

HIROSE FINANCIAL UK LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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HIROSE FINANCIAL UK LTD.

COMPANY INFORMATION

Directors	S Ikizake H Toshikazu T Masaaki Hirose Tusyo Inc (resigned 12 June 2015) Y Terada (resigned 15 September 2014) D Anderson (resigned 22 May 2015)
Registered number	07423885
Registered office	5 Fleet Place London United Kingdom EC4M 7RD
Trading address	27 Austin Friars London EC2N 2QP
Independent auditors	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP
Solicitors	Charles Russell LLP 5 Fleet Place London EC4M 7RD

HIROSE FINANCIAL UK LTD.

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HIROSE FINANCIAL UK LTD.

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2015

Business Review

The principal activity of Hirose Financial UK Ltd. ('Company') is as an online provider of retail foreign exchange trading and related services. The company offers customers 24 hour direct access to the global over-the-counter foreign exchange market. The Company's trading platforms provide a wide array of information and analytical tools that allow its customers to identify, analyse and execute their trading strategies efficiently and cost-effectively.

The Company is authorized and regulated by the Financial Conduct Authority ("FCA"). The Company's FCA Register Number is 540244. For details see <http://www.fsa.gov.uk/register/home.do>. For Binary Options Trading the company is regulated by the Gambling Commission (<http://www.gamblingcommission.gov.uk/>), reference number 35485.

Operating and Financial Review

Hirose UK again experienced varying degrees of growth throughout the year and this was reflected in a range of growth rates across the company. Turnover for the year was £410,893 (2014: £214,708). Administrative expenses increased to £1,242,158 (2014: £984,396) predominantly due to an increase in advertising costs.

The company continued to gain significant traction in client take on over the last year, opening 27,637 accounts (2014: 8,604) as a result of offering Binary Options trading services which comprise 58% of our turnover. Hirose UK successfully launched the Binary Options trading platform in March 2014 which has led to significant demand for the service and now it is a major part of our sales and marketing strategies. The Binary Options trading platform has been designed to be simple and user-friendly with useful features such as manual closure of open positions before the expiry which allows clients to secure profits or minimise their losses.

Hirose UK continued to make developments in terms of the Binary platform such as the launch of a Binary Android application in September 2014 followed by additional new features on the browser-based Binary platform. These additional developments and new features are tailored to the needs of clients and we will continue to upgrade the Binary technology to satisfy a growing market of users in the coming year.

We believe that our high quality client service with transparency, honesty, fairness, and readiness are a key to our continued growth of our business and market share in addition to the ongoing developments in technology.

Principal risks and uncertainties

The principal risks facing the business, and the steps taken by the Directors to mitigate them, are as follows:

Credit Risk

The company's trading operations require a commitment of capital and involve risk of loss because of the potential that a customer's losses may exceed the amount of cash in their account. As a result, the company requires that each trade must be collateralized in accordance with the margin policies described below.

Each customer is required to have minimum funds in their account for opening positions and for maintaining positions depending on the currency pair being traded. Margin requirements are expressed as a percentage of the customer's total position in that currency, and the customer's total margin requirement is based on the aggregate margin requirement across all of the positions that a customer holds at any one moment in time. Each net position in a particular currency pair is margined separately. Accordingly, the company does not net across different currency pairs, thereby following a fairly conservative margin policy.

The company's systems automatically monitor each customer's margin requirements in real time and confirm that each customer has sufficient cash collateral in his or her account before the company executes their trades. If at any point in time a customer's trading position does not comply with the applicable margin requirement, the position may be automatically liquidated, partially or entirely.

HIROSE FINANCIAL UK LTD.

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2015

The incidence of negative equity in customer accounts has been immaterial to the company's operations to date. The company's margin and liquidation policies are set forth in our customer agreements.

Liquidity Risk

To meet our overall liquidity requirements we ensure that we hold sufficient assets which are marketable, or otherwise realisable; that we are able to generate funds from those assets in a timely manner; that we maintain a prudent funding profile in which our assets are of appropriate maturities, taking account of the expected timing of our liabilities; and that we are able to generate unsecured funding of appropriate tenor in a timely manner.

Monthly management accounts are prepared that detail our reserves, income and expenditure and these are compared to our rolling twelve month cash flow forecasts. The nature and level of our liquidity risk is regularly reviewed by our management.

The directors have established a risk tolerance level against which the company's actual liquidity position is compared. The directors seek to retain a minimum level of liquidity of a quarter of our fixed annual costs at all times, having assessed this to be appropriate for our business model.

The maintenance of this level of liquidity ensures that should the need arise we will either be in a position to implement our contingency funding plans or seek an orderly wind-down of our business.

Our liquidity position is determined solely from the reserves that we hold and the income received based on taking a turn on the client transactions and the receipt of income from Hirose Tusyo Inc as a percentage of the total number of transaction. All reserves and surplus income are held as cash with an FCA authorised third party credit institution.

