FAIRFX

ANNUAL REPORT

And consolidated financial statements for the year ended 31st December 2014.

FAIRFX

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www.fairfx.com

Contents

Directors and Advisors

Directors:	J Pearson (Chairman) I A I Strafford-Taylor (Chief Executive Officer) A Chowdhury N S Jeffery J K Drummond (resigned 21st November 2014)
Company Secretary:	I A I Strafford-Taylor
Registered Number:	08922461 (England and Wales)
Registered Office:	3rd Floor Thames House Vintners Place 68 Upper Thames Street London EC4V 3BJ England
Bankers:	Barclays Bank PLC 7th Floor, United Kingdom House 180 Oxford Street London W1D 1EA England
Auditor:	KPMG LLP One Snowhill Snow Hill Queensway Birmingham West Midlands B4 6GH England
Solicitors:	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA England
Nominated advisor and broker:	Cenkos Securities PLC 6.7.8 Tokenhouse Yard London EC2R 7AS England

FAIRFX

Strategic Report for the year ended 31 December 2014

Statement from the Chairman and Chief Executive Officer

Overview

We are pleased to present the first full year results of FAIRFX GROUP PLC ("FAIRFX"), following its admission to trading on AIM in August 2014. The year ended 31 December 2014 has been an important year for the Group - in addition to our admission to AIM, FAIRFX has delivered record levels of new customers and revenue. With strong growth in demand across both our consumer and business audiences in 2014 we are well placed to grow market share and revenue in the UK and to expand to additional European markets in the year ahead.

Performance Highlights for 2014

- 47.4% increase in revenue to £475.3m
- 86,397 new customers added to the business
- 62% revenue growth to £213.7m within money transfer and deliverable FX execution products
- 36% increase in gross profit to £3.8m

What we do

FAIRFX is a disruptive fintech company, launched in 2007, operating principally in the foreign exchange space. FAIRFX concentrates on "deliverable" foreign exchange (FX) which is the provision of actual currency delivery rather than FX trading. Unlike the FX trading industry, which is at the cutting edge of technology, the deliverable FX sector is typically characterised by low-tech solutions and poor transparency in both private and corporate sectors. FAIRFX was established to challenge that status quo and deliver end-users better value combined with improved service and convenience. We do that by enabling customers to transact seamlessly online or via mobile for both travel money and also money transfers. **By employing the best digital and mobile service solutions we avoid the costs of a branch or retail infrastructure – a saving we pass on to our customers with better exchange rates.** The ethos of our business is to promote clarity of pricing and to avoid hidden charges. FAIRFX systems were built from inception on the concept of peer-to-peer (P2P) functionality and this will convey further benefit to our customers as the business rolls out internationally.

FAIRFX has 4 key products: Prepaid Currency Cards usable worldwide for purchases and cash withdrawals; a Travel Cash service delivered via Royal Mail; a bank-to-bank international money transfer product; an employee travel expenses solution for businesses. All FAIRFX products are characterised by a simple and fast online on-boarding process.

FAIRFX offers its products to both private and corporate clients and both customer groups are expanding rapidly. Our business principally earns its revenues from the difference between the FX rate it transacts with a customer and the rate at which it covers this via the market or from another customer via P2P. FAIRFX does not actively trade an FX position and is not taking FX risk; rather it is an execution service which takes a spread based on the volume of FX that passes through its products.

Business review

The biggest event in 2014 was the successful listing of FAIRFX on AIM on 5th August (Ticker: FFX). The principal purpose of the listing was to raise funds in order to expand the available budget for marketing and accelerate market penetration across consumers and businesses. FAIRFX Group PLC. is the listed vehicle and owns 100% of FAIRFX PLC., the operating company. The initial listing was supplemented by a secondary fund-raise in December and hence the business is primed for significant acceleration in 2015.

The Group had a very successful and strong year of growth in 2014 with a 47.4% increase in revenue to £475.3 million (2013: £322.4 million). We added 86,397 new customers to the business during 2014, a 46.6% increase on 2013, bringing the total to 404,710 by the year end (2013: 318,313). Strategically, the Group continued on its pursuit of growth and hence marketing expenditure grew further to £1.8 million compared to £0.6 million for 2013. The increase reflected an expansion of TV advertising augmented by pay-per-click (PPC) and affiliate partnerships. Given the "sticky" nature of the FAIRFX customers, the benefit of this spend is expected accrue over many years, particularly in the multi-pay FAIRFX products, namely the prepaid currency cards and travel cash where customers typically re-use and repurchase the products and services

Our growth in 2014 saw all lines of the company moving forward strongly. The single-pay products, namely FairPay and Deliverable FX execution, advanced particularly rapidly posting revenue growth of 61.5% to £213.7 million (2013: £132.3 million) and further significant expansion is expected in 2015. The growth in single-pay reflects the success of the strategy of cross-selling these products to the multi-pay customer base. Multi-pay revenue, being prepaid cards and travel cash, also saw strong growth of 37.7% to £261.7 million (2013: £190.1 million).

Gross margin for 2014 was £3.8 million (2013: £2.8 million), which comprised of margin on currency transactions of £5.5 million (2013: £3.9 million) less transaction costs of £0.3 million (2013: £0.2 million) and other cost of sales, including all costs associated with fulfilling the prepaid cards of £1.4 million (2013: £0.9milion).

Another key area of investment in 2014 has been in headcount. By the end of 2014 we had 66 FAIRFX employees compared with 41 a year previously. Early 2015 has seen a bolstering of the management team with the appointment of a Chief Financial Officer (CFO) and a Chief Commercial Officer (COO). The overall headcount growth is expected to be much less in percentage terms in 2015 as the automated nature of the FAIRFX business yields economies of scale. The expansion of headcount combined with the ending of the lease on the previous premises occupied by FAIRFX necessitated an office move in May 2014 which we achieved seamlessly in terms of customer experience.

The Group made a loss for the year of £2.8 million (2013: profit £0.1 million). This loss was forecast as the Group invested in a solid foundation for future growth. The loss included an increase in marketing spend, growth in headcount, costs of the admission to AIM of £0.7m and the charge for share options granted to incentivise management and staff of £0.3 million.

Strategic review

FAIRFX, by the nature of its products, has a relatively low margin on each transaction. Accordingly, our key objective for the business is to add customers and drive high volume growth in revenue. The emphasis since 2013 has been on exploiting our digital early-mover advantage and expanding marketing activity in order to increase awareness of FAIRFX's value and service among customers of traditional higher-cost providers such as the Banks, Post Office and Bureau de Change at airports. With relatively low awareness levels around prepaid currency cards, there is a significant opportunity to become a leading category brand.

The Directors intend to increase marketing spend over the next few years to further accelerate customer acquisition. As a marketing-led organization our activities are focused on integrated campaigns targeting travellers and holidaymakers, using traditional advertising media in combination with digital and mobile performance marketing. The Directors believe that the market has currently reached an inflection point and is highly receptive to FAIRFX's customer-centric products at this moment in time.

Against this backdrop, the investment in people and systems development also remain vital and ongoing to ensure we have the capacity to deal with increased activity. The Directors are confident that the investment in this area in 2014 and indeed in 2015 to date sees FAIRFX extremely well placed going forwards as a robust business with excellent scalability.

Smart, segmented cross selling opportunities exist throughout the Group's offerings and are key to FAIRFX's growth strategy. To date, we have focused on growing numbers of consumers in the multi-payments space using the currency card and physical travel money products. The Group is building on existing relationships with multi-pay customers with the aim of offering them the convenience of our higher value, single-payment products as well. Investment by FAIRFX into analysis of the most efficient methods of cross selling and identification of the customers most receptive to this is ongoing and the process continues to become more personalized and sophisticated.

We continued to invest significantly in R&D and innovation to enhance all of our products and services across 2014. FAIRFX is highly focused upon the ease of use of its systems and products and is targeted towards mobile functionality. The FAIRFX App, available on both iOS and Android, is a good example of this and is constantly being enhanced.

The board

On creation of the new Group entity in March 2014, a new Board of Directors was set up with the appointment of Jason Drummond as Chairman and Ian Strafford-Taylor as Chief Executive Officer. Mr. Drummond is one of the Founders and has been a Director since 2005. Mr. Strafford-Taylor is also one of the Founders and has been a Director since 2007.

In July 2014, in preparation for the admission to AIM, Nicholas Jeffery and Ajay Chowdhury were appointed as Non-Executive Directors. Both Mr. Jeffery and Mr. Chowdhury have substantial experience in the digital retail, online and mobile industries. Mr. Jeffery is Group Enterprise Director and Executive Board Director at Vodafone and Mr. Chowdhury is Partner and Managing Director of BCG Digital Ventures and was previously CEO of Seatwave, CEO and Executive Chairman of ComQi and Chairman of Shazam. In November 2014, Mr. Drummond stepped down from the role of Chairman to focus on other business interests and John Pearson was appointed. We would like to thank Mr. Drummond for the enormous contribution he has made to FAIRFX over the years and continues to make as a shareholder. Mr. Pearson has considerable experience in the digital, media and broadcast industries. Most significantly, he was co-founder and CEO of Virgin Radio for 13 years and Chairman of Shazam Entertainment for 8 years and this background is extremely relevant to the marketing-led growth phase that FAIRFX is now undergoing.

The Board is committed to the success of the Group, ensuring it is conducted in accordance with the highest levels of corporate governance. We look forward to reporting on the Group's continued growth and development.

Future outlook

The proceeds from the AIM listing and secondary fundraise in December have provided the Group with funds to continue its growth strategy. This will be achieved principally through increased customer-centric marketing activity and further agile development of our technology platform and digital services. We will also seek to maximize cross-selling opportunities and to target international expansion to increase the Group share of the multi-currency payments market.

Given the Group has now received its EEA-wide licence, initial expansion of operations overseas will be focused on Europe with the intention of launching in Ireland as a first location during 2015. Expansion to markets further afield will also be considered and in some markets growth by acquisition is a possibility depending on appropriate opportunities.

In the core UK market, 2015 will see an extension of the marketing-led growth strategy that has been proven in both 2014 and 2013. Utilizing the proceeds since the AIM listing, the marketing investment will increase further and therefore we expect 2015 to be another year of strong expansion of the key indicators of customers and revenue. FAIRFX is also targeting increased growth in its corporate client base and will be investing further in its Corporate Expenses Management products accordingly.

The business benefits from strong customer loyalty and high levels of reuse and repurchase. We will focus on continually improving service to the customer base in 2015 by focusing on further improving mobile usability and functionality. FAIRFX is set to launch an App for the new Apple Watch to adapt to our customers' changing needs and we will explore geo-location services and mobile wallets to enhance users' experience of its iOS and Android apps. FAIRFX customers will also be able to receive multi-currency inbound payments through the creation of a payment ecosystem.

Since the year ended 31 December 2014, FAIRFX's results to 24 March 2015 have continued the strong growth trajectory of 2014 with all product lines expanding rapidly. It should be noted that this growth has been achieved before the planned expansion of marketing activity which will come into effect later in the year, to coincide with the seasonal peak of our business, and will further boost growth.

Current trading to 24th March 2015 shows revenues as a whole up 90% to £143.1 million (£75.1 million in the equivalent period of 2014) with revenue in multi-pay product lines up 66% to £69.5 million (£41.8 million in the equivalent period of 2014) whilst the single pay offering increased by 121% to £73.6 million (£33.3 million in the equivalent period of 2014).

Customer numbers are also expanding rapidly with 21,515 retail customers added so far in 2015 to bring the total to 426,225. This represents 66% growth over the equivalent period in 2014 when 12,960 customers were added. The current expansion of the business will be further supported by the planned integrated marketing campaigns across the key holiday travel periods in 2015. **The key focus here will be on above-the-line marketing campaigns including TV advertising and sponsorship of the Formula One Channel on Sky Sports.**

In addition, we have had considerable success in expanding our affiliate programme following a good performance in 2014 and have recently signed agreements with Jet2.com, Hotelplan, Laterooms.com and Trinity Mirror.

The Group has also continued to strengthen and refine its compliance procedures and as a validation of this we are delighted to announce that we were granted additional permissions by the FCA under the Authorised Payment Institution regulations in February 2015. The granting of these permissions allows FAIRFX to offer our customers improved protection of their funds in comparison with many of our competitors. The Group will continue to further enhance compliance processes as we continue the lengthy process of application for an eMoney licence, which we hope to complete later in the year.

Principal risks and uncertainties

The directors have reviewed the risks and uncertainties facing the group and consider the key risk to be financial risk. The group's overall risk management programme focuses on maximising the financial assets of the group and minimising financial liabilities whilst not engaging in speculation.

Credit risk

The group's receivables amounts to £7.9 million (2013: £9.0 million). The receivables include an amount of £7.3 million (2013: £8.5 million) of trade receivables. The directors are of the opinion that all these amounts are recoverable and the group has no significant credit risk.

Liquidity risk

The group monitors rolling forecast of the group's liquidity requirements to ensure it has sufficient cash to meet its operational cash requirements.

The group has substantial cash reserves amounting to approximately £4.1 million (2013: £2.0 million).

The group's payables due within one year amount to £10.4 million (2013: £10.4 million). The directors do not foresee any problems in the group being able to meet its obligations.

In conclusion

FAIRFX has had a strong year in 2014 and, since joining AIM, we have made further steps to enhance growth and become a marketing-led business with an agile-based technology platform. Against this backdrop of growth we have enhanced the management team of the business and improved controls and Compliance and as such the company is built on very solid foundations and is built for scale as we look to the future.

We look forward to delivering further growth in the coming year and continuing to meet the expectations of all of our stakeholders.

The Chairman and Chief Executive Officer's Statement was approved and authorised for issue by the Board on 30 March 2015 and was signed on its behalf by:

J Pearson
Chairman

I A I Strafford-Taylor
Chief Executive Officer

Performance Highlights for 2014

47.4%
increase in revenue to
£475.3m

+62%
in revenue growth to
£213.7m for money transfer and FX execution products

+36%
in gross profit to £3.8m

86,397
new customers added to the business

Corporate governance statement for the year ended 31 December 2014

Statement of compliance
The directors recognise the value and importance of high standards of corporate governance. Accordingly, whilst the UK Corporate Governance Code does not apply to AIM companies, the directors have regards to the requirements of the UK Corporate Governance Code to the extent they consider appropriate in light of the group's size, stage of development and resources. The Board also proposes, so far as practicable, to follow the recommendations set out in the corporate governance guidelines for smaller quoted companies published by the Quoted Companies Alliance.

The corporate governance guidelines were devised by the Quoted Companies Alliance, in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. An alternative code was proposed because the Quoted Companies Alliance considers the UK Corporate Governance Code to be inapplicable for many AIM companies. The corporate governance guidelines state that: *''The purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term''.*

Board of Directors
The Board is responsible for the overall management of the group including the formulation and approval of the group's long term objectives and strategy, the approval of budgets, the oversight of the group's operations, the maintenance of sound internal control and risk management systems and the implementation of group strategy, policies and plans. Whilst the Board may delegate specific responsibilities, there is a formal schedule of matters specifically reserved for decision by the Board; such reserved matters include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board meets formally on a regular basis to review performance.

The Board has established an audit committee and a remuneration committee and formally delegated duties and responsibilities as described as follows.

Audit committee
The audit committee is responsible for monitoring the integrity of the group's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the group's internal control and risk management systems and overseeing the relationship with the external auditor (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). The audit committee comprises Ajay Chowdhury and John Pearson and is chaired by Ajay Chowdhury. The audit committee has met twice following admission up to the date of this report and will meet at least 3 times a year at appropriate times in the reporting and audit cycle and otherwise as required. The audit committee also meets regularly with the company's external auditor.

Remuneration committee
The remuneration committee is responsible for determining and agreeing with the Board the framework for the remuneration of the chairman, the executive directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of non- executive directors is a matter for the Board. No director is involved in any decision as to his or her own remuneration.

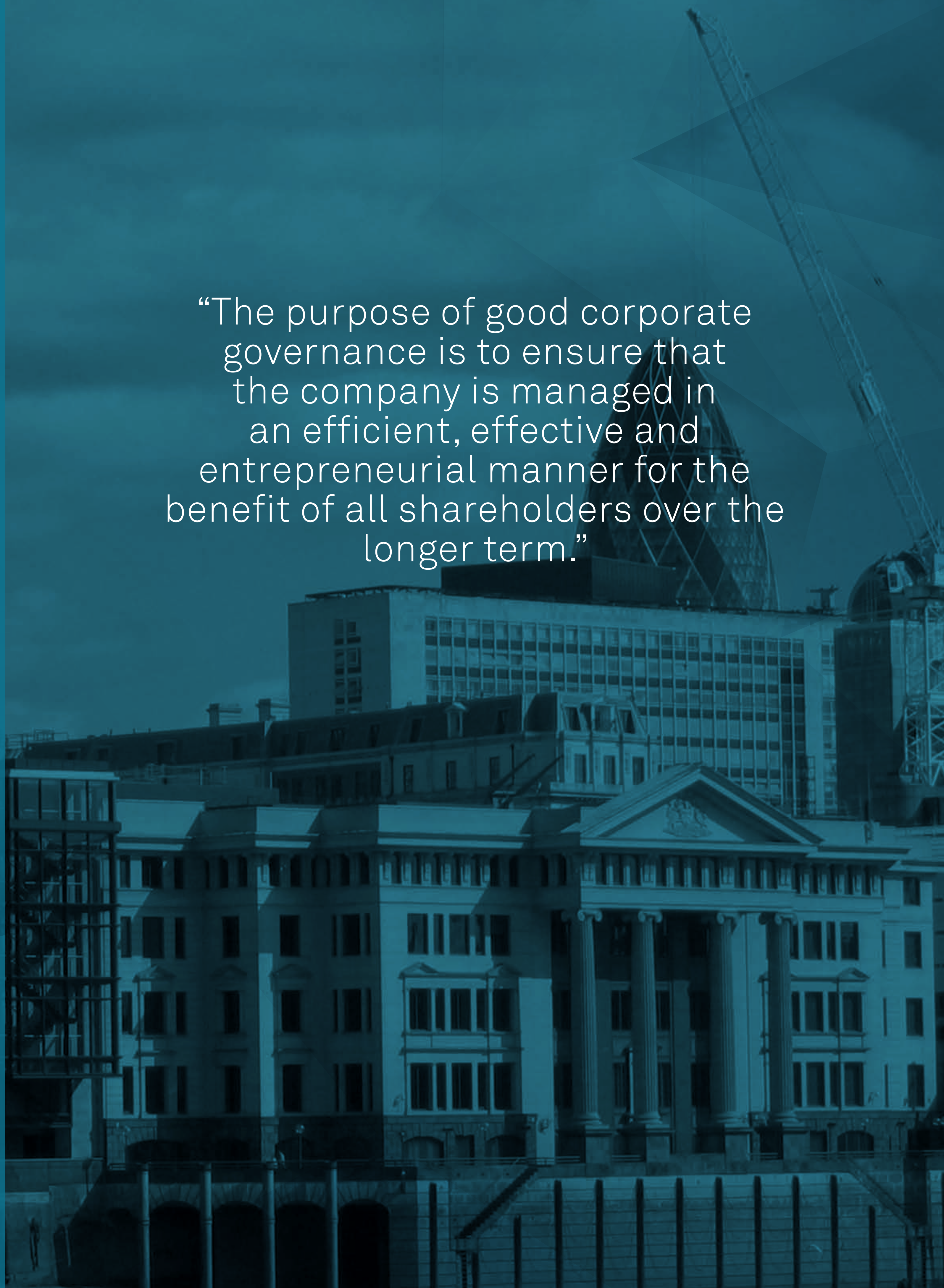
The remuneration committee comprises John Pearson and Nicholas Jeffery and is chaired by Nicholas Jeffery. The remuneration committee has met once since admission and will meet at least 3 times a year and otherwise as required.

Share dealing code
The company has adopted, with effect from Admission, a share dealing code for directors and applicable employees of the group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the company's securities (including, in particular, dealing during close periods in accordance with Rule 21 of the AIM Rules). The directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM. The company will take proper steps to ensure compliance by the directors and applicable employees of the group with the terms of the share dealing code and the relevant provisions of the AIM Rules (including Rule 21).

The Corporate Governance Statement was approved and authorised for issue by the Board on 30 March 2015 and was signed on its behalf by:

I A I Strafford-Taylor

Chief Executive Officer



"The purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term."

Directors' Report for the year ended 31 December 2014

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

Financial reporting
The consolidated financial statements for the year ended 31 December 2014 are set out on pages 13 to 34 for FAIRFX Group PLC. These have been prepared in accordance with the group's accounting policies under International Financial Reporting Standards (IFRS) as adopted by the European Union.

Principal activity
The principal activity of the group during the year was that of a dedicated provider of foreign exchange payment services to both private clients and corporations through prepaid currency cards, travel cash and international money transfers. The group's trading entity FAIRFX PLC is authorised by the Financial Conduct Authority under the Payment Services Regulations 2009 for the provision of payment services.

The principal activity of the company is focussed on share ownership of the FAIRFX companies.

The company was incorporated on 4 March 2014, and on 22 July 2014 acquired the entire shareholding of FAIRFX (UK) Limited (previously named FAIRFX Group Limited) through a share for share exchange. For the consolidated financial statements of the group, prepared under IFRS, the principles of reverse acquisition under IFRS 3 **"Business Combinations"** have been applied. The steps to restructure the group had the effect of FAIRFX Group PLC being inserted above FAIRFX (UK) Limited. The holders of the share capital of FAIRFX (UK) Limited were issued fifty shares in FAIRFX Group PLC for one share held in FAIRFX (UK) Limited. The shares of the company were admitted to trading on AIM on 5th August 2014.

Post balance sheet event
There have been no material post balance sheet events that would require disclosure or adjustments to these financial statements.

Dividends
The directors do not recommend the payment of a dividend for the year ended 31 December 2014.

Payments to creditors
The policy of the group is to settle supplier invoices within the terms and conditions of trade agreed with individual suppliers.

Auditor
KPMG LLP were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Going concern
The financial statements have been prepared on a going concern basis. The group has reported a net loss for the year of £2.8 million, in line with forecasts, as it invested some of the funds raised following its admission to AIM in August 2014 in marketing and other resources to drive growth. The Group will continue to invest in growth in the foreseeable future and the Directors therefore believe that the group will likely make a loss for the year ended 31 December 2015, in line with stated strategy, and are budgeting as such. **Further information in relation to the group's business activities is set out in the Strategic Report section of this report on pages 3 to 6.**

Based on the company and group's budgets and financial projections, the Directors are satisfied that the business is clearly a going concern. This assessment is based on whether there is sufficient liquidity and financing to support the business, the post balance sheet trading of the Group, the regulatory environment and the effectiveness of risk management policies. Based on their assessment, the Directors have a reasonable expectation that the company and group has adequate resources to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

The Directors' Report was approved by the Board on 30 March 2015 and signed on its behalf by:

I A I Strafford-Taylor
Chief Executive Officer

"The shares of the company were admitted to trading on AIM on 5th August 2014."

Directors

The following directors have held office during the accounting period:

J K Drummond	(appointed 4 March 2014 and resigned 21 November 2014)
I A I Strafford -Taylor	(appointed 4 March 2014)
A Chowdhury	(appointed 28 July 2014)
N S Jeffery	(appointed 28 July 2014)
J Pearson	(appointed 21 November 2014)

Director's Interests
The directors who held office at 31 December 2014 held the following shares in the company

	Ordinary 1p shares Shareholding %	2014
I A I Strafford - Taylor	3.0%	2,127,750

The directors held the following unexercised share options in the company:

	Option price (£)	Number Granted	Date Granted
I A I Strafford-Taylor	0.22	192,950	28/07/2014
	0.36	1,789,300	28/07/2014
	0.36	1,535,750	28/07/2014
A Chowdhury	0.36	88,889	28/07/2014
N S Jeffery	0.36	88,889	28/07/2014
J Pearson	0.58	120,000	01/11/2014
	1.16	120,000	01/11/2014
	1.74	120,000	01/11/2014

Directors' responsibilities statement for the year ended 31 December 2014

The directors are responsible for preparing the Annual Report & Consolidated Financial Statements, the Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- **select suitable accounting policies and then apply them consistently;**
- **make judgements and estimates that are reasonable and prudent; and**
- **state whether they have been prepared in accordance with IFRSs as adopted by the EU.**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of FAIRFX Group PLC

We have audited the financial statements of FAIRFX Group PLC for the year ended 31 December 2014 set out on pages 13 to 34 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 11, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council'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 of the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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; or
- we have not received all the information and explanations we require for our audit.

Andrew Walker (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
30 March 2015

Consolidated statement of comprehensive income for the year ended 31 December 2014

	Note	2014 £	2013 £
Gross value of currency transactions sold	4	475,345,811	322,384,612
Gross value of currency transactions purchased		(469,864,995)	(318,454,399)
Margin on currency transactions	4	5,480,816	3,930,213
Direct costs		(1,666,109)	(1,157,263)
Gross margin		3,814,707	2,772,950
Administrative expenses		(5,966,697)	(2,643,689)
AIM Listing expenses		(678,056)	-
(Loss)/profit before tax and from operations	5	(2,830,046)	129,261
Tax expense	8	-	-
(Loss)/profit for the year		**(2,830,046)**	**129,261**
(Loss)/profit per share			
Basic	22	(4.41p)	0.21p
Diluted	22	(4.41p)	0.21p

All amounts relate to continuing activities.

The notes on pages 19 to 34 form an integral part of these financial statements.

Consolidated and company statement of financial position as at 31 December 2014

	Note	Group 2014 £	Group 2013 £	Company 2014 £
ASSETS				
Non-current assets				
Property, plant and equipment	9	112,759	34,152	-
Investments	10	-	-	884,969
		112,759	34,152	884,969
Current assets				
Inventories	11	161,149	76,281	-
Trade and other receivables	12	7,899,101	9,035,474	2,943,621
Cash and cash equivalents	13	4,085,137	2,006,288	-
		12,145,387	11,118,043	2,943,621
TOTAL ASSETS		**12,258,146**	**11,152,195**	**3,828,590**
EQUITY AND LIABILITIES				
Equity attributable to Equity holders				
Share capital	14	704,758	614,743	704,758
Share premium		3,522,752	-	3,522,752
Share based payment reserve		279,136	-	279,136
Merger reserve		5,416,083	5,416,083	-
Retained deficit		(8,062,094)	(5,232,048)	(699,056)
Total equity		1,860,635	798,778	3,807,590
Current Liabilities				
Borrowings	15	334,882	446,510	
Trade and other payables	16	10,062,629	9,906,907	21,000
		10,397,511	10,353,417	21,000
TOTAL EQUITY AND LIABILITIES		**12,258,146**	**11,152,195**	**3,828,590**

The notes on pages 19 to 34 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 30 March 2015 and were signed on its behalf by:

I A I Strafford-Taylor
Director

Company Registration number: 08922461

Consolidated and company statement of changes in equity for the year ended 31 December 2014

Group	Share capital	Share premium	Share based payment	Retained deficit	Merger reserve	Total
	£	£	£	£	£	£
Balance as at 1 January 2013	614,743	-	-	(5,361,309)	5,416,083	669,517
Profit for the year	-	-	-	129,261	-	129,261
Balance as at 31 December 2013	614,743	-	-	(5,232,048)	5,416,083	798,778
Loss for the year	-	-	-	(2,830,046)	-	(2,830,046)
Shares issued in year	90,015	3,522,752	-	-	-	3,612,767
Share based payment charge	-	-	279,136	-	-	279,136
Balance as at 31 December 2014	**704,758**	**3,522,752**	**279,136**	**(8,062,094)**	**5,416,083**	**1,860,635**

Company	Share capital	Share premium	Share based payment	Retained deficit	Merger reserve	Total
	£	£	£	£	£	£
Loss for the period	-	-	-	(699,056)	-	(699,056)
Shares issued in period	704,758	3,522,752	-	-	-	4,227,510
Share based payment charge	-	-	279,136	-	-	279,136
Balance as at 31 December 2014	**704,758**	**3,522,752**	**279,136**	**(699,056)**	**-**	**3,807,590**

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for shares in excess of nominal value less costs directly attributable to the Initial Public Offer of the company's share.
Share based payment	Fair value of share options granted to both directors and employees.
Retained deficit	Cumulative profit and losses are attributable to equity shareholders.
Merger reserve	Arising on reverse acquisition from group reorganisation.

Under the principles of reverse acquisition accounting, the group is presented as if FAIRFX Group PLC as if it had always owned the FAIRFX (UK) Limited group. The comparative and current period consolidated reserves of the group are adjusted to reflect the statutory share capital and merger reserve of FAIRFX Group PLC as if it had always existed.

Consolidated statement of cash flows for the year ended 31 December 2014

Group	Note	2014	2013
		£	£
(Loss)/profit for the year		(2,830,046)	129,261
Cash flows from operating activities			
Adjustments for:			
Depreciation		55,537	23,558
Share based payment charge		279,136	-
Decrease/(increase) in trade and other receivables		1,136,373	(5,820,644)
Decrease in borrowings		(111,628)	-
Increase in trade and other payables		155,722	5,361,910
Increase in inventories		(84,868)	(3,643)
Net cash flow used by operating activities		(1,399,774)	(309,558)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(134,144)	(20,100)
Net cash used in investing activities		(134,144)	(20,100)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		4,161,104	-
Costs directly attributable to share issuance		(548,337)	-
Net cash from financing activities		3,612,767	-
Net increase/(decrease) in cash and cash equivalents		2,078,849	(329,658)
Cash and cash equivalents at the beginning of the year		2,006,288	2,335,946
Cash and cash equivalents at end of the year	13	**4,085,137**	**2,006,288**

The notes on pages 19 to 34 form an integral part of these financial statements.

Company statement of cash flows for the period ended 31 December 2014

Company	Note	2014
		£
Loss for the period		(699,056)
Cash flows from operating activities		
Adjustments for:		
Share based payment charge		279,136
Increase in trade and other receivables		(2,943,621)
Increase in trade and other payables		21,000
Net cash flow used by operating activities		(3,342,541)
Cash flows from investing activities		
Acquisition of subsidiary undertaking		(270,225)
Net cash used in investing activities		(270,225)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares		4,161,104
Costs directly attributable to share issuance		(548,338)
Net cash from financing activities		3,612,766
Net increase/(decrease) in cash and cash equivalents		-
Cash and cash equivalents at end of the period	13	-

The notes on pages 19 to 34 form an integral part of these financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2014

1. **General information**
FAIRFX Group PLC (the “company”) is a limited liability company incorporated and domiciled in England and Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The group’s principal activity is that of selling of foreign currency via technology platforms offered on the internet.

The company and group’s consolidated financial statements for the year ended 31 December 2014 were authorised for issue on 30 March 2015 and the consolidated and company statement of financial position signed by I A I Strafford-Taylor on behalf of the board.

2. **New standards, amendments and interpretations to published standards**
The Group applied all applicable IFRS standards and all applicable interpretations published by the International Accounting Standards Board (IASB) and its International Financial Reporting Interpretations Committee (IFRIC) for the period beginning 1 January 2014.

Adoption of new and revised accounting standards and interpretations:

- **IFRS 10 Consolidated Financial Statements (Amendment).** This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements.
- **IFRS 11 Joint Arrangements (Amendment).**
This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- **IFRS 12 Disclosure of Interests in Other Entities (Amendment).** This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.
- **IAS 32 Financial Instruments (Amendment).** Presentation on assets and liabilities offsetting (Amendment): This standard provides clarification on offsetting rules.
- **IAS 36 Impairment of Assets (Amendment).** These amendments address disclosure of information about the recoverable amount of impaired assets.
- **IAS 39 Novation of derivatives and continuation of hedge accounting (Amendment).** These amendments provide an exception to the requirement for the discontinuation of hedge accounting in IAS 30.
- **IFRIC 21 Levies.** Clarifies when to recognise a liability to pay a government levy that is accounted for in accordance with IFRS 37.

The adoption of the new applicable standards have not had a significant impact on the financial reporting of the Group.

The following standards and interpretations (and amendments thereto) have been issued by the IASB and the IFRIC which are not yet effective and have not been adopted, many of which are either not relevant to the group and parent company or have no material effect on the financial statements of the group and parent company

	Effective Dates*
IAS 19 Employee Benefits	1 July 2014
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 11 Accounting for acquisitions of interests in Joint Operations (Amendment)	1 January 2016
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Amendments)	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018

* The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the group and parent company prepares it financial statements in accordance with IFRS as adopted by the European Union (EU), the application of new standards and interpretations will be subject to their having been endorsed for used in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard of interpretation but the need for endorsement restricts the group and parent company’s discretion to early adopt standards.

3. **Basis of presentation and significant accounting policies**
The principal accounting policies applied in the preparation of the group and parent company’s financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis.

3.1 Basis of presentation
These financial statements are prepared in accordance with AIM Regulations, International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (“adopted IFRSs”). The financial statements are presented in sterling, the company’s and group’s functional currency.

IFRS requires management to make certain critical accounting estimates and to exercise judgement in the process of applying the company’s and group’s accounting policies. These estimates are based on the directors’ and independent professional’s best knowledge and past experience and are explained further in note 3.20.

In the opinion of the directors, based on the group’s budgets and financial projections, they have satisfied themselves that the business is a going concern. The board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

3.2 Basis of consolidation
On 5 August 2014, FAIRFX Group PLC listed its shares on AIM, a market operated by The London Stock Exchange. In preparation for the Initial Public Offering (“IPO”) the group was restructured. The restructure has impacted a number of current year and comparative primary financial statements and notes. The effect of this reorganisation was to insert one new company into the group, a new holding company, FAIRFX Group PLC. The impact of the shares subscribed from the “IPO” are included within the results for the year ended 31 December 2014 and are disclosed fully in note 14.

FAIRFX Group PLC acquired the entire share capital of FAIRFX (UK) Limited (previously named FAIRFX Group Limited) on 22 July 2014 through a share for share exchange. For the consolidated financial statements of the Group, prepared under IFRS, the principles of reverse acquisition under IFRS 3 “Business Combinations” have been applied. The steps to restructure the group had the effect of FAIRFX Group PLC being inserted above FAIRFX (UK) Limited. The holders of the share capital of FAIRFX (UK) Limited were issued fifty shares in FAIRFX Group PLC for one share held in FAIRFX (UK) Limited. By applying the principles of reverse acquisition accounting, the group is presented as if FAIRFX Group PLC had always owned and controlled the FAIRFX Group PLC had always owned and controlled the FAIRFX group. Comparatives have also been prepared on this basis. Accordingly, the assets and liabilities of FAIRFX Group PLC have been recognised at their historical carrying amounts, the results for the periods prior to the date the company legally obtained control have been recognised and the financial information and cash flows reflect those of the “former” FAIRFX (UK) Limited group. The comparative and current year consolidated revenue of the group are adjusted to reflect the statutory share capital, share premium and merger reserve of FAIRFX Group PLC as if it had always existed.

On publishing the parent company financial statements here, together with the group financial statements, the company is taking advantage of exemption in section 408 of the Companies Act 2006 not to present the individual income statement and related notes of the parent company which form part of these approved financial statements.

3.3 Foreign currency
In preparing these financial statements, transactions in currencies other than the company and group’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transaction. At each statement of financial position date monetary items in foreign currencies are translated at the rate prevailing at statement of financial position date.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the statement of comprehensive income for the year.

3.4 Inventories
Inventories are valued at the lower of cost and net realisable value on a first in first out basis. Inventories comprise of stock of prepay and travel cards not yet distributed to customers.

3.5 Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any provision for impairment losses.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or significant delinquency in payments are considered indicators that the trade receivable may be impaired. Impairment on trade receivables is written off to the statement of comprehensive income when it is recognised as being impaired.

Other receivables are recognised at fair value.

3.6 Cash and cash equivalents
These include cash in hand and deposits held at call with banks.

3.7 Trade and other payables
These are initially recognised at fair value and then carried at amortised cost using the effective interest method. These arise principally from the receipt of goods and services.

3.8 Provisions
A provision is recognised in the statement of financial position when the company and group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

3.9 Taxation
The tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

3.10 Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on difference tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.11 Investments in subsidiaries
Investment in subsidiaries undertakings are stated at cost less impairment in value.

3.12 Income recognition
The gross value of currency transactions sold by the group represents revenue. The gross value of currency transactions purchased by the group and direct costs represent cost of sales.

Revenue is recognised when a binding contract is entered into by a client and the profit is fixed and determined. The profit is the margin derived between the rate offered to clients and the rate the Company receives from its liquidity providers. When the group enters into a contract for forward delivery with a client it also enters into a separate matched forward contract with its bankers. As each trade is booked back to back with a liquidity provider the margin is accounted for once the binding contract is formed.

Where a contract for forward delivery is open as at the year end, the balance of the contract due from the client at the maturity date is included in trade receivables and the corresponding liability with the group's bankers is included in trade payables.

3.13 Research and development
Research costs are expensed as incurred. Expenditure on IT software and development is recognised as an intangible asset when the company can demonstrate: the technical feasibility of completing the intangible asset so 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 and 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. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

3.14 Interest expense recognition
Interest expense is recognised as interest accrues, using the effective interest method, on the net carrying amount of the financial liability.

3.15 Borrowings
Borrowings other than bank overdrafts are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings, using the effective interest method

3.16 Property, plant and equipment
Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following basis:

Plant and equipment	**33%**
Fixtures and fittings	**20%**
Leasehold improvements	**10%**

A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

3.17 Share-based payments
Employees (including directors) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured as the difference between fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. The cost of equity-settled transactions with employees, is measured by reference to the fair value at the date on which they are granted. The fair value is determined using an appropriate pricing model, further details of which are given in note 18.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described on the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution on the computation of earnings per share.

Where the company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity settled share-based payment charge recognised.

3.18 Leased assets
Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the company and group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the company and group (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive income on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight line basis over the lease tem.

3.19 Critical judgements and estimations

Judgements

In the process of applying the group's accounting policies, management makes various judgements which can significantly affect the amounts recognised in the financial statements. They are also required to use certain critical accounting estimates and assumptions regarding the future that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial year. The critical judgements are considered to be the following:

(i) Share based payments

In order to calculate the charge for share-based compensation as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its option-pricing model as set out in note 18. The accounting estimates and assumptions relating to these share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(ii) Impairment of trade receivables

The assessments undertaken in recognising provisions and contingencies are made in accordance with IAS 39. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or significant delinquency in payments are considered indicators that the trade receivable may be impaired.

(iii) Measurement of fair values

A number of the group's accounting policies and disclosures require measurement of fair values for financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. Revenue and segmental analysis

The revenue for the group is generated through the provision of foreign currency services and this is the sole operating segment of the group. The revenue is wholly derived from within the UK.

5. Operating loss

Operating loss is stated after charging the following:-

	2014	2013
	£	£
Operating lease - property	135,486	75,436
Depreciation of plant and equipment and fixtures and fittings	55,537	23,558
Net foreign currency differences	41,490	59,766
Research & development costs	514,976	234,193

Amounts charged by the group's auditor are as follows:-

	2014	2013
	£	£
Audit fees:-		
Fees payable for the audit of the annual report and financial statements	21,000	13,400
Fees payable for the audit of subsidiaries	34,000	-
Total audit fees	**55,000**	**13,400**
Other services:-		
Taxation services	1,000	1,000
Corporate finance services	140,000	-
Other assurance services	15,000	-
Total non-audit fees	**156,000**	**1,000**
Total Fees	**211,000**	**14,400**

The 2013 audit fee payable was solely to the Group's previous auditor, Gerald Edelman. The 2014 audit fee is payable solely to the Group's current auditor, KPMG LLP. These amounts are shown exclusive of VAT.

6. Staff costs

Number of employees

The average number of employees (including directors) during the year was:-

	2014	2013
	Number	Number
Administrative staff	53	36

Employee costs

	2014	2013
	£	£
Wages and salaries	2,349,651	1,359,930
Social security costs	265,221	149,050
	2,614,872	**1,508,980**

There were no pension payments in respect of either year. Further information regarding share options is given in note 18.

7. Directors's remuneration

	2014	2013
	£	£
Emoluments	**602,084**	**251,750**

The total amount payable to the highest paid director in respect of emoluments was £444,942 (2013: £177,500)

There were no pension payments in respect of either year. Further information regarding shares options is given in note 18.

8. Taxation

	2014	2013
	£	£
Current year tax expenses	-	-
	–	–

Factors affecting tax charge for the period

The charge for the year can be reconciled to the (loss)/profit per the consolidated statement of comprehensive income as follows:

	2014	2013
	£	£
(Loss)/profit before taxation: Continuing operations	(2,830,046)	129,261
Taxation at the UK corporation rate tax of 21% (2013: 22%)	(594,310)	28,437
Capital allowances in arrears /(advance) of depreciation	(8,999)	365
Share based payments	58,619	-
Net impact of R&D tax credit claim	25,489	-
Expenses not deductible for tax purposes	8,700	5,670
Tax losses utilised	-	(34,472)
Tax losses for which no deferred tax asset utilised	510,501	-
Total tax for the year	-	-

The group has estimated losses of £7,315,029 (2013: £5,337,662) available for carry forward against future trading profits. The company and group have incurred losses in the current year. Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is considered more likely than not. The decision to recognise any asset will be taken at such point recovery is reasonably certain, when the group returns to profitability. The Group has an unrecognised deferred tax asset of £1,536,156 (2013: £1,174,286) in respect of losses that can be carried forward against future taxable income for the period between one year and an indefinite period of time.

The Finance Act 2013 was substantively enacted on 2 July 2013. This reduced the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015.

9. Property, plant and equipment

Group	Plant and machinery	Fixtures and fittings	Leasehold improvements	Total
	£	£	£	£
Cost				
At 1 January 2014	124,190	8,985	-	133,175
Additions	92,606	2,603	38,935	134,144
At 31 December 2014	216,796	11,588	38,935	267,319
Depreciation				
At 1 January 2014	92,702	6,321	-	99,023
Charge for the year	50,343	1,300	3,894	55,537
At 31 December 2014	143,045	7,621	3,894	154,560
Net book value				
At 31 December 2014	73,751	3,967	35,041	112,759
At 31 December 2013	31,488	2,664	-	34,152

10. Investments

Company	Shares in subsidiary undertakings
	£
Cost	
Additions	884,969
At 31 December 2014	884,969
Provisions for diminution in value	
At 31 December 2014	-
Net Book Value	
At 31 December 2014	884,969

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the statement of financial position.

