ended 31 December 2016**

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**Company Information
for the Year Ended 31 December 2016**

DIRECTORS:

C I Kahn
T C Kidd
L J Gordon
M J Tillbrook

REGISTERED OFFICE:

5th Floor, Brunel House
Station Road, Reading
Berkshire
RG1 1LG

REGISTERED NUMBER:

07262416 (England and Wales)

AUDITORS:

BDO LLP
20-30 Kings Road
Reading
Berkshire
RG1 3EX

Alpha FX Group plc

Report of the Directors for the Year Ended 31 December 2016

INTRODUCTION

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

The principal activity of the Group in the year under review was that of the provision of commercial and wholesale foreign exchange services. All of the operations of the Group are based in the UK.

2016 was another very successful year for the Group with revenue increasing by 65%.

Details of financial risk management are disclosed on note 16 to the consolidated financial statements.

CHANGE OF NAME

On 28 March 2017 the Company changed its name from Alpha Capital Limited to Alpha FX Group plc.

RESULTS AND DIVIDEND

The Group's results for the year are shown in the statement of comprehensive income on page 8.

An interim dividend of £593 per share was paid on the A ordinary £1 shares during the year. No dividends were paid on any other class of shares.

DIRECTORS

The directors shown below have held office during the year and up to the date of approval of the financial statements:

C I Kahn (appointed 16 December 2016)

T Kidd (appointed 16 December 2016)

L J Gordon (appointed 1 February 2017)

M J Tillbrook

J C Currie (resigned 16 December 2016)

L J Halfnight (resigned 16 December 2016)

H Lisney (appointed 21 June 2016; resigned 16 December 2016)

M Singh (appointed 21 June 2016; resigned 16 December 2016)

M P Tillbook (resigned 23 June 2016)

**Report of the Directors (continued)
for the Year Ended 31 December 2016**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management are contained in note 16 of the consolidated financial statements.

FUTURE DEVELOPMENTS

Following a strong 2016 and an increasing client base, the Board considers that the Group continues to remain well positioned to capture opportunities in the corporate FX market place.

EMPLOYEES

Employees are informed of the performance of the Group and of any factors affecting their employment. Financial statements are made available to all staff and they are encouraged to assist the Group's onward development.

EMPLOYMENT OF DISABLED PERSONS

The Group is committed to a policy of recruitment and promotion of staff on the basis of aptitude and ability without discrimination of any kind. The Group's procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons.

**Report of the Directors (continued)
for the Year Ended 31 December 2016**

POLITICAL DONATIONS

The Group has not made any political donations in the past and does not intend to make any in the future.

SUBSEQUENT EVENTS

Details of the subsequent events are shown in note 26 to the consolidated financial statements.

AUDITORS

The auditors, BDO LLP, were appointed in the period and will be proposed for re-appointment at the forthcoming Annual General Meeting.

SMALL COMPANY EXEMPTION

In preparing this directors' report advantage has been taken of the small companies exemption.



ON BEHALF OF THE BOARD:

M J Tillbrook - Director

30 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA FX GROUP PLC

We have audited the financial statements of Alpha FX Group plc for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income the consolidated statement of financial position, the consolidated cash flow statement, the consolidated statement of changes in equity, the company balance sheet, the company statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA FX GROUP PLC
(Continued)**

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



Neil Fung-On (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
30 March 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income
For the year ended 31 December 2016

		31 December 2016	31 December 2015 <i>Restated</i>
	<i>Note</i>	£	£
Gross value of currency transactions sold		1,818,167,316	1,172,250,867
Gross value of currency transactions purchased		(1,809,691,892)	(1,167,113,066)
Revenue		8,475,424	5,137,801
Operating expenses	5	(4,117,175)	(2,276,532)
Operating profit		4,358,249	2,861,269
Finance costs	6	(45,164)	(28,458)
Profit before taxation		4,313,085	2,832,811
Taxation	8	(863,992)	(637,501)
Profit and total comprehensive income for the year		3,449,093	2,195,310
Profit for the year attributable to:			
Equity owners of the parent		2,940,086	1,426,907
Non-controlling interests		509,007	768,403
		3,449,093	2,195,310

Alpha FX Group plc


**Consolidated statement of financial position
For the year ended 31 December 2016**

Company Number: 07262416

	Note	31 December 2016 £	31 December 2015 <i>Restated</i> £	As at 1 January 2015 <i>Restated</i> £
Non-current assets				
Intangible assets	10	45,521	-	-
Property, plant and equipment	11	169,291	181,053	121,675
Total non-current assets		214,812	181,053	121,675
Current assets				
Trade and other receivables	19	15,792,474	8,008,294	5,781,227
Cash and cash equivalents	20	7,963,625	5,245,845	1,930,033
Other cash balances	20	1,921,264	618,429	1,669,656
Total current assets		25,677,363	13,872,568	9,380,916
Total assets		25,892,175	14,053,621	9,502,591
Equity				
Share capital	21	1,118	140	140
Capital redemption reserve		60	-	-
Merger reserve		666,529	-	-
Retained earnings		4,748,978	1,916,753	736,636
Total equity attributable to equity holders of the Company		5,416,685	1,916,893	736,776
Non-controlling interests	18	-	991,438	379,214
Total equity		5,416,685	2,908,331	1,115,990
Current liabilities				
Loans and borrowings	12	1,381,282	623,000	540,000
Trade and other payables	22	17,826,893	8,733,100	6,756,717
Current tax liability		865,327	907,618	452,884
Total current liabilities		20,073,502	10,263,718	7,749,601
Non-current liabilities				
Loans and borrowings	12	370,500	847,500	637,000
Deferred tax liability	8	31,488	34,072	-
Total non-current liabilities		401,988	881,572	637,000
Total equity and liabilities		25,892,175	14,053,621	9,502,591

The consolidated financial statements of Alpha FX Group plc were approved by the Board of Directors on 30 March 2017 and signed on its behalf by:

M J Tillbrook
Director



T C Kidd
Director



Consolidated cash flow statement
For the year ended 31 December 2016

		31 December 2016	31 December 2015 <i>Restated</i>
	<i>Notes</i>	£	£
Cash flows from operating activities			
Profit before taxation		4,313,085	2,832,811
Finance costs	6	45,164	28,458
Amortisation of intangible assets	10	1,979	-
Depreciation of property, plant and equipment	11	54,724	132,901
Decrease/(increase) in other receivables		484,105	(594,882)
Increase in other payables		6,053,170	2,577,005
Increase in derivative financial assets		(8,510,926)	(1,490,096)
Increase/(decrease) in derivative financial liabilities		3,649,156	(795,976)
(Increase)/decrease in other cash balances		(1,302,835)	1,051,227
Cash inflows from operating activities		4,787,622	3,741,448
Tax paid		(908,868)	(148,695)
Net cash inflows from operating activities		3,878,754	3,592,753
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(42,961)	(192,279)
Internally developed intangible assets		(47,500)	-
Purchase of non-controlling interest for cash		(1,000,000)	-
Net cash outflows from investing activities		(1,090,461)	(192,279)
Cash flows from financing activities			
Proceeds from borrowings		475,925	293,500
Repayment of borrowings		(100,000)	-
Dividends paid to equity owners of the parent company		(510,000)	(246,790)
Amounts repaid by Directors		242,642	40,000
Amounts lent to Directors		(40,173)	(142,914)
Issue of ordinary shares		900	-
Repurchase of preference shares in subsidiary		(477,000)	-
Interest paid	6	(45,164)	(28,458)
Net cash outflows from financing activities		(452,870)	(84,662)
Increase in net cash and cash equivalents in the year		2,335,423	3,315,812
Net cash and cash equivalents at beginning of year	20	5,245,845	1,930,033
Net cash and cash equivalents at end of year		7,581,268	5,245,845

Consolidated statement of changes in equity
For the year ended 31 December 2016

	Attributable to the owners of the parent				Total	Non-controlling interests	Total
	Share capital	Capital redemption reserve	Merger reserve	Retained Earnings			
	£	£	£	£	£	£	£
Balance at 31 December 2014 (As restated)	140	-	-	736,636	736,776	379,214	1,115,990
Profit and total comprehensive income for the financial year	-	-	-	1,426,907	1,426,907	768,403	2,195,310
<i>Transactions with owners</i>							
Dividends paid	-	-	-	(246,790)	(246,790)	-	(246,790)
Dividends accrued to non-controlling interests	-	-	-	-	-	(156,179)	(156,179)
Balance at 31 December 2015 (As restated)	140	-	-	1,916,753	1,916,893	991,438	2,908,331
Profit and total comprehensive income for the financial year	-	-	-	2,940,086	2,940,086	509,007	3,449,093
<i>Transactions with owners</i>							
Shares issued	900	-	-	-	900	-	900
Shares repurchased from non-controlling interest	-	-	-	260,759	260,759	(1,260,759)	(1,000,000)
Cancellation of shares in parent company	(60)	60	-	-	-	-	-
Cancellation of shares in subsidiary	-	-	-	(31,701)	(31,701)	31,701	-
Settlement of non-controlling interest via share for share exchange	138	-	666,629	173,081	839,748	(839,610)	138
Dividends paid	-	-	-	(510,000)	(510,000)	-	(510,000)
Waiver by non-controlling interests of dividend liabilities	-	-	-	-	-	568,223	568,223
Balance at 31 December 2016	1,118	60	666,529	4,748,978	5,416,685	-	5,416,685

Alpha FX Group plc

Notes to the Consolidated Financial Statements For the year ended 31 December 2016

1. General information

Alpha FX Group plc (the 'Company') is a limited company incorporated and domiciled in England and Wales. The registered office of the company is 5th Floor, Brunel House, 17-27 Station Road, Reading, Berkshire, RG1 1LG. The registered company number is 07262416. A list of the company's subsidiaries is presented in note 17.

The Company's principal activity is the provision of foreign exchange services for corporates exposed to currency market volatility through its 100% owned subsidiary Alpha FX Limited. Activities range from initial design and implementation of hedging strategies, to on-going management and monitoring of currency risks.

The principal accounting policies adopted by the Group are set out in note 2.

2. Accounting policies

(a) Basis of preparation and first time adoption of IFRS

The financial statements for the year ended 31 December 2016 are the first the Group has prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). For periods up to and including 31 December 2015, the Group prepared its financial statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

The Group's opening financial position at 1 January 2015 (representing the date of transition to IFRS) and the comparatives for the year ended 31 December 2015 have been restated under IFRS. There are no changes to the statement of financial position at 1 January 2015 and 31 December 2015 due to the first time adoption of IFRS, although the statements of financial position have been restated to reflect a number of prior year adjustments (note 27).

The consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability or expense. The detailed measurement bases and principal accounting policies of the Alpha FX Group are set out below. The consolidated financial statements are presented in pounds sterling ("£") except when otherwise indicated. The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below and have been applied consistently throughout all periods presented

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed at the end of this section.

The consolidated financial statements are prepared on the historical cost basis except for the measurement of certain financial instruments.

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

2. Accounting policies (continued)

(b) Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the approval date of the financial statements. For these reasons they continue to adopt the going concern basis in preparing the Group's financial statements

(c) New standards, amendments and interpretations

Standards, amendments and interpretations effective and adopted by the Group:

A number of new standards, amendments to standards and interpretations are not effective for the periods presented and therefore have not been applied in preparing these accounts. The effective dates shown are for periods commencing on the date quoted.

- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)

At the date of authorisation of the financial statements, the Directors have considered the standards and interpretations which have not been applied in these financial statements, that were in issue but not yet effective (and in some cases had not yet been adopted by the EU) and IFRS 15 "Revenue from Contracts with Customers", IFRS 9 Financial Instruments (effective 1 January 2018) and IFRS 16 'Leases' were considered to be relevant. The Directors are still assessing whether the application of IFRS 15, IFRS 9 and IFRS 16, once effective, will have a material impact on the results of the Group.

(d) Basis of consolidation

(i) Subsidiaries

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any elements of control.

(ii) Transactions eliminated on consolidation

Intragroup balances, and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

2. Accounting policies (continued)

(d) Basis of consolidation (continued)

(iii) Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. In accordance with IAS 27, the Group recognises any non-controlling interest at the non-controlling interest's proportionate share of the acquiree's net assets on a transaction by transaction basis.

The Group treats transactions with the non-controlling interest as transactions with equity owners of the Group. For purchases from non-controlling interests the difference between the fair value of consideration paid and the relevant share of net assets acquired is recorded in equity.

(e) Revenue

Revenue represents the net value of currency transactions undertaken by the Group's commercial foreign currency dealing business and the revaluation of open foreign exchange positions to fair value. The spread is calculated as the gross value of currency transactions sold less the gross value of currency transactions purchased.

Revenue is recognised when a binding contract is entered into by a client and the rate is fixed and determined. Revenue represents the difference between the rate offered to clients and the rate the Group receives from its Banking Counterparties. When the Group enters into a contract with a client, it simultaneously enters into a separate matched contract with its Banking Counterparty.

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

2. Accounting policies (continued)

(f) Foreign currency translation

The Group's consolidated historical financial statements are presented in British pounds, which is also the parent and subsidiary companies functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

(g) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument. Financial instruments are derecognised when all de-recognition criteria of IAS 39 are met and the Group no longer controls the contractual rights that comprise the financial instrument. This is normally the case when the instrument is sold, or all of the cash flows attributable to the instrument are passed through to an independent third party.

Financial assets

Classification

The Group classifies its financial assets as either fair value through profit and loss, or as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. They are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. They are included in current assets. Loans and receivables comprise mainly cash and cash equivalents and trade and other receivables.

Trade receivables represent the fair value of derivative financial assets arising as a result of matched principal transactions. The treatment of these is outlined in the policy below.

2. Accounting policies (continued)

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

Financial assets (continued)

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss. Derivatives are also categorised as financial assets designated upon initial recognition at fair value through profit or loss because they are not designated as hedges. Assets in this category are classified as current assets as they are expected to be settled within 12 months. Financial assets at fair value through profit and loss are initially recognised at fair value, including directly attributable transaction costs.

Subsequent changes in fair value are recognised directly in the statement of comprehensive income.

Impairment of financial assets

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due to non-performance under agreed terms, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Financial liabilities

Classification

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities include derivative financial liabilities, overdrafts, trade and other payables, and loans received from shareholders.

De-recognition of liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Preference shares recognised as a liability

Redeemable preference shares in the subsidiary company are classified as liabilities as they have preferential rights on the distribution of assets in the event of a winding up of the entity in which they have been issued.

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

2. Accounting policies (continued)

Derivative financial instruments

Derivative financial assets are carried as assets when their fair value is positive and liabilities when their fair value is negative. Changes in the fair value of derivatives are included in the statement of comprehensive income. The Group's derivative financial assets and liabilities at fair value through profit or loss comprise solely of forward foreign exchange contracts.

The Group undertakes matched principal broking involving simultaneous back-to-back derivative transactions with counterparties. These transactions are classified as financial instruments at fair value through profit and loss ('FVTPL') and are shown gross, except where a netting agreement, which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits held at call with banks. For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other payables

Trade payables represents the fair value of derivative financial liabilities arising as a result of matched principal transactions. The treatment of these is outlined in the policy above.

Other payables are initially stated at fair value and subsequently measured at amortised cost using the effective interest method. Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. These are classified as current liabilities if payment is due in one year or less. If payment is due at a later date, they are presented as non-current liabilities.

(h) Fair value

Fair value is 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures for financial instruments are provided in Note 15.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the inputs into the valuations and the level of the fair value hierarchy as explained above.

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

2. Accounting policies (continued)

(i) Finance costs

Finance costs

Finance costs comprise interest payable on borrowings, stock financing charges and other interest

(j) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity and not in the statement of comprehensive income.

Deferred income tax

Deferred income tax is provided on all temporary differences at the reporting date between temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(k) Employee benefits

Pension obligations

The Group does not operate any pension schemes. Discretionary contributions are occasionally made to Director's defined contribution pension plans. In January 2017 the Group established an auto-enrolment pension scheme.

(l) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Estimated residual values are included in the calculation of depreciation. In the year ended 31 December 2016 the depreciation policy was changed prospectively to better reflect the estimated useful life of assets. The impact of the change in the depreciation policy in 2016 was negligible. The estimated useful lives of property, plant and equipment are as follows:

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

2. Accounting policies (continued)

(l) Property, plant and equipment (continued)

Improvements property	- Period of the lease (2014 and 2015: 20% on reducing balance)
Fixtures and fittings	- 4 to 5 years straight line (2014 and 2015: 25% on reducing balance)
Computer equipment	- 33% on cost

The residual values and useful lives are reviewed by the Directors and adjusted if appropriate at the end of each reporting period.

(m) Intangible assets

Intangible assets consist of internally developed software. Development expenditure on an individual projects are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible assets
- That it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use.

Internally developed software costs are amortised over the useful life of the asset on a straight line basis over 3 years. It is amortised over the period of expected future benefit. Amortisation is recorded in administrative expenses.

During the period of development, the asset is tested for impairment annually.

(n) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

2. Accounting policies (continued)

(p) Operating leases

The costs associated with operating leases are taken to the statement of comprehensive income on an accruals basis over the period of the lease. Rental payable under operating leases is charged in the profit and loss on a straight line basis over the lease term. The benefit of lease incentives is spread on a straight line basis over the lease term.

3. Significant accounting estimates and judgments

The preparation of the Group's financial statements requires management to make estimates, judgments and assumptions that affect the reported assets and liabilities at the statement of financial position date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

In the process of applying the Group's accounting policies, management has made the following judgments and estimates which have the most significant effect on the amounts recognised in the financial statements:

Estimates

Impairment of financial assets

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. In order to calculate the present value of the future expected cash flows, management must make estimate expected future cash in-flows and apply an appropriate discount factor, estimated using the latest market information.

Judgments

Fair value of equity consideration on share for share exchange

On 12 October 2016 the remaining 13.3% non-controlling interest in Alpha FX Limited was purchased through the issue of equity in Alpha FX Group plc. The fair value of the shares issued has been arrived at using a multiple of post-tax income. A non-controlling discount to the overall equity value has been applied to arrive at our best estimate of the fair value of this consideration.

**Notes to the Consolidated Financial Statements
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4. Entity wide disclosures

During the years ended 31 December 2016 and 31 December 2015, the Group generated revenue from the sale of forward currency contracts and foreign exchange spot transactions. The revenue attributable to the sale of these products is shown below:

	31 December 2016 £	31 December 2015 £
Foreign exchange spot transactions	1,267,473	704,469
Foreign currency forward contracts	7,207,951	4,433,332
	8,475,424	5,137,801

During the year ended 31 December 2016 revenues totalling £17,186 (2015: £75,829) arose from customers based outside the United Kingdom. All other revenues arose from customers based in the United Kingdom. One customer contributed 11% of the Group's revenues in 2016 (2015 – 16%). All non-current assets of the Group are domiciled in the United Kingdom.

5. Operating profit

Operating profit is stated after charging/ (crediting):

	31 December 2016 £	31 December 2015 <i>Restated</i> £
Operating lease rentals	101,547	21,625
Depreciation of owned property, plant and equipment	54,724	132,901
Amortisation of internally generated intangible assets	1,979	-
Auditor's remuneration	30,000	18,321
Auditor's remuneration - non audit work	-	22,989
Staff costs (see note 7)	2,525,570	1,360,962
Net foreign exchange losses	133,299	34,812
Other costs	1,270,056	684,922
	4,117,175	2,276,532

Other costs include business related expenses including premises and IT related costs. All audit fees are borne by the subsidiary company.

Non-audit work performed by the Group's auditor is included accounting and tax services.

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

6. Finance Costs (continued)

Finance costs

	31 December 2016 £	31 December 2015 £
Finance costs		
Interest payable on loans and borrowings	43,804	24,937
Other interest payable	1,360	3,521
	45,164	28,458

7. Employee Costs

Staff costs, including directors' remuneration, were as follows:

	31 December 2016 £	31 December 2015 £
Wages and salaries	2,227,634	1,192,020
Social security costs	297,936	138,942
Other pension costs	-	30,000
Employee benefit expense included in operating profit	2,525,570	1,360,962

The average number of employees, including directors, was as follows:

	31 December 2016 No.	31 December 2015 No.
Directors	5	5
Sales, administration and support staff	21	17
	26	22

Directors' remuneration

	31 December 2016 £	31 December 2015 £
Remuneration	513,830	97,232
Company contributions to defined contribution pension schemes	-	30,000

During 2016 retirement benefits were accruing to no directors (2015: 1 director) in respect of defined contribution pension schemes.

The highest paid director received remuneration in 2016 of £200,466 (2015: £88,833).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil in 2016 (2015: £30,000).

**Notes to the Consolidated Financial Statements
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8. Taxation**a). Tax charge**

	31 December 2016 £	31 December 2015 <i>Restated</i> £
Current tax:		
UK Corporation tax charge on the profit for the year	866,576	603,429
Total current tax	866,576	603,429
Deferred tax		
Capital allowances in (advance) /arrears/of depreciation	(2,584)	12,655
Tax charge relating to prior year	-	21,417
Tax charge per statement of comprehensive income	863,992	637,501

b). Factors affecting tax charge for the year

	31 December 2016 £	31 December 2015 <i>Restated</i> £
Profit on ordinary activities before tax	4,313,085	2,832,811
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 20% (2015: 20.2%)	862,617	572,228
Effects of:		
Expenses not deductible for tax purposes	1,375	43,856
Deferred tax not recognised	-	-
Tax charge relating to prior period	-	21,417
Total tax charge for the year	863,992	637,501

Legislation to reduce the UK main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015 was enacted in July 2013.

c). Deferred tax

On 8 July 2015, the Chancellor announced that the UK main rate of corporation tax will fall to 19% from April 2017. On 16 March 2016 it was further announced that this rate would fall to 17% by 1 April 2020. The deferred taxation liability using a tax rate of 19% (2015: 19%) comprises the following:

	31 December 2016 £	31 December 2015 <i>Restated</i> £
<i>Liabilities</i>		
At 1 January	(34,072)	-
Tax credit/(charge) relating to current year	2,584	(12,655)
Tax (charge) relating to prior year	-	(21,417)
Total deferred tax liability	(31,488)	(34,072)

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

9. Dividends

	31 December 2016 £	31 December 2015 £
A Ordinary shares of £1 each		
Interim - £593 per share (2015: £3,291 per share)	510,000	246,790
	510,000	246,790

In the year ended 31 December 2016, A Ordinary shareholders waived their rights to dividends over 260 shares (2015: 1 share). In the year ended 31 December 2016, B Ordinary shareholders waived their rights to dividends over 118 shares (2015: 65 shares).

A reconciliation of the movements in share capital during each period can be found in note 21.

10. Intangible assets

	Internally generated software £
Cost	
At 1 January 2015 and 1 January 2016	-
Additions	47,500
At 31 December 2016	47,500
Amortisation	
At 1 January 2015 and 1 January 2016	-
Charge for the year	1,979
At 31 December 2016	1,979
Net book value	
At 31 December 2015	-
At 31 December 2016	45,521

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

11. Property, plant and equipment

	Leasehold improvements	Fixtures & fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2015	17,139	143,079	56,169	216,387
Additions	-	176,310	15,969	192,279
At 31 December 2015 Restated	17,139	319,389	72,138	408,666
Additions	2,811	26,975	13,175	42,961
Disposals	(14,083)	(85,057)	(37,156)	(136,296)
At 31 December 2016	5,867	261,307	48,157	315,331
Depreciation				
At 1 January 2015	8,188	37,104	49,420	94,712
Charge for the year	6,543	112,413	13,945	132,901
At 31 December 2015 Restated	14,731	149,517	63,365	227,613
On disposals	(14,083)	(85,058)	(37,156)	(136,297)
Charge for the year	1,654	45,833	7,237	54,724
At 31 December 2016	2,302	110,292	33,446	146,040
Net book value				
At 31 December 2015 Restated	2,408	169,872	8,773	181,053
At 31 December 2016	3,565	151,015	14,711	169,291

No assets were held under finance leases during the years ended 31 December 2016 or 31 December 2015.

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

12. Loans and borrowings

Loans and borrowings measured at amortised cost using the effective interest method are detailed below:

	Interest Rate	Maturity	31 December 2016 £	31 December 2015 Restated £
Current loans and borrowings				
£498,925 drawn shareholder loan (2015: £nil)	5.00%	Dec 2017	498,925	-
£500,000 drawn shareholder loan (2015: £524,000)	5.00%	June 2020	500,000	524,000
£304,000 drawn shareholder loan (2015: £380,000)	1.50%	Dec 2019	-	76,000
£23,000 drawn shareholder loan	-	Dec 2016	-	23,000
£600,000 bank overdraft facility	Bank of England base rate + 4.75%	On demand	382,357	-
Total current loans and borrowings			1,381,282	623,000
Non-current loans and borrowings				
£304,000 drawn shareholder loan (2015: £380,000)	1.50%	Dec 2019	304,000	304,000
£66,500 drawn shareholder loan	5.00%	Oct 2018	66,500	66,500
Preference shares in subsidiary classified as liabilities	-	-	-	477,000
Total non-current loans and borrowings			370,500	847,500
Total loans and borrowings			1,751,782	1,470,500

All loans were unsecured.

The shareholder loan maturing in June 2020 has been classified as a current liability because it is repayable to the lender on demand. Other loan amounts classified as current liabilities are those facilities which are either repayable in full, or in part, within the next 12 months.

Notes to the Consolidated Financial Statements
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13. Derivative financial assets and financial liabilities

Derivative financial assets not designated as hedging instruments	31 December 2016		31 December 2015 <i>Restated</i>	
	Fair value	Notional principal	Fair value	Notional principal
	£	£	£	£
Other foreign exchange forward contracts	-	-	-	-
Foreign currency forward contracts from contracts with customers	15,549,510	236,852,650	4,833,126	149,133,911
Foreign currency forward contracts with clearing houses	124,107	4,832,156	2,329,564	261,358,348
	15,673,617	241,684,806	7,162,690	410,492,259

Foreign currency forward contracts with customers generally require immediate settlement on the value date of the individual contract.

Derivative financial liabilities not designated as hedging instruments	31 December 2016		31 December 2015 <i>Restated</i>	
	Fair value	Notional principal	Fair value	Notional principal
	£	£	£	£
Other foreign exchange forward contracts	22,250	1,077,697	13,283	693,354
Foreign currency forward contracts with customers	7,463,047	166,420,722	3,822,858	111,779,007
	7,485,297	167,498,419	3,836,141	112,472,361

Derivatives not designated as hedging instruments are intended to reduce the level of foreign currency risk for expected future cash flows. The tables above show the fair value of those foreign exchange forward contracts as at each year end.

Forward foreign exchange contracts fall into level 2 of the fair value hierarchy as set out in note 2. Level 2 comprises those financial instruments which can be valued using inputs other than quoted prices that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices). The fair value of forward foreign exchange contracts is measured using observable forward exchange rates for contracts with a similar maturity at the reporting date.

There were no transfers between level 1 and 2 during the historical financial review period.

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

14. Financial instruments

The principal financial instruments of the Group, from which financial instrument risk arises, are as follows:

a). Financial assets per balance sheet	31 December 2016 £	31 December 2015 <i>Restated</i> £
Derivatives not designated as hedging instruments		
Other foreign exchange forward contracts	-	-
Foreign currency forward contracts from contracts with customers	15,549,510	4,833,126
Foreign currency forward contracts with clearing houses	124,107	2,329,564
Total derivatives not designated as hedging instruments	15,673,617	7,162,690
Loans and receivables		
Other receivables excluding prepayments	1,533	827,915
Cash and cash equivalents	7,963,625	5,245,845
Other cash balances	1,921,264	618,429
Total loans and receivables	9,886,422	6,692,189
Total financial assets	25,560,039	13,854,879
b). Financial liabilities per balance sheet	31 December 2016 £	31 December 2015 <i>Restated</i> £
Derivatives not designated as hedging instruments		
Other foreign exchange forward contracts	22,250	13,283
Foreign currency forward contracts from contracts with customers	7,463,047	3,822,858
Total derivatives not designated as hedging instruments	7,485,297	3,836,141
Other payables measured at amortised cost		
Other payables and accruals	10,341,596	4,896,959
Total other payables	10,341,596	4,896,959
Interest bearing loans and borrowings measured at amortised cost		
Shareholder loans	1,369,425	993,500
Bank overdrafts	382,357	-
Preference shares classified as a liability	-	477,000
Total interest bearing loans and borrowings	1,751,782	1,470,500
Total financial liabilities	19,578,675	10,203,600

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

14. Financial instruments (continued)

(c). Offsetting financial assets and financial liabilities

Financial instruments at fair value through profit and loss represent simultaneous back-to-back derivative transactions with counterparties and are reported as separate financial assets and financial liabilities in the statement of financial position. The transactions are subject to ISDA (International Swaps and Derivatives Association) Master Netting Agreements which provide a legally enforceable right of offset on the occurrence of a specified event of default, or other events not expected to happen in the normal course of business, but are not otherwise enforceable.

Amounts not subject to enforceable netting arrangements

		Variation	Fair value	Net derivative	Other cash
2015	Gross fair	margin	value	financial	balances
	value	offset	Offset	asset/(liability) as	
				shown in Note 13	
Derivative financial assets	10,443,224	-	(3,280,534)	7,162,690	618,429
Derivative financial liabilities	(7,391,742)	275,067	3,280,534	(3,836,141)	-

Amounts not subject to enforceable netting arrangements

		Variation	Fair value	Net derivative	Other cash
2016	Gross fair	margin	value	financial	balances
	value	offset	Offset	asset/(liability) as	
				shown in Note 13	
Derivative financial assets	23,078,182	-	(7,404,565)	15,673,617	1,921,264
Derivative financial liabilities	(19,231,682)	4,341,820	7,404,565	(7,485,297)	-

The amounts not subject to enforceable netting arrangements represent collateral with Banking Counterparties for which the Group does not have immediate access or the right of offset. It has been included within note 20, cash balances.

**Notes to the Consolidated Financial Statements
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15. Fair value

Management assessed that the fair values of cash and short-term deposits, trade and other receivables, trade and other payables as well as other current liabilities approximated to their carrying amounts. This was due to the short-term maturities of these instruments.

The fair values of the Group's interest-bearing loans and borrowings are determined by discounting the cash flow using a market rate of interest that reflects the issuer's borrowing rate as at the end of the reporting period which approximate their carrying amounts.

Management is of the opinion that the fair value of loans and borrowings approximate their carrying values as these are subject to interest rates, which are comparable to open market rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

All loans are classed as Level 2 in the fair value hierarchy.

16. Financial risk management

The Group's current activities result in the following financial risks and management responses to those risks in order to minimise any resulting adverse effects on the Group's financial performance.

Objectives, policies and processes for managing risk and the methods used to measure the risk

Financial assets principally comprise trade and other receivables, cash and cash equivalents, other cash balances and derivative financial assets. Financial liabilities comprise trade and other payables, shareholder loans and derivative financial liabilities. The main risks arising from financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk each of which is discussed in further detail below.

The Group monitors and mitigates financial risk on a consolidated basis. The Group has implemented a framework to manage the risks of its business and to ensure that the Directors have in place risk management practices appropriate to a listed company. The Company has a robust 'three-lines of defence' risk and compliance framework covering all operational and compliance activities. This framework is overseen and enforced by the Director of Risk & Compliance, who has extensive experience overseeing risk and compliance within a number of reputable financial services firms. As part of this framework the Company has a Risk Committee, whose membership consists of directors responsible for each risk category.

Credit risk

Credit risk is the risk that one or more counterparties will not meet its obligations under a financial instrument or customer contract leading to a financial loss. There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is derivative financial instruments, represented by the carrying value as at the balance sheet date. The Group evaluated the concentration of risk with respect to derivative financial assets arising from contracts with customers as low, due to the fact that the business has historically low levels of bad debt.

16. Financial risk management (continued)

Credit risk (continued)

All customers who wish to trade on credit are subject to credit verification checks. The Group's counterparties are reviewed at least annually and are subject to an on-going credit review process by the Risk and Compliance team. Counterparty exposures are monitored in real time. Regular stress tests are also carried out to assess and minimise client credit risk exposures under various market volatility scenarios.

Credit risk is minimised by the operation of matched derivative transactions, whereby derivatives sold to customers are then matched on a back-to-back basis with an offsetting derivative from a clearing broker. Derivatives are entered into with liquidity providers, which minimises credit risk further, as the Company is only exposed to the net position of its derivative assets and liabilities and this position is collateralised on a daily basis. The Group's maximum exposure to credit risk is illustrated in the financial assets table in note 14.

Liquidity risk

The Group is exposed to liquidity risk, namely that it may be unable to meet its payment obligations as they fall due. Extensive controls are in place to ensure its liquidity risk is mitigated. The Group's liquidity requirements are constantly reviewed, and the company employs stress testing to model the sufficiency of its liquidity in stressed market scenarios. Clients' ability to pay margin and settle contracts is monitored in real-time, with automated triggers and alerts configured into the company's systems. The company maintains cash reserves and continues to increase these reserves relative to its trading activity on an on-going basis.

It is the Board's responsibility to set appropriate limits to the liquidity risk of the company, as well as ensuring a strong system of internal controls are implemented and enforced, whilst daily management of liquidity risk rests with the company's Head of Product and Liquidity Risk (overseen by its CFO). The Group manages its liquidity on a trade by trade basis, rejecting any trade that has the potential to harm its liquidity and maintains robust margin terms with its clients that require them to deposit margin if their forward contracts adversely deviate in fair value. The Company also attempts to ensure it maintains (as close as is possible) a balanced position in each currency, with the company regularly stress testing its net long or short in a particular currency against sudden and unforeseen market movements (so called "Black Swan Events").

The Company's Head of Product and Liquidity Risk is responsible for implementing and monitoring the relevant controls, and for providing the CFO with timely and accurate reporting on the company's liquidity position and financial performance (e.g. budget against actual). In conjunction with the CFO, they are also responsible for ensuring the Group has capital and liquidity resources, in sufficient amount and quality, to meet its liabilities as they fall due and to support its growth and strategic objectives.

The Group has sufficient cash resources (alongside additional borrowing facilities with its banking partner) to pay its debts and contractual liabilities as they fall due. Consequently, management does not believe that the Company has a material exposure to liquidity risk.

The table below summarises the maturity profile of the Group's derivative financial liabilities arising from forward currency contracts with customers based on contractual (undiscounted) payments.

16. Financial risk management (continued)**Liquidity risk (continued)****Derivative liabilities - forward currency contracts with customers**

2015		Total	0-3 months	3-6 months	6-12 months	12 Months+
Total Buy Currency	Inflow	128,730,423	60,151,400	34,404,765	31,432,544	2,741,714
Total Sell Currency	Outflow	(132,182,495)	(48,325,340)	(22,723,771)	(47,439,195)	(13,694,188)
	Netted	(3,452,072)	11,826,060	11,680,994	(16,006,651)	(10,952,474)
2016		Total	0-3 months	3-6 months	6-12 months	12 Months+
Total Buy Currency	Inflow	227,271,362	96,388,681	53,875,309	69,745,357	7,262,015
Total Sell Currency	Outflow	176,002,010	46,146,253	40,257,367	47,126,088	42,472,302
	Netted	51,269,352	50,242,428	13,617,942	22,619,269	(35,210,287)

Derivative liabilities - forward currency contracts with brokers

		Total	0-3 months	3-6 months	6-12 months	12 Months+
2016	Netted	(46,829,389)	(49,731,827)	(12,552,170)	(20,809,628)	36,264,236
2015	Netted	5,690,250	(11,322,867)	(11,332,479)	17,141,307	11,204,289

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16. Financial risk management (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's other financial liabilities based on contractual (undiscounted) payments.

Other liabilities

At 31 December 2016	Total	On demand	Up to 1 year	1-2 years	2-5 years
Loans and borrowings	1,751,782	1,381,282	-	66,500	304,000
Interest due on loans and borrowings	135,617	-	58,946	33,471	43,200
Other payables and accruals	10,341,596	-	10,341,596	-	-
	12,228,995	1,381,282	10,400,542	99,971	347,200
At 31 December 2015	Total	On demand	Up to 1 year	1-2 years	2-5 years
Loans and borrowings	1,470,500	524,000	99,000	-	847,500
Interest due on loans and borrowings	144,721	-	34,025	34,025	76,671
Other payables and accruals	4,712,236	-	4,712,236	-	-
	6,327,457	524,000	4,845,261	34,025	924,171

The Company's material financial liabilities are shareholder loans. These have varying maturity dates with all amounts being repayable by June 2020. Interest is charged on these loans at a rate of between 1.5% and 5%.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities used by the Group. Interest bearing assets comprise cash and cash equivalents which are considered to be short term liquid assets. It is the Group's policy to settle derivative financial liabilities arising from contracts with customers (included within trade payables) and other payables within the credit terms allowed and the Group does not therefore incur interest on overdue balances.

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16. Financial risk management (continued)

Interest rate risk (continued)

All borrowings are subject to fixed interest rates until maturity. The £600,000 overdraft facility is subject to floating interest at 4.75% above the Bank of England base rate. Any reasonable range of change in interest rate would not directly have a material impact on profit or equity. A sensitivity analysis for the impact of interest rate changes has therefore not been disclosed.

Foreign currency risk

Foreign currency risk refers to the risk that non sterling revenue earned on a transaction may fluctuate due to changes in foreign currency rates. The Group manages its exposure to currency movements in line with its Treasury Policy.

Client money received in a foreign currency is deposited in a bank account of the same currency to provide a natural hedge. The Group reduces its exposure to foreign exchange by retranslating excess cash in foreign currencies into sterling on a regular basis. The Group hedges a proportion of its unrealised profits through foreign exchange contracts designated as fair value through profit and loss.

The Group is exposed to foreign currency risk on sales and cash holdings that are denominated in a currency other than sterling. The principal currencies giving rise to this risk vary each year depending on the currency of trades the Company has entered into. Details of the amounts in foreign currencies as can be found in note 20.

Foreign currency risk – sensitivity analysis

The Group's principle recurring foreign currency transactions are in Euros. Other foreign currency transactions occur (for example in US Dollar, Australian Dollar and Hong Kong Dollar), however these are ad-hoc in nature, with foreign currency balances being held for short periods of time, resulting in minimal risk to the business. The Group has therefore considered the sensitivity to movements in the Sterling/Euro exchange rate by considering the impact on those revenues, costs and assets denominated in Euros as experienced in the given period.

Year ended 31 December	Impact on profit after tax		Impact on equity	
	2016	2015	2016	2015
10% weakening in the £/€ exchange rate	334,328	180,936	334,328	180,936
10% strengthening in the £/€ exchange rate	(273,541)	(148,038)	(273,541)	(148,038)

Sterling/Euro exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the closing sterling/Euro exchange rate of €1.169/£ (2015: €1.2492) this would result in a weakened exchange rate of €1.0521/£ (2015: €1.2857) and a strengthened exchange rate of €1.2859/£ (2015: €1.5715/£).

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16. Financial risk management (continued)

Management of capital

The Group's objectives when managing capital is to maximise shareholder value whilst safeguarding the Group's ability to continue as a going concern.

The Group's policy is to maintain a capital base and funding structure that maintains creditor, regulator and market confidence and provides flexibility for business development whilst also optimising returns to shareholders.

The entity monitors its total capital as its total equity as shown in the statement of financial position. In order to maintain or adjust the capital structure, the company may issue new shares or adjust the dividends paid to shareholders.

17. Significant investments

Details of the significant investments in which the company holds, directly or indirectly, 20% or more of the nominal value of any class of share capital are as follows:

Name	Registered office	% equity interest			Nature of business
		2014	2015	2016	
Alpha FX Limited	5th Floor, Brunel House Station Road, Reading, Berkshire, RG1 1LG	65%	65%	100%	Provision of foreign exchange services

Alpha FX Limited is the principal trading entity of the Group, controlling all external revenues, costs, assets and liabilities of the Group.

During the year ended 31 December 2016, the Group purchased the remaining 35% of the issued share capital in Alpha FX Limited, increase its holding in the subsidiary business to 100%. Further details of this transaction can be found in note 18.

18. Transactions with non-controlling interests

On 31 March 2016, the subsidiary repurchased 25% of the issued share capital in Alpha FX Limited from a non-controlling interest for a total consideration of £1,000,000. Dividends due to the 25% non-controlling interest were waived at on 31 March 2016. The 60 Ordinary A shares purchased from the non-controlling interest were subsequently cancelled which had the effect of increasing the remaining non-controlling interests shareholding from 10% to 13.3%.

On 12 October 2016 the Company repurchased the remaining 13.3% of the issued share capital of Alpha FX Limited at par value of £2,300 from a non-controlling interest. The consideration was satisfied by the issue of 138 shares in the Company at par. The merger reserve represents the difference between fair value of the shares issued by the Company which was assessed to be £666,667 and the nominal value of the shares of £138.

On 12 October 2016, all remaining dividend liabilities due to non-controlling interests were waived by the receiving parties.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

18. Transactions with non-controlling interests (continued)

	31 December 2016	31 December 2015 <i>Restated</i>
	£	£
At 1 January	991,438	379,214
Profit attributable to non-controlling interests	509,007	768,403
Dividends accrued to non-controlling interests	-	(156,179)
Shares repurchased from non-controlling interest	(1,260,759)	-
Cancellation of shares in subsidiary	31,701	-
Shares repurchased from non-controlling interests via share for share exchange	(839,610)	-
Waiver by non-controlling interests of dividend liabilities	568,223	-
At 31 December	-	991,438

Under IFRS 3, an increase in a parent's ownership interest in a subsidiary is accounted for as an equity transaction. The difference between the cost of acquiring the additional ownership interest and the increase in the attributable net assets of the subsidiary has been transferred to equity as a retained earnings movement. An amount of £260,759 was credited to retained earnings on the repurchase of a 25% non-controlling interest in March 2016. An amount of £31,701 was charged to retained earnings on the cancellation of shares in the subsidiary in March 2016 and a further £173,081 was credited to retained earnings on the repurchase of a 13.3% non-controlling interest in October 2016. Alpha FX Limited from October 2016 is a wholly-owned subsidiary of Alpha FX Group Plc. Summarised financial information in relation to the non-controlling interest of Alpha FX Limited, before intra-group eliminations, is given below:

	31 December 2016	31 December 2015
	£	£
Revenue	1,250,973	1,798,230
Operating costs	(607,695)	(796,787)
Finance costs	(6,666)	(9,960)
Profit before tax	636,612	991,483
Tax	(127,605)	(223,080)
Profit and total comprehensive income allocated to NCI	509,007	768,403
Cash flows from operating activities	1,357,564	1,257,464
Cash flows from investing activities	(13,352)	(67,297)
Cash flows from financing activities	(214,444)	(29,632)
Net cash inflow	(1,129,768)	1,160,535
Assets and liabilities attributable to NCI		
Non-current assets	-	63,369
Current assets	-	4,855,398
Current liabilities	-	(3,618,779)
Non-current liabilities	-	(308,550)
Accumulated non-controlling interests	-	991,438

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

19. Trade and other receivables

	31 December 2016	31 December 2015 <i>Restated</i>
	£	£
Trade receivables (derivative financial assets – note 13)	15,673,617	7,162,690
Other receivables	1,533	585,273
Directors' current account	-	242,642
Prepayments	117,324	17,689
	<u>15,792,474</u>	<u>8,008,294</u>

Trade receivables represents the fair value of derivative financial assets arising as a result of matched principal transactions (note 13).

At 31 December 2016 and 31 December 2015 none of the receivables shown above were past due or impaired.

Included within other receivables in 2015 is a £500,000 balance held in an escrow account in advance of the purchase of a non-controlling interest.

20. Cash

Cash and cash equivalents comprise cash balances and deposits held at call with banks.

Other cash balances comprise cash held as collateral with liquidity providers for which the Group does not have immediate access.

Cash balances included within derivative financial assets relate to the net market to market of derivative contracts with liquidity providers.

	31 December 2016	31 December 2015 <i>Restated</i>
	£	£
Cash and cash equivalents	7,963,625	5,245,845
Bank overdraft (note 12)	(382,357)	-
Net cash and cash equivalents	<u>7,581,268</u>	<u>5,245,845</u>
Variation margin called by counterparties (note 14c)	4,341,820	275,067
Other cash balances	1,921,264	618,429
Total cash	<u>13,844,352</u>	<u>6,139,341</u>

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

20. Cash (continued)

Cash at bank earns interest at floating rates based on daily bank deposit rates and is made up of the following currency balances:

	31 December 2016	31 December 2015
	£	£
British Pound	10,661,896	2,075,341
Euro	2,008,039	1,149,409
US Dollar	937,163	77,912
South African Rand	191,145	-
Australian Dollar	26,459	1,917,844
Hong Kong Dollar	-	-
Czech Krone	-	914,825
Other currencies	19,650	4,010
	13,844,352	6,139,341

The directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

21. Capital and reserves***Share capital***

	As at 31 December 2016		As at 31 December 2015	
	Number	£	Number	£
<i>Authorised</i>				
Ordinary 'A' shares of £1 each	500	500	500	500
Ordinary 'B' shares of £1 each	500	500	500	500
Ordinary 'C' shares of £1 each	500	500	500	500
Ordinary 'D' shares of £1 each	500	500	500	500
<i>Called up, allotted and fully paid</i>				
Ordinary 'A' shares of £1 each	860	860	75	75
Ordinary 'B' shares of £1 each	118	118	65	65
Ordinary 'C' shares of £1 each	31	31	-	-
Ordinary 'D' shares of £1 each	109	109	-	-
	1,118	1,118	140	140

Alpha FX Group plc

Notes to the Consolidated Financial Statements For the year ended 31 December 2016

21. Share capital (continued)

Movements of share capital are summarised in the following table. All shares were issued and redeemed at par.

	A shares	B shares	C shares	D shares	Total
As at 1 January 2015 and 31 December 2015	75	65	-	-	140
Issue of 760 Ordinary A shares	760	-	-	-	760
Issue of 138 Ordinary B shares	-	138	-	-	138
Reclassification of 65 Ordinary B shares as Ordinary A shares	65	(65)	-	-	-
Repurchase and cancellation of 40 Ordinary A shares	(40)	-	-	-	(40)
Repurchase and cancellation of 20 Ordinary B shares	-	(20)	-	-	(20)
Issue of 31 Ordinary C shares	-	-	31	-	31
Issue of 109 Ordinary D shares	-	-	-	109	109
As at 31 December 2016	860	118	31	109	1,118

The following movements of share capital occurred during the year ended 31 December 2016:

On 12 October 2016, 65 'B' ordinary shares were reallocated as 'A' ordinary shares. On the same day 760 new 'A' ordinary shares and 138 new 'B' ordinary shares with a nominal value of £1 were issued at par. The A shares were issued pro-rata on the basis of existing shareholdings in order to maintain the split of shares between certain shareholders. The 138 'B' shares were issued as consideration for shares repurchased from a non-controlling interest shareholder in Alpha FX Limited.

On 10 November 2016 the Company repurchased and cancelled 40 'A' ordinary shares and 20 'B' ordinary shares.

On 14 November 2016 the Company issued 31 'C' Ordinary shares and 109 'D' ordinary shares with a nominal value of £1 were issued at par.

'A' and 'B' ordinary shares carry full voting and dividend rights, as well as rights to returns on capital. 'C' and 'D' shares carry no voting rights and limited rights to returns on capital.

Capital redemption reserve

This reserve arises as a result of the buy-back of shares during the year ended 31 December 2016.

Merger reserve

The merger reserve was created in October 2016 as a result of the share for share exchange with non-controlling interests. The merger relief reserve represents the difference between the fair value and nominal value of shares issued on the acquisition of non-controlling interests, where the company has taken advantage of merger relief.

Retained earnings

Represents all other net gains and losses and transactions not recognised elsewhere.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

22. Trade and other payables

Trade payables represents the fair value of derivative financial assets arising as a result of matched principal transactions (note 13).

Other payables consist of margin received from clients and client held funds. The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

	31 December 2016 £	31 December 2015 <i>Restated</i> £
Trade payables (Derivative financial liability – note 13)	7,485,297	3,836,141
Other payables	9,771,807	4,225,096
Directors' current account	-	40,173
Dividends payable to non-controlling interests	-	568,374
Other taxation and social security	216,306	46,417
Accruals and deferred income	353,483	16,899
	17,826,893	8,733,100

23. Related party transactions

The Parent Company of the Group is Alpha FX Group plc. Note 17 provides information about the subsidiary and the holding Company. Details of the ultimate controlling party can be found in note 25.

The Group considers its key management personnel to be the Directors of the Company. The compensation of key management personnel is as follows:

	31 December 2016 £	31 December 2015 £
Short-term employee benefits	657,586	110,650
Post-employment pension and medical benefits	-	30,000
Dividends	510,000	213,440
Total compensation paid to key management personnel	1,167,586	354,090

Amounts paid to Directors during the year as part of short term employee benefits including employer's national insurance contributions was £657,586 during the year (2015: £110,650).

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The subsidiary undertaking traded foreign currency contracts with M P Tillbrook on normal commercial terms, amounting to £18,584 (2015: £307,125). Contracts amounting to £nil (2015: £20,000) were open as at year end. The subsidiary undertaking also traded foreign currency contracts, on normal commercial terms, amounting to £1,318,268 (2015: £nil) with M J Tillbrook. Contracts with notional principal amounts of £781,257 (2015: £nil) were open as at year end and are included within trade receivables.

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

23. Related party transactions (continued)

As at 31 December 2016, £304,000 (2015: £380,000) was due from the subsidiary undertaking to the Tillbrooks Pension Scheme, a scheme in which M J Tillbrook and M P Tillbrook are trustees. The loan is due for repayment in December 2019 and is subject to interest charged annually at 1.5%. As security for this loan, 10 preference shares in the subsidiary company with a nominal value of £47,700 each were issued to M J Tillbrook. Following the redemption of the preference shares at par, the loan was unsecured as at 31 December 2016. Capital repayments of £76,000 (2015: £nil) and interest payments of £5,700 (2015: £5,700) were made on this loan during the year ended 31 December 2016.

As at 31 December 2016, £500,000 (2015: £524,000) was due to M P Tillbrook. This amount is subject to interest charged annually at 5% and is repayable in June 2020.

During the year ended 31 December 2016, M J Tillbrook made an additional loan to the subsidiary undertaking of £475,925. The balance on this loan as at 31 December 2016 was £498,925 (2015: £23,000). Interest is charged at 1.5% and the loan is repayable in December 2017.

As at 31 December 2016, £66,500 (2015: £66,500) was due from the subsidiary undertaking to S Moursi, a shareholder of the company. This amount is subject to interest charged annually at 5% and is repayable in December 2018.

As at 31 December 2016, the Group owed the Director J Currie £nil (2015: £40,173). The balance was interest fee and repayable on demand.

As at 31 December 2016, the Group owed H Lisney, a Director within the Group, £nil (2015: £20,000). The balance was interest fee and repayable on demand.

During the year the Group paid consultancy fees totalling £113,347 to Mask Enterprises Limited, a company owned by M Singh, a Director within the Group.

The following advances were made to M J Tillbrook, a Director of the Group:

	31 December 2016	31 December 2015
	£	£
Balance outstanding at 1 January	219,642	100,555
Amounts advanced	-	142,087
Amounts repaid	(219,642)	(23,000)
Balance outstanding at 31 December	-	219,642

Amounts outstanding from directors are subject to interest of 3.25% per annum and must be repaid within 12 months of the year end date.

During the year ended 31 December 2016, the Group issued 869 shares to Directors of and within the Group (2015: nil).

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

24. Operating lease commitments

Total minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2016 £	31 December 2015 £
Operating lease payment due:		
Within one year	140,176	139,033
In two to five years	571,439	534,936
More than five years	517,350	657,526
	1,228,965	1,331,495

All operating lease commitments relate to non-cancellable lease on the Group's offices in the UK.

25. Ultimate controlling party

The ultimate controlling party is M J Tillbrook, a Director of the Group.

26. Subsequent events

Subsequent to the balance sheet date the directors of the Company commenced the process of an application for the Company's ordinary shares to be admitted to the Alternative Investment Market of the London Stock Exchange.

On 19 January 2017 £400,000 of shareholder loans were introduced.

On 28 March 2017 the Company issued 54,782 bonus shares of £1.00 each in the Company (for the purposes of this paragraph, the Bonus Issue) to its existing shareholders pro rata to, and of the same classes as, their existing shareholdings in the Company to enable the Company to satisfy the statutory requirement for a public company to have allotted share capital of not less than £50,000.

On 28 March 2017, following Completion of the Bonus Issue, the Company sub-divided each of its existing ordinary shares of £1.00 in the share capital of the Company (irrespective of class) into 500 ordinary shares £0.002 of the relevant shares' original class.

On 28 March 2017 the Company changed its name to Alpha FX Group PLC and the Company re-registered as a public limited company.

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2016**

27. Prior year adjustments and first time adoption of IFRSs

The results for the year to 31 December 2015 have been impacted by a number of prior year adjustments. The impact of these adjustments on the balance sheet at 1 January 2015, the consolidated statement of comprehensive income for the year ended 31 December 2015 and the balance sheet as at 31 December 2015 is shown on pages 44 to 46.

Balance sheet reclassifications

a) Cash

Cash balances held as collateral with liquidity providers have been restated so they are shown separately on the face of the balance sheet as 'other cash balances' (1 January 2015: £1,669,646, 31 December 2015; £618,429). Additionally, variation margin included within cash balances relating to the net mark to market of derivative contracts with liquidity providers has been offset against derivative financial liabilities. Previously, both these items were included within cash and cash equivalents (1 January 2015: £170,794, 31 December 2015; £275,067).

b) Trade receivables and trade payables

The financial statement for the year ended 31 December 2015 showed the total value of currency transactions receivable from matched principal transactions gross within trade and other receivables and trade and other payables. The balance sheets at 1 January 2015 and 31 December 2015 have been restated such that trade receivables and trade payables represent the fair value of derivative financial assets and derivative financial liabilities from matched principal transactions in accordance with the accounting policy disclosed in note 2(g) of the consolidated financial statements. The impact of the restatement is an equal and offsetting reduction in trade receivables and trade payables (1 January 2015 - £144,738,173; 31 December 2015 - £249,949,966).

c) Loans and borrowings

Preference shares totalling £477,000 as at 1 January 2015 and 31 January 2015 that were previously included within equity to non-controlling interests, have been reclassified within non-current loans and borrowings.

A loan of £500,000 previously classified within non-current liabilities has been reclassified within current liabilities at both 1 January 2015 and 31 December 2015.

Other prior year adjustments

d) Non-controlling interests

The amounts due to non-controlling interests have been restated to reflect historical dividends and the share of profits due to them. The repurchase of these non-controlling interests during the year to 31 December 2016 represented full and final settlement of all outstanding amounts due, the dividends accrued were released. The impact of this restatement was to increase non-controlling interests (1 January 2015 - £342,068; 31 December 2015 - £954,292), increase trade and other payables by the dividend payable (1 January 2015 - £412,194; 31 December 2015 - £568,374) and reduce retained earnings (1 January 2015 - £754,262; 31 December 2015 - £1,522,666).

e) Adjustments impacting comprehensive income

Net profit for the year ended 31 December 2015 has been restated to reflect additional costs of £167,334. This relates to additional operating costs of £133,262 made up of £44,526 of tangible assets being written off and the correction of £88,736 of accruals adjustments. An additional tax charge of £34,072 has been recorded in respect of deferred tax arising on timing differences on capital allowances in advance of depreciation. Finally £10,341 was reclassified from fixed assets to prepayments having no impact on net profit or net assets.

f) Presentation of revenue

Revenue has been restated to present the Group as the agent in payment processing transactions rather than principal. This has the impact of reducing revenue and cost of sales by £1,167,113,066 to £5,137,901 and £nil respectively for the year ended 31 December 2015, there is no impact on operating profit.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

27. Prior year adjustments and first time adoption of IFRSs (continued)

Group reconciliation of the consolidated statement of financial position as at 1 January 2015 (date of transition to IFRS)

	<i>Note</i>	UK GAAP as previously stated* £	Balance sheet reclassifications £	Other prior year adjustments £	IFRS <i>restated</i> £
Non-current assets					
Tangible assets		121,675	-	-	121,675
Total non-current assets		121,675	-	-	121,675
Current assets					
Trade and other receivables	<i>a), b)</i>	150,348,606	(144,567,379)	-	5,781,227
Cash and cash equivalents	<i>b)</i>	3,770,483	(1,840,450)	-	1,930,033
Other cash balances	<i>a)</i>		1,669,656	-	1,669,656
Total current assets		154,119,089	(144,738,173)	-	9,380,916
Total assets		154,240,764	(144,738,173)	-	9,502,591
Equity					
Share capital		140	-	-	140
Capital redemption reserve		-	-	-	-
Merger reserve		-	-	-	-
Retained earnings	<i>d)</i>	1,490,898	-	(754,262)	736,636
Total equity attributable to equity holders of the Company		1,491,038	-	-	736,776
Non-controlling interests	<i>c), d)</i>	514,146	(477,000)	342,068	379,214
Total equity		2,005,184	(477,000)	(412,194)	1,115,990
Current liabilities					
Loans and borrowings	<i>c)</i>	40,000	500,000	-	540,000
Trade and other payables	<i>b), d)</i>	151,082,696	(144,738,173)	412,194	6,756,717
Current tax liability		452,884	-	-	452,884
Total current liabilities		151,575,580	(144,238,173)	412,194	7,749,601
Non-current liabilities					
Loans and borrowings	<i>c)</i>	660,000	(23,000)	-	637,000
Deferred tax liability		-	-	-	-
Total non-current liabilities		660,000	(23,000)	-	637,000
Total equity and liabilities		154,240,764	(144,738,173)	-	9,502,591

*There were no adjustments to the balance sheet at 1 January 2015 in respect of the first time introduction of IFRS.

Alpha FX Group plc

Notes to the Consolidated Financial Statements For the year ended 31 December 2016

27. Prior year adjustments and first time adoption of IFRSs (continued)

Group reconciliation of total consolidated comprehensive income for the year ended 31 December 2015

	<i>Notes</i>	UK GAAP as previously stated*	Prior year adjustment	IFRS <i>restated</i>
			£	£
Gross value of currency transactions sold				1,172,250,867
Gross value of currency transactions purchased				(1,167,113,066)
Revenue	<i>f)</i>	1,172,250,867	(1,167,113,066)	5,137,801
Cost of Sales	<i>f)</i>	(1,167,113,066)	1,167,113,066	-
Gross Profit		5,137,801	-	-
Operating expenses	<i>e)</i>	(2,143,270)	(133,262)	(2,276,532)
Operating profit		2,994,531	(133,262)	2,861,269
Finance costs		(28,458)	-	(28,458)
Profit before taxation		2,966,073	(133,262)	2,832,811
Taxation	<i>e)</i>	(603,429)	(34,072)	(637,501)
Profit and total comprehensive income for the year	<i>e)</i>	2,362,644	(167,334)	2,195,310
Profit for the year attributable to:				
Equity owners of the parent	<i>d)</i>	2,362,644	(935,737)	1,426,907
Non-controlling interests	<i>d)</i>	-	768,403	768,403
		2,362,644	(167,334)	2,195,310

*There were no adjustments to the statement of comprehensive income for the year ended 31 December 2015 in respect of the first time introduction of IFRS

Notes to the Consolidated Financial Statements for the year ended 31 December 2016

27. Prior year adjustments and first time adoption of IFRSs (continued)

Group reconciliation of the statement of financial position as at 31 December 2015

	Notes	UK GAAP as previously stated *	Balance sheet reclassifications	Other prior year adjustments	IFRS restated
		£	£	£	£
Non-current assets					
Tangible assets		235,920	-	(54,867)	181,053
Total non-current assets		235,920	-	(54,867)	181,053
Current assets					
Trade and other receivables	a), b), e)	257,672,851	(249,674,899)	10,342	8,008,294
Cash and cash equivalents	b)	6,139,341	(893,496)	-	5,245,845
Other cash balances	a)	-	618,429	-	618,429
Total current assets		263,812,192	(249,949,966)	10,342	13,872,568
Total assets		264,048,112	(249,949,966)	(44,525)	14,053,621
Equity					
Share capital		140	-	-	140
Capital redemption reserve		-	-	-	-
Merger reserve		-	-	-	-
Retained earnings	d), e)	3,606,752	-	(1,689,999)	1,916,753
Total equity attributable to equity holders of the Company		3,606,892	-	(1,689,999)	1,916,893
Non-controlling interests	d)	514,146	(477,000)	954,292	991,438
Total equity		4,121,038	(477,000)	(735,707)	2,908,331
Current liabilities					
Loans and borrowings	c)	123,000	500,000	-	623,000
Trade and other payables	d), e)	258,025,956	(249,949,966)	657,110	8,733,100
Current tax liability		907,618	-	-	907,618
Total current liabilities		259,056,574	(249,449,966)	657,110	10,263,718
Non-current liabilities					
Loans and borrowings	c)	870,500	(23,000)	-	847,500
Deferred tax liability	e)	-	-	34,072	34,072
Total non-current liabilities		870,500	(23,000)	34,072	881,572
Total equity and liabilities		264,048,112	(249,949,966)	(44,525)	14,053,621

*There were no adjustments to the balance sheet at 31 December 2015 in respect of the first time introduction of IFRS.

Alpha FX Group plc

Company Balance Sheet

Company Number: 07262416

	Notes	2016 £	2015 £
Non-current assets			
Investments	4	681,617	14,950
Total non-current assets		681,617	14,950
Current assets			
Trade and other receivables	5	74,933	78,773
Cash and cash equivalents		15,075	56,124
Total current assets		90,008	134,897
Total assets		771,625	149,847
Equity			
Share capital	7	1,118	140
Capital redemption reserve		60	-
Merger reserve		666,529	-
Retained earnings		103,918	90,534
Total equity		771,625	90,674
Current liabilities			
Trade and other payables	6	-	59,173
Total current assets		-	59,173
Total equity and liabilities		771,625	149,847

The Company reported a profit for the financial year ended 31 December 2016 of £523,384 (2015: £289,920).

The financial statements of Alpha FX Group plc were approved by the Board of Directors on 30 March 2017 and signed on its behalf by:



M J Tillbrook
Director



T C Kidd
Director

Company Statement of Changes in Equity
For the year ended 31 December 2016

	Called up share capital £	Capital redemption reserve £	Merger reserve £	Retained earnings £	Total equity £
Balance at 1 January 2015	140	-	-	47,404	47,544
Changes in equity					
Dividends	-	-	-	(246,790)	(246,790)
Total comprehensive income	-	-	-	289,920	289,920
Balance at 31 December 2015	140	-	-	90,534	90,674
Changes in equity					
Shares issued	900	-	-	-	900
Cancellation of shares	(60)	60	-	-	-
Settlement of shares in subsidiary via share for share exchange	138	-	666,529	-	666,667
Dividends	-	-	-	(510,000)	(510,000)
Total comprehensive income	-	-	-	523,384	523,384
Balance at 31 December 2016	1,118	60	666,529	103,918	771,625

**Notes to the Company Financial Statements
For the year ended 31 December 2016**

1. Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention and with Financial Reporting Standard 100 Application of Financial Reporting Requirements (“FRS 100”) and Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”)

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU-endorsed IFRS;
- certain disclosures regarding the Company’s capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosures of related party transactions with other wholly-owned members of Alpha FX Group plc group of companies.

In addition, and in accordance with FRS 101 financial instrument disclosure exemptions have been adopted because equivalent disclosures are included in the Company’s consolidated financial statements. These financial statements do not include certain disclosures in respect of:

The financial statements are prepared in pounds sterling which is the functional currency of the Group.

2. Significant accounting policies

The principal accounting policies adopted are the same as those set out in Note 2 to the Consolidated Financial Statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

3. Profit for the year

As permitted in section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the financial year ended 31 December 2016 of £523,384 (2015: £289,920).

The auditor’s remuneration for audit and other services is disclosed in Note 5 to the consolidated financial statements.

**Notes to the Company Financial Statements
For the year ended 31 December 2016**

4. Investments in subsidiary undertakings

The Company's investment in the share capital of Alpha FX Limited is disclosed in Note 17 to the consolidated financial statements.

	31 December 2016	31 December 2015
	£	£
Balance at 1 January	14,950	14,950
Additions in subsidiary undertakings		
- Shares for share exchange	138	-
- Merger reserve	666,529	-
Balance at 31 December	681,617	14,950

Name	Registered office	% equity interest		Nature of business
		2016	2015	
Alpha FX Limited	5th Floor, Brunel House Station Road, Reading, Berkshire, RG1 1LG	100%	65%	Provision of foreign exchange services

5. Trade and other receivables

	31 December 2016	31 December 2015
	£	£
Other receivables	74,933	77,686
Directors' current account	-	1,087
	74,933	78,773

During the year, no impairment provisions have been made against any class of debtor.

6. Trade and other payables

	31 December 2016	31 December 2015
	£	£
Other payables	-	20,000
Directors' current account	-	39,173
	-	59,173

**Notes to the Company Financial Statements
For the year ended 31 December 2016**

7. Share Capital

Details of the share capital and reserves of the Company are included in note 21 to the consolidated accounts.

8. Post balance sheet events

Details of post balance sheet events have been disclosed in note 26 to the Group financial statements.

9. First time adoption of FRS101 Reduced Disclosure Framework

There were no adjustments to the balance sheet or equity as at 1 January 2015 or 31 December 2015 in respect of the first time introduction of FRS101 Reduced Disclosure Framework.