Market Risk

Market risk is comprised of position risk - the risk that the market price of a position will decline - and foreign exchange risk - the risk of adverse movements on the company's foreign currency exposure. The company operates under a "Riskless Principle" on currency trades executed by clients by offsetting each exposure to its parent company Hirose Tusyo Inc. Accordingly Hirose Financial UK Ltd. (HFL) carries no material market risk on its currency trading activities. Similarly foreign exchange exposure in relation to non-trading book financial assets is minimal, and where it arises is taken into account when calculating the company's capital requirement in accordance with FCA regulations.

Business Risk

We conduct a formal assessment of any business risk to which we may be exposed on an annual basis, though given the size and nature of our business, no separate risk management function is considered necessary in respect of our own balance sheet. Matters arising from the review are considered and mitigating or remedial action is taken where appropriate.

The assessment principally takes the form of considering the implications of a fall in the number of clients executing FX margin transactions on our trading platforms following a market downturn. Different economic scenarios are modelled to establish the impact of economic and market downturns on our financial position.

Management is responsible for monitoring the impact of any market downturn on our business. Controls implemented include the continuing monitoring of our budgets and expenses. All figures are reviewed monthly by management with monthly management accounts prepared by the third party accountants.

Operational Risk

Most of our risk management efforts are focused on operational risk from our high-level strategy to administrative errors, fraud and theft. Our policy is to operate a robust and effective risk management process, embedded within the governance and management structures of our business.

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2015**

Our risk management framework defines what operational risk means to us and this is approved by our Board. The main initiative is the establishment of a 'Risk Map' which includes analysis of the key risk areas identified by our management. These areas cover specific risk items within the following areas: financial, strategy, customer service, third party outsourcing, operational, and legal and regulatory.

We seek to identify the impact and probability of each risk item and rank it as high, medium or low. We also identify and implement measures to mitigate the risk and monitor any residual risk on an on-going basis.

We conduct a formal assessment of our operational risk to which we are exposed on an annual basis. Whilst no separate risk management function is considered necessary in respect of the operational risks which we face, given our size and the nature of the risks faced, risk management remains a key function of our business in respect of the portfolios we manage. Matters arising from our review are considered and mitigating or remedial action is taken where appropriate.

We are reliant on our ability to attract and retain key investment management personnel. Appropriate arrangements are in place to mitigate this, including thorough vetting procedures and an appropriate remuneration structure. We have alternative arrangements in place should a disaster recovery event occur. These arrangements are tested from time to time in order to ensure that they would be effective should they be required to be invoked.

The company's activities are regulated in the United Kingdom and are subject to various regulations and legislation in relation to the conduct of business and maintenance of regulatory capital. This imposes extensive reporting requirements and continuing self-assessment and appraisals.

The company has appointed a suitably qualified Compliance Officer responsible for ensuring that it satisfies the applicable regulations. The Compliance Officer, who is a director, provides updates regularly to the other directors and the management of the parent company.

Regulatory Risk

Regulatory risk is the risk of non-compliance with, and future changes to, regulatory rules potentially impacting our business in the markets in which we operate. Margined spot FX has several features which make it higher risk when compared to traditional forms of trading. It is a leveraged, derivative product that is not listed on any exchange. Consequently, our regulatory license, which enables us to trade Margined Spot FX with retail clients, is subject to a large number of rules. Compliance with these rules is fundamental to the business and we invest significant resources to ensure that we comply with both the letter and the spirit of these rules. The regulatory environment continues to evolve and there are currently a number of policy initiatives and proposals in development that may impact or have already impacted our sector, as described below:


We continue to monitor developments with regard to implementation of a Europe wide financial transaction tax.

European Market Infrastructure Regulation (EMIR) started to come into force in March of 2013 and as of February 2014 we began generating and reporting transactional data to the FCA. This is a significant cost and it is likely that further costs will be introduced next year with MIFID2.

We cannot provide certainty that future regulatory changes will not have an adverse impact on our business.

This report was approved by the board on 20 July 2015

and signed on its behalf.


S Ikizake
Director

HIROSE FINANCIAL UK LTD.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

The directors present their report and the financial statements of the Company together with the auditor's report for the year ended 31 March 2015.

Results and dividends

The loss for the year, after taxation, amounted to £831,044 (2014 - loss £768,827). The directors do not recommend that any dividend be declared in respect of the year (2014: £nil).

Directors

The directors who served during the year were:

S Ikizake
Hirose Tusyo Inc
Y Terada (resigned 15 September 2014)
D Anderson

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

HIROSE FINANCIAL UK LTD.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

Auditors

The auditors, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

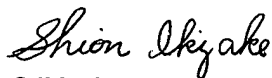
Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The company had a cash balance of £504,396 (2014: £266,109) at the year end with no external debt or fixed term borrowings approaching maturity. It continues to have strong financial support from its parent company, Hirose Tusyo Inc., which has made a firm commitment to continue to support the company financially for the foreseeable future; further, and no withdrawal of such support is envisaged. During the year the company has issued shares for capital totalling £1,000,000 the most recent being £300,000 in February 2015.

There are no significant labour difficulties or shortages of key supplies. There has not been any non compliance with capital or other statutory requirