

World First Markets Limited

Company Registration No.06382377

Financial Statements

For year ended 31 December 2016

WEDNESDAY



L6FVPWN6

L13

27/09/2017

#49

COMPANIES HOUSE

World First Markets Limited

General Information

Directors

Jonathan Roger Aitken Quin
Camilla Richardson (appointed 30 March 2016)
Alexander Filshie (appointed 30 March 2016)
World First UK Limited (removed on 30 March 2016)

Company secretary

Rosheen Fischer

Registered office

Millbank Tower
21-24 Millbank
London
SW1P 4QP

Auditor

Ernst & Young LLP

Bankers

Barclays Bank Plc

Index

General Information	1
Strategic report	2
Directors' report	4
Independent auditor's report to the members of World First Markets Limited.....	7
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements.....	12

World First Markets Limited

Year ended 31 December 2016

Strategic report

The Directors present their strategic report for the year ended 31 December 2016 for World First Markets Limited (the Company).

Business review

The Directors made a sequence of decisions during the course of the year to reduce and focus the activities of the Company in light of changing market conditions and a lower appetite for risk in the business.

As the year began, it became clearer that the UK referendum would have a less predictable outcome than had been expected. As the campaigning proceeded, there was increased volatility in foreign exchange markets and the Company simultaneously saw greater financial stress on a number of its clients and increased margin requirements with the Company's partner banks.

This led the Board to reduce transaction limits and credit lines available to clients of the Company and at the same time reduce the product offering.

The margin requirements increased the capital that the business utilised so the Company made further reductions in the credit lines available to clients. As a consequence of these events, the Board conducted a strategic review of the operations of the Company and in December decided to cease offering option products to any new clients and to progress to an orderly sale or wind down of the current business.

In December the parent company, World First UK Limited, injected additional capital into the Company in order to ensure the Company is well funded and able to settle its liabilities as they fall due.

These arrangements continue to be in place at the date of signing the financial statements.

Key performance indicators

The Company's key financial performance indicators during the year were as follows:

	Year ended 31 December 2016	11 months ended 31 December 2015	% change
Revenue	2,537	8,268	-69%
(Loss)/profit before tax	(3,657)	3,747	-198%
(Loss)/profit after tax	(2,987)	2,991	-200%
Shareholders' funds	12,422	8,409	48%

The management team monitor the level of new clients that are registered on a periodic basis. This is reviewed in conjunction with the revenue generated over the same period coming from both new and existing clients.

World First Markets Limited

Year ended 31 December 2016

Principal risks and uncertainties

The Directors retain ultimate responsibility for the establishment and oversight of the Company's risk and control environment. The Company's control environment is reviewed periodically by one or more of the three assurance functions (Compliance, Risk and Internal Audit).

Regulatory and compliance risk

This is the risk of censure because of the Company's failure to meet its regulatory obligations, which may lead to reputational damage, a monetary fine or, ultimately, the withdrawal of its authorisation to carry on business.

Regulatory and compliance policy implementation is led by the company's compliance team including compliance with Anti Money Laundering (AML), sanctions and other legal, regulatory and licensing requirements. A Money Laundering Reporting Officer (MLRO) is employed to implement policies and monitor transactions. The legal department advises on the regulatory environment and provides advice on any measures required to maintain licenses as appropriate.

Financial risk

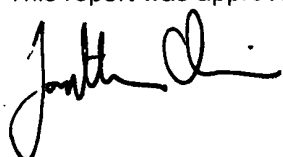
The Company's activities expose it to financial risks (including credit risk, foreign currency risk and liquidity risk) arising in the normal course of business. The Company's overall risk management strategy seeks to mitigate the impact of adverse effects on the Company. The objectives, policies and processes used to manage each risk are set out below and in note 10 accompanying the financial statements.

Operational risks

This is the risk of loss caused by weaknesses or failures in the Company's systems and controls, related to people, systems or processes. These include risks arising from failing to properly manage key outsourced relationships and cyber security. The complexity of option products means there is a higher risk of operational risks crystallising and the Company has controls in place to mitigate identified risks.

It has been difficult for the Board to reach a decision about the future prospects of the Company and the Board wishes to acknowledge the support of our staff in the World First group enabling the Company to serve its many customers.

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



J R A Quin
Director

Date: 26 April 2017

World First Markets Limited

Year ended 31 December 2016

Directors' report

The Directors are pleased to present their report to the members together with the audited financial statements of World First Markets Limited (the "Company") for the year ended 31 December 2016.

The principal activity of the Company is dealing in foreign currency options for businesses and individuals. The Company is authorised and regulated by the Financial Conduct Authority.

The results of the current financial year are not directly comparable to the prior period as that was for 11 months owing to a change in accounting period.

Directors of the Company

Jonathan Roger Aitken Quin
Camilla Richardson (appointed 30 March 2016)
Alexander Filshie (appointed 30 March 2016)
World First UK Limited (removed on 30 March 2016)

Dividends

The Directors do not recommend a dividend for the year ended 31 December 2016 (December 2015: Nil).

Future developments

Following the decision to cease offering new options products, the company has entered discussions with external parties regarding the potential sale of either the entire WF Markets company or the existing client book and this process is running parallel to the ongoing management of the Company.

As at 26th April 2017, the Company is well capitalised and has a strong Balance Sheet position following almost four months of orderly business reduction.

The on-going costs are administrative and the Board of the Company is committed to ensuring orderly operations continue, with the full support of the WF UK Board.

Financial instruments

The Company finances its activities with a combination of cash, short term deposits and funding from the parent company. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. The Company also enters into derivative transactions, including principally foreign currency options and forward currency contracts. The purpose is to manage currency risks arising from the Company's operations and its sources of finance.

Financial instruments give rise to foreign currency, credit, price and liquidity risk. Information on the objectives, policies and processes used to manage each of these risks are set out below and in note 10 accompanying the financial statements.

Events since the balance sheet date

There were no significant post balance sheet events.

Employees

The Company has no employees.

Donations

No donations were made for charitable or political purposes (December 2015: Nil).

World First Markets Limited

Year ended 31 December 2016

Directors' liabilities

The Company has in place a directors and officers insurance policy to cover relevant individuals against claims arising from their work on behalf of the Company. The Directors intend to keep the level of cover provided under annual or more frequent review if appropriate.

Going concern

The Directors consider the Company will be able to operate effectively in line with an orderly plan to settle all current and non-current liabilities as they fall due and meet any reasonable variations to plans for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditors

The auditors, Ernst & Yong LLP are deemed to be reappointed under section 487 of the Companies Act 2006.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

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

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

World First Markets Limited

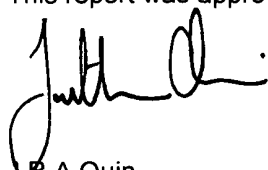
Year ended 31 December 2016

Disclosure of information to independent auditors

The Directors who were members of the board at the time of approving the Directors' report are listed on page 4. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no relevant information of which the Company's auditors are unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

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



J R A Quin
Director

Date: 26th April 2017

Independent auditor's report to the members of World First Markets Limited

We have audited the financial statements of World First Markets Limited (the Company) for the year ended 31 December 2016 which comprise Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements :

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Robert McCracken (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 April 2017

World First Markets Limited
Year ended 31 December 2016
Statement of comprehensive income

		Year ended 31 December 2016	11 months ended 31 December 2015
		£'000	£'000
	Notes		
Revenue	3	2,537	8,268
Operating expenses	5	(6,290)	(4,573)
Operating (loss)/profit		(3,753)	3,695
Interest receivable and similar income		116	55
Interest payable and similar charges		(20)	(3)
(Loss)/profit on ordinary activities before taxation		(3,657)	3,747
Tax benefit / (charge) on profit on ordinary activities	7	670	(756)
(Loss)/profit for the financial period		(2,987)	2,991
Total comprehensive (loss)/income for the period		(2,987)	2,991

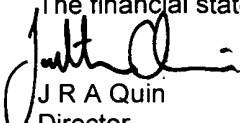
The Company did not have any gains or losses other than those recognised in the profit for the financial periods.

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

World First Markets Limited
Year ended 31 December 2016
Balance sheet

		As at 31 December 2016	As at 31 December 2015
	Notes	£'000	£'000
Non-current assets			
Derivative financial instruments	10	12,283	7,957
Total non-current assets		12,283	7,957
Current assets			
Cash and cash equivalents		9,237	3,534
Collateral placed with banks		16,725	19,868
Cash and cash equivalents held for customers		2,738	69
Trust balances held for customers within the Group		711	10,424
Trade and other receivables	8	12,031	18,520
Derivative financial instruments	10	11,169	17,869
		52,611	70,284
Total assets		64,894	78,241
Current liabilities			
Trade and other payables	9	10,882	11,000
Amounts due to customers		3,449	10,493
Derivative financial instruments	10	11,427	18,375
Amounts due to related companies		14,225	21,846
		39,983	61,714
Non-current liabilities			
Derivative financial instruments	10	12,489	8,118
		12,489	8,118
Total liabilities		52,472	69,832
Net assets		12,422	8,409
Capital and reserves			
Called up share capital	11	7,125	125
Retained earnings		5,297	8,284
Total shareholders' funds		12,422	8,409

The financial statements were approved by the Board and signed on its behalf by:


 J R A Quin
 Director
 Date: 26 April 2017

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

World First Markets Limited
Year ended 31 December 2016
Statement of changes in equity

	Called up share capital £'000	Retained earnings £'000	Total Equity £'000
At 31 January 2015 (as restated)	125	5,293	5,418
Profit for the period	-	2,991	2,991
At 31 December 2015	125	8,284	8,409
Issuance of share capital	7,000	-	7,000
Loss for the period	-	(2,987)	(2,987)
At 31 December 2016	7,125	5,297	12,422

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

World First Markets Limited

Year ended 31 December 2016

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of World First Markets Limited (the "Company") for the year ended 31 December 2016 were authorised for issue by the Board of Directors on 26 April 2017 and the balance sheet was signed on the Board's behalf by Jonathan Quin. World First Markets Limited is incorporated and domiciled in England and Wales. It is a private company limited by shares.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards under the provisions of the Companies Act 2006.

The Company's financial statements are presented in Sterling (GBP) and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. Where necessary, comparative information has been reclassified to be consistent with current disclosure.

The accounts are prepared under historical cost convention except for derivatives financial assets and liabilities that are stated at fair value.

The Company's immediate and ultimate parent holding company is World First UK Limited, a company incorporated in the United Kingdom, registered at Millbank Tower, 21-24 Millbank, London, SW1P 4QP.

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

2. Summary of significant accounting policies

Basis of preparation

The financial statements were prepared in accordance with FRS 101 and has taken advantage of the disclosure exemptions allowed under this standard.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 10(d) and 10(f), of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

The financial statements of World First Markets Limited are consolidated into the financial statements of the World First UK Limited which can be obtained from Companies House.

Significant accounting estimates and judgements

The key judgements and assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

World First Markets Limited

Year ended 31 December 2016

Bad Debts

A bad debt arises from closing out a client position that exceeds client collateral held against the contract(s). Varying degrees of judgement is applied to assess the impairment of the assets and ultimate recoverability. Provisions for bad debts are assessed, based upon management's judgement as to the level and timing of the future cashflows recovered from the asset.

Fair values of derivatives

The fair value of the financial assets and liabilities 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.

To manage its day to day operations the Company enters into forward contracts and currency options with banks and its customers which are classified as derivative financial instruments.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Forward currency contracts are over-the-counter derivatives that have mid, offer and bid prices that can be observed in the marketplace. The valuation of forward contracts is based on observable data and is performed by the Company. The input data includes forward foreign currency rates for currency combinations and expected period to maturity for the open contracts. These instruments are classified as Level 2 financial instruments in accordance with IFRS 13.

Currency options are not traded on an active market and their fair value is determined by counterparty banks. Such valuations are based on banks internal models and techniques recognised as standard with the industry. These instruments are classified as Level 2 financial instruments.

Where deemed appropriate, valuation adjustments are made to allow for additional factors including liquidity and credit risks that are not explicitly captured within the basic valuation approach outlined above.

Credit valuation adjustment (CVA) reflects the credit risk of the counterparties inherent in the valuation of the derivative financial instruments. The amount represents the estimated fair value of protection required to hedge the counterparty credit risk. The CVA takes into account counterparty exposure, applicable collateral arrangements and default probability rates.

Functional and foreign currencies

Functional currency

The management has determined the currency of the primary economic environment in which the Company operates, the functional currency, to be GBP. Sales prices and major costs are primarily denominated in GBP.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit and loss.

World First Markets Limited

Year ended 31 December 2016

Financial Instruments

Financial assets

Classification

Non-derivative financial assets within the scope of IAS 39 include cash and cash equivalents, trade and other receivables, customer balances and amounts due to related companies. Forward currency options and forward exchange contracts are classified as derivative financial instruments.

Initial recognition and measurement

The Company determines the classification of its financial assets at initial recognition. Derivative financial instruments are recognised at fair value through profit and loss and measured in accordance with IAS 39.

The carrying amount of cash and cash equivalents held by the Company and for customers and accounts receivable is considered to be a reasonable approximation of fair value.

Subsequent measurement

- a) Financial assets classified at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in revenue. The credit risk within derivative financial instruments assets is covered by a CVA adjustment.
- b) Other financial assets are measured amortised cost.

Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash and cash equivalents held for customers

Cash and cash equivalents held for customers represents cash held to fund customer liabilities and collateral received. These balances have either a regulatory restriction for use in accordance with local legislation or operational restriction as the Company awaits customers' instructions for their use.

The Company maintains a corresponding liability in connection with these amounts that is included in "Amounts due to customers" in the balance sheet.

Collateral cash balances collected from customers are utilised for the collateral that the Company places with banks.

Accounts receivable

Trade accounts receivable are recorded at the invoiced amount which is considered to be an approximation of fair value and do not bear interest. The Company reviews its bad debt provision at period ends and adjusts it as appropriate.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

World First Markets Limited

Year ended 31 December 2016

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If there is an indication that an asset is impaired its carrying value is written off to the net recoverable amount.

Financial liabilities

Classification

Derivative financial liabilities comprising currency options and foreign currency forward contracts, within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss. The Company determines the classification of its financial liabilities at initial recognition.

Non-derivative financial liabilities comprise trade and other payables, amounts due to customers and amounts due to related companies and are classified as financial liabilities at amortised cost.

Initial recognition and measurement

Amounts payable are recognised at cost which is deemed to be an approximation of their fair value. Derivative financial liabilities are recognised at fair value.

Subsequent measurement

Derivative financial liabilities at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in revenue.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedging

The company does not apply hedge accounting on any derivative contracts.

Taxes

Current taxation

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 end of the reporting period.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of their liabilities. Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Company.

World First Markets Limited

Year ended 31 December 2016

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue, stated net of transaction costs, comprises day 1 gains and losses on derivative contracts, based on the net of premium paid and received from the purchasing and writing options respectively. Also included are the gains or losses arising from the subsequent mark-to-market measurement of outstanding derivative contracts. Revenue is recognised after receiving customer authorisation to undertake foreign currency transactions and after having entered into a hedging foreign currency transaction with counterparty banks.

Intercompany management charges

The Company receives services from the Parent company for the provision of services and systems to support the Company. These costs are charged from the Parent at an arm's length rate agreed between the two parties.

3. Revenue

	Year ended 31 December 2016	11 months ended 31 December 2015
	£'000	£'000
Revenue on foreign exchange contracts	2,381	8,315
Mark to market on derivatives	156	(47)
	<u>2,537</u>	<u>8,268</u>

4. Staff costs

The company has no employees (December 2015: Nil).

5. Operating expenses

	Year ended 31 December 2016	11 months ended 31 December 2015
	£'000	£'000
Management fee	3,071	3,465
Bad debt	2,472	16
Other administrative costs	747	1,092
	<u>6,290</u>	<u>4,573</u>

Principally the bad debt relates to three customers, with the majority of the balance relating to a single customer.

World First Markets Limited
Year ended 31 December 2016

6. Operating profit

Operating profit is after charging / (crediting):

	Year ended 31 December 2016	11 months ended 31 December 2015
	£'000	£'000
Foreign exchange (gains)/losses	(398)	748
Auditors' remuneration - audit fees	100	59
Auditors' remuneration - non-audit fees	114	58

7. Corporation tax

(a) Tax (benefit) / charge in the comprehensive income statement

	Year ended 31 December 2016	11 months ended 31 December 2015
	£'000	£'000
Current year	(713)	756
Adjustment for prior years	43	-
	<u>(670)</u>	<u>756</u>

(b) Reconciliation of the total tax charge

The major components of income tax expense for the year ended 31 December 2016 and the 11 months ended 31 December 2015 are:

	Year ended 31 December 2016	11 months ended 31 December 2015
	£'000	£'000
(Loss) / profit before tax	(3,657)	3,747
Tax (credit)/charge at UK corporation tax rate of 20% (2015: 20.18%)	(731)	756
Effects of:		
Adjustments in respect of prior years	43	-
Items not deductible for tax purposes	24	-
Rate change adjustment	(6)	-
Overall tax (credit)/charge	<u>(670)</u>	<u>756</u>

The main rate of corporate tax for the year ended 31 December 2016 is 20% (2015: 20.18%). At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%.

World First Markets Limited
Year ended 31 December 2016

8. Trade and other receivables

	Year ended 31 December 2016	11 months ended 31 December 2015
	£'000	£'000
Trade receivables	13,257	18,521
Provision for bad and doubtful debt	(2,193)	(16)
Corporation tax	950	-
Prepayments and accrued income	17	15
	<u>12,031</u>	<u>18,520</u>

9. Trade and other payables

	Year ended 31 December 2016	11 months ended 31 December 2015
	£'000	£'000
Trade payables	10,546	10,320
Corporation tax	-	553
Accruals and deferred income	336	127
	<u>10,882</u>	<u>11,000</u>

World First Markets Limited

Year ended 31 December 2016

10. Financial instruments

An explanation of the Company's financial instrument risk management objectives, policies and strategies is set out below.

Market Risk

Market risk is the risk of loss that may arise because of adverse changes in foreign exchange rates. As a matched-principal broker, the Company has limited market risk and proprietary trading activities. Trading is predominantly a result of a customer request and customer positions are immediately economically hedged with our counterparty banks using exactly the equivalent financial instruments to ensure that all aspects of a client position match.

A limited number of trades is undertaken to maintain foreign currency cash balances in the Company's own name.

Foreign currency risk

To manage day to day liquidity the Company keeps cash balances in different currencies. Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. At the end of each reporting period these balances are re-translated into the Company's functional currency. The gain or loss on this revaluation is recognised in the statement of comprehensive income.

The table below sets out the Company's currency exposures from financial assets and liabilities held in currencies other than their functional currencies. The sensitivity analysis, that illustrates potential movement in the statement of comprehensive income, has been prepared based on reasonably possible changes in exchange rates that would happen one at a time and assumes all other variables are held constant.

World First Markets Limited
Year ended 31 December 2016

As at 31 December 2016

Assets and liabilities in major currencies

	USD '000	EUR '000
Assets		
Options	3,678	595
Trade receivables	3,410	3,782
<hr/>		
Liabilities		
Options	(3,576)	(606)
Trade payables	(2,819)	(3,899)
<hr/>		

**Potential impact on profit before tax in GBP - gain/ (loss)
of a 5% increase in foreign exchange rates**

	USD £'000	EUR £'000	Other £'000	Total £'000
Options	4	-	-	4
Trade (payables)/receivables	46	(5)	(17)	24
Total	50	(5)	(17)	28
<hr/>				

**Potential impact on profit before tax in GBP - gain/ (loss)
of a 5% decrease in foreign exchange rates**

	USD £'000	EUR £'000	Other £'000	Total £'000
Options	(4)	1	-	(3)
Trade (payables)/receivables	(51)	5	19	(27)
Total	(55)	6	19	(30)
<hr/>				

As at 31 December 2015

Assets and liabilities in major currencies

	USD '000	EUR '000
Assets		
Options	16,569	5,827
Trade receivables	9,230	6,477
<hr/>		
Liabilities		
Options	(16,832)	(5,955)
Trade payables	(8,878)	(5,908)
<hr/>		

**Potential impact on profit before tax in GBP - gain/ (loss)
of a 10% increase in foreign exchange rates**

	USD £'000	EUR £'000	Other £'000	Total £'000
Options	(16)	(9)	(3)	(28)
Trade (payables)/receivables	22	38	(69)	(9)
Total	6	29	(72)	(37)
<hr/>				

**Potential impact on profit before tax in GBP - gain/ (loss)
of a 10% decrease in foreign exchange rates**

	USD £'000	EUR £'000	Other £'000	Total £'000
Options	20	10	4	34
Trade (payables)/receivables	(26)	(47)	84	11
Total	(6)	(37)	88	45
<hr/>				

World First Markets Limited
Year ended 31 December 2016

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a customer or counterparty bank default on its obligations. The risk arises principally in relation to transactions where the Company enters into derivative contracts requiring settlement by the other party or cash holdings.

The carrying amount of financial assets recognised in the balance sheet represents the Company's maximum exposure to credit risk at the reporting date with the exception of derivative financial instruments which were adjusted by a credit valuation adjustment.

For those derivative financial instruments, the table below shows a reconciliation between the carrying value and the Company's maximum exposure to credit risk as well as the value of collateral held or other credit risk mitigation.

	Year ended 31 December 2016	11 months ended 31 December 2015
	£'000	£'000
Financial Instruments		
Short term	11,169	17,869
Long term	12,283	7,957
Carrying Value	23,452	25,826
Credit valuation adjustment	355	442
Total maximum exposure	23,807	26,268

The Client terms and conditions require clients to provide collateral which provides mitigation to credit risk however these amount are held across the World First UK group.

Company policies are aimed at reducing the impact of losses as a result of credit events, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to reduce the Company's potential exposure to credit loss.

It is the Company's policy to request a collateral deposit from customers which is determined following an assessment of their risk profile. In respect of the assets due from customers the Company holds cash collateral as security depending on the customers' creditworthiness. There are no other significant credit enhancements in respect of these assets.

The Company may re-pledge cash collateral received from its customers for future contracts on rolling basis. The fair value of collateral approximates its carrying value.

The credit quality of all financial assets that are neither past due nor impaired is constantly monitored. Credit risks relating to customer contracts is monitored on a regular basis and additional collateral is sought if appropriate via margin calls.

The Company's policies restrict the counterparties with which derivative transactions can be contracted and funds may be deposited only with those institutions approved by the Board, comprising banks and financial institutions with a high credit rating. The Treasury team ensures that exposure is spread across the approved financial institutions.

World First Markets Limited

Year ended 31 December 2016

There is no significant concentration of credit risk with respect to trade receivables as the Company has a large number of customers. The type of customers range from wholesalers and distributors to individuals.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises daily from bank demands to meet margin calls and from mismatches of the maturities of financial assets and liabilities.

The Company's policy on liquidity risk management is to maintain sufficient cash and available funding. Cash balances and forecast cash movements are reviewed on a regular basis to ensure that the Company maintains adequate working capital.

The maturity profile of the Company's financial assets and liabilities at the year end is set out below.

	Less than 3 months £ '000	Between 3 to 6 months £ '000	Between 6 to 12 months £ '000	More than 12 months £ '000	Total £ '000
As at 31 December 2016					
Assets					
Derivative financial instruments	1,622	2,443	7,104	12,283	23,452
Cash and cash equivalents	9,237	-	-	-	9,237
Collateral placed with banks	16,725	-	-	-	16,725
Cash and cash equivalents held for customers	2,738	-	-	-	2,738
Trade and other receivables	12,031	-	-	-	12,031
Trust balances held for customers within the group	711	-	-	-	711
Total assets	43,064	2,443	7,104	12,283	64,894
Liabilities					
Derivative financial instruments	1,683	2,593	7,151	12,489	23,916
Trade and other payables	10,882	-	-	-	10,882
Amounts due to customers	3,449	-	-	-	3,449
Amounts due to related companies	14,225	-	-	-	14,225
Total liabilities	30,239	2,593	7,151	12,489	52,472
Net financial assets	12,825	(150)	(47)	(206)	12,422

World First Markets Limited
Year ended 31 December 2016

	Less than 3 months	Between 3 to 6 months	Between 6 to 12 months	More than 12 months	Total
As at 31 December 2015	£ '000	£ '000	£ '000	£ '000	
Assets					
Derivative financial instruments	4,236	4,612	9,021	7,957	25,826
Cash and cash equivalents	3,534	-	-	-	3,534
Collateral placed with banks	19,868				19,868
Cash and cash equivalents held for customers	69				69
Trade and other receivables	18,520	-	-	-	18,520
Trust balances held for customers within the group	10,424	-	-	-	10,424
Total assets	56,651	4,612	9,021	7,957	78,241
Liabilities					
Derivative financial instruments	4,296	4,905	9,173	8,118	26,493
Trade and other payables	11,000	-	-	-	11,000
Amounts due to customers	10,493	-	-	-	10,493
Amounts due to related companies	21,846	-	-	-	21,846
Total Liabilities	47,635	4,905	9,173	8,118	69,832
Net financial assets	9,016	(293)	(152)	(161)	8,409

The maturity profile of the Company's financial liabilities is closely matched by the maturity profile of its financial assets. To manage its liquidity the Company normally requires payment of trades with customers in advance of settling trades with the banks. The liquidity risk is also mitigated by the collateral received from customers.

As at 31 December 2016 the Company had £9.2m of its own cash and cash equivalents (December 2015: £3.5m).

Financial assets that are past due or impaired

The Company holds financial assets that are either past due or impaired, and the residual exposure after provisions for doubtful debts is £0.6m. Cash at bank balances are neither past due nor impaired and are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.

World First Markets Limited

Year ended 31 December 2016

Fair value estimation

Recurring fair value measurement

In accordance with IFRS 13 the Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The Company utilises valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. The fair values of financial instruments that are not traded in an active market are determined using valuation techniques.

All financial assets and liabilities measured at fair value through profit and loss are classified as level 2 in the fair value hierarchy.

There have been no transfers between levels during the year to 31 December 2016 (December 2015: none).

Capital management

Total capital is defined as share capital and retained earnings attributable to the equity owner of the Company.

The Board monitors the Company's capital and cash positions regularly to safeguard the ability to continue as a going concern and provide a suitable level of return for investors. The principal drivers of the business in managing capital include ensuring sufficient capital and liquidity to meet regulatory capital requirements, bank margin requirements and working capital demands of the business.. The Company has met all capital requirements imposed by the regulator during the year.

World First Markets Limited
Year ended 31 December 2016

11. Share capital

Allotted, authorised and fully paid

	<i>000</i>	<i>£'000</i>
Ordinary shares of £1 each		
As at 31 December 2015	125	125
Issued during the year	7,000	7,000
As at 31 December 2016	<u>7,125</u>	<u>7,125</u>

On 29 September 2016, 5 million ordinary shares of £1 each were issued and a further 2 million shares on 20 December 2016.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

12. Related parties transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

13. Contingent liabilities

The Company is currently involved in legal proceedings in respect of a debt claim made against a customer. As the matter is in active litigation under which a counterclaim has been lodged against the Company no further details have been disclosed save for the fact that the Company's legal advisors have opined that the counterclaim is believed to have no merit.

14. Post balance sheet events

There were no significant post balance sheet events.

15. Ultimate group undertaking and controlling party

The Company's immediate and ultimate parent undertaking is World First UK Limited, a company registered in the United Kingdom. The company is included within these group accounts of World First UK Limited which are publicly available from Companies House.

The Directors do not consider there to be an ultimate controlling party.