Holdings of more than 20%

The company holds the share capital (both directly and indirectly) of the following companies:

Subsidiary Undertaking	Country of registration or incorporation	Shares Held Class	%	
FAIRFX (UK) Limited	England and Wales	Ordinary	100	Trading
FAIRFX PLC *	England and Wales	Ordinary	100	Trading
FAIRFX Corporate Limited *	England and Wales	Ordinary	100	Dormant
FAIRFX Wholesale Limited *	England and Wales	Ordinary	100	Dormant
FAIRFX Limited *	England and Wales	Ordinary	100	Dormant

* Share capital held indirectly

11. Inventories

Group	2014	2013
	£	£
Finished goods	161,149	76,281

The group's inventories comprise stock of cards.

12. Trade and other receivables

	Group		Company
	2014	2013	2014
	£	£	£
Trade receivables	7,275,003	8,481,405	-
Amounts due from group undertakings	-	-	2,943,621
Other receivables	460,492	348,043	-
Prepayments and accrued income	163,606	206,026	-
	7,899,101	**9,035,474**	**2,943,621**

Included in trade receivables is £6,261,923 (2013: £7,395,829) due from customers of open forward contracts as at the year end.

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables, is included in Note 17.2.

13. Cash and cash equivalent

Group	2014	2013
	£	£
Cash at bank	4,085,137	2,006,288

Included in cash and cash equivalents at 31 December 2015 was £2,054,109 of customer trading funds (2013: £1,337,738).

All the cash is held in the name of the trading company FAIRFX PLC.

14. Share capital

Group and Company	2014	2013
	£	£
Authorised, issued and fully paid up capital		
70,475,810 ordinary shares of £0.01 each	704,758	614,743

Under the principles of reverse acquisition accounting, the group is presented as if FAIRFX Group PLC had always owned the FAIRFX (UK) Limited group. The comparative and current period consolidated reserves of the group are adjusted to reflect the statutory share capital and merger reserve of FAIRFX Group PLC as if it had always existed.

During the year, the company made the following share issues:

Date of Issue	No Shares Issued	Price per share	Gross value of shares issued	Nominal Value of shares issued	Costs of share issues	Share Premium
5 August 2014	5,726,667	£0.45	£2,577,000	£57,267	£446,602	£2,073,132
5 August 2014	549,611	£0.01	£5,496	£5,496	-	-
26 November 2014	199,800	£0.57	£113,886	£1,998	-	£111,888
18 December 2014	2,525,382	£0.58	£1,464,722	£25,254	£101,736	£1,337,732
Total	**9,001,460**		**£4,161,104**	**£90,015**	**£548,338**	**£3,522,752**

In accordance with IAS 32 Financial Instruments: Presentation, costs incurred which are directly applicable to the raising of finance, are offset against the share premium created upon the share issue.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

15. Borrowings

Group	2014	2013
	£	£
Director's loan	-	111,628
Shareholder loan	334,882	334,882
	334,882	446,510

Details of the Directors and Shareholder loans are included in Note 20 below.

16. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade payables	9,447,609	9,421,016	-	-
Taxation and social security	88,165	51,358	-	-
Accruals and deferred income	526,855	434,533	21,000	-
	10,062,629	9,906,907	21,000	-

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Current	10,062,629	9,906,907	21,000	-

Included in trade payables is £6,214,782 (2013: £7,368,104) due to third parties of open forward contracts as at the year end.

17. Financial instruments

The Group's financial instruments comprise cash and various items arising directly from its operations. The main purpose of these financial instruments is to provide working capital for the Group. In common with other businesses, the group is exposed to the risk that arises from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information is found throughout these consolidated financial statements.

17.1 Principal financial instruments

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

	2014	2013
	£	£
Cash and cash equivalents	4,085,137	2,006,288
Borrowings	(334,882)	(446,510)
Trade and other payables	(10,062,629)	(9,906,907)
Trade and other receivables	7,899,101	9,035,474

Trade and other payables generally have short time to maturity. Current borrowings have a maturity date of 9 June 2016.

17.2 Financial risk management objectives and policies

Credit risk

The group trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked daily to ensure that the risk of exposure to bad debts is minimised and margined accordingly. The group's risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The group had no significant concentrations of risk with customers and counterparties at 31 December 2014.

The group's exposure to credit related losses, in the event of non-performance by customers relates mostly to wholesale business. The risk on wholesale business is minimal as group polices require new customers to be reviewed for creditworthiness before standard payment and delivery terms and conditions are entered into. Individual credit terms are set and monitored regularly.

The group's cash balances are all held with major banking institutions. The majority of trade receivables are due from credit worthy customers and or financial institutions and are automatically settled within a few days of arising.

The credit risk from other financial contractual relationships, including other receivables, are not considered material.

Where forward contracts are not fully settled by the maturity date, appropriate action is agreed with the customer to roll forward the contract to a future date.

Liquidity risk

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows and available cash balances.

The daily settlement flows in respect of financial asset and liability, spot and swap contracts require adequate liquidity which is provided through intra-day settlement facilities.

Further details of the risk management objectives and policies are disclosed in the Principal risks and uncertainties section of the Strategic report.

All of the group's financial liabilities have a contractual maturity date of within one year from the 31 December 2014.

Market risk

Market risk arises from the group's use of foreign currency. This is detailed below.

Interest rate risk

The group is subject to interest rate risk as its bank balances are subject to interest at a floating rate. Due to the current low levels of borrowings, the group is not materially affected by changes in interest rates.

Foreign currency risk

The group's balance sheet currency exposure is primarily managed by matching currency assets with currency borrowings. The largest currency liabilities are created on entering into forward foreign currency transactions.

As at 31 December 2014, the group is not sensitive to movements in the strength of Sterling as no material foreign currency balances are held.

Fair value risk

The following table shows the carrying amount of financial assets and financial liabilities. It does not include a fair value as the carrying amount is a reasonable approximation of fair value.

31 December 2014	Loans and receivables	Other financial liabilities	Total
	£	£	£
Financial assets not measured at fair value			
Cash and cash equivalents	4,085,137	-	4,085,137
Trade and other receivables	1,637,179	-	1,637,179
Other forward exchange contracts	6,261,922		6,261,922
	11,984,238	**-**	**11,984,238**
Financial liabilities not measured at fair value			
Borrowings	-	(334,882)	(334,882)
Trade and other payables	-	(3,847,847)	(3,847,847)
Other forward exchange contracts		(6,214,782)	(6,214,782)
	-	**(10,397,511)**	**(10,397,511)**

31 December 2013	Loans and receivables	Other financial liabilities	Total
	£	£	£
Financial assets not measured at fair value			
Cash and cash equivalents	2,006,288	-	2,006,288
Trade and other receivables	1,639,645	-	1,639,645
Other forward exchange contracts	7,395,829		7,395,829
	11,041,762	**-**	**11,041,762**
Financial liabilities not measured at fair value			
Borrowings	-	(446,510)	(446,510)
Trade and other payables	-	(2,538,803)	(2,538,803)
Other forward exchange contracts	-	(7,368,104)	(7,368,104)
	-	**(10,353,417)**	**(10,353,417)**

All financial instruments are classified as level 1 financial instruments in the fair value hierarchy, with the exception of Other forward exchange contracts and Borrowings which are level 2 financial instruments.

Capital management policy and procedures

The group's capital management objectives are:

- to ensure that the group and company will be able to continue as a going concern; and
- to maximise the income and capital return to the company's shareholders.

The parent company is subject to the following externally imposed capital requirements:

- as a public limited company, the company is required to have a minimum issued share capital of £50,000; and
- as a company regulated by the Payment Service Regulations 2009, the company is required to maintain a capital requirement of either 10% of fixed overheads for the preceding year or the initial capital requirement of €25,000, whichever is the higher.

Since its incorporation, the parent company has complied with these requirements, which are unchanged since the previous year end.

18. Share options

The group issues equity-settled share-based payments to certain directors and employees. Equity-settled share based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value of options granted has been calculated with reference to the Black-Scholes option pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

During the year ended 31 December 2014, there were a number of share based payment transactions within the group. These included an agreed cancellation of the share options in existence at the start of the year and a subsequent granting of new options at various exercise prices. These movements are disclosed within the tables below:

Historic options	2014	2014	2013	2013
	Exercise price (£)	Number	Exercise price (£)	Number
Outstanding at 1 January	0.10	142,228	0.10	142,228
Cancelled during the year	0.10	(142,228)	0.10	-
Outstanding at 31 December	0.10	-	0.10	142,228

Historically, the group granted share options to its director and employees as well as external third parties. At the start of the year there were 142,228 unexercised share options. Of these options 48,681 were granted to two directors of the group. The directors consider that the fair value of the options was immaterial and therefore no charge has been made in the statement of comprehensive income. The entirety of these options were cancelled during the year.

Options issued during year	2014	2014
	Exercise per price (£)	Number
Granted during the year	0.07	200,000
Granted during the year	0.22	447,750
Granted during the year	0.36	4,352,828
Granted during the year	0.58	120,000
Granted during the year	1.16	120,000
Granted during the year	1.74	120,000
Outstanding at 31 December		5,360,578

The above share options issued in FAIRFX PLC have been granted to both directors and employees of the group. At the year end, there were unexercised share options amounting to 8% of the company's total issued shares. Of the above options 4,055,778 have been granted to directors of the company, with an additional 854,800 having been granted to an individual who is director of a wholly owned subsidiary within the group. All of the above options are exercisable one year following the company's Admission to AIM and will lapse on 3 November 2019.

The directors have valued the share options at date of grant using the Black Scholes pricing model. Details of the inputs made into that model are disclosed in the table below

Weighted average share price (£)	0.45	
Weighted average exercise price (£)	variable	a
Expected volatility	21%	b
Expected option life in years	4.5	
Risk-free rate	1.09%	
Expected dividends	none	
Fair value of the options granted (£)	variable	c

a. The weighted average exercise price varies dependant upon the amount stipulated in the individual option deeds. The exercise price ranges from £0.07 - £1.74.

b. Expected volatility has been determined on the share price from date of admission up to 31st December 2014.

c. A summary of the fair value of the options granted is summarised in the table below. If the fair value of the option was deemed to be nil it is marked accordingly.

Exercise price (£)	Fair Value (£)
0.07	0.28
0.22	0.20
0.36	0.12
0.58	-
1.16	-
1.74	-

The total fair value of the options is £667,420. The charge incurred has been spread over the vesting period, with £279,136 being expensed to the statement of comprehensive income for the year ended 31 December 2014.

The most significant assumption used when arriving at the valuation is volatility. A movement of 5% in this assumption would have an income statement effect of approximately £60,000.

19. Financial commitments

As at 31 December 2014 the group had the following annual commitments under non-cancellable operating leases. The total future value of the minimum lease payments is as follows:

	Land and buildings	
	2014	2013
	£	£
Not later than one year	218,927	27,875
Later than one year and not later than five years	189,537	-
	408,464	**27,875**

The group took an assignment of the lease on its office premises on 6th May 2014. The lease runs until 12th November 2016 at an annual rental of £148,688 and a service charge of £80,132. An incentive, paid by the assignor on assignment of the lease of £100,000 is amortised over the remaining term of the lease.

20. Related party transactions

Loans from related parties

Included within Current borrowings are amounts of £334,882 (2013: £334,882) due to Pembar Limited and £nil (2013: £111,628) due to Jason Drummond. Pembar Limited is a company incorporated in British Virgin Islands and is the controlling party of FAIRFX Group PLC. Jason Drummond was a director of the company during the year. Each of the transactions was concluded at arm's length. Details of the loans are as follows:

- The loan from Pembar Limited dated 9 June 2006 carries interest at a rate of 2% over the Bank of England base rate and is repayable in full by 9 June 2016. The Company has undertaken to repay the loans along with any relevant accrued interest by June 2016. The company may also choose, at its discretion, to repay the loans in whole or in part at an earlier date. The lender has agreed to waive the interest payable in respect of all previous years and the current period ended 31 December 2014.
- The loan from Jason Drummond dated 9 June 2006 carried interest at a rate of 2% over Bank of England base rate and was repayable in full by 9 June 2016. On 21st November, the company agreed to repay the loan with accrued interest giving a total repayable of £113,886. Jason Drummond agreed to subscribe for 199,800 ordinary shares of 1 penny each in the Company ("Ordinary Shares") at a price of 57 pence per Ordinary Share.

Key management personnel

Key management who are responsible for controlling and directing the activities of the group comprises the executive Directors, the Non-executive Directors and senior management. The key management compensation is as follows:-

	2014	2013
	£	£
Salaries, fees and other short term employee benefits	855,246	404,216

There are no other related party transactions which, as a single transaction or in their entirety, are or may be material to the Company and have been entered into by the Company or any other member of the Group during the year ended 31 December 2014.

21. Ultimate controlling party

Pembar Limited holds a significant interest In FAIRFX Group PLC, albeit short of necessary level to exert control over the entity. However, there are individuals connected to the directors of Pembar Limited through familial links who also have shareholdings in FAIRFX Group PLC. Consequently, it is the opinion of the directors that Pembar Limited is the company's immediate parent company.

The ultimate controlling party is The General Trust Company SA, an off-shore trust which wholly owns Pembar Limited.

22. Loss per share

Basic loss per share

The calculation of basic loss per share has been based on the following loss / (profit) attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. The loss after tax attributable to ordinary shareholders is £2,830,046 (2013: £129,261 profit) and the weighted average number of shares in issue for the period is 64,128,356 (2013: 61,474,350).

Diluted loss per share

The calculation of diluted earnings per share has been based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, after adjustment for the effects of all dilutive potential ordinary shares. The loss after tax attributable to ordinary shareholders is £2,830,046 (2013: £129,261 profit) and the weighted average number of shares is 64,128,356 (2013: 61,474,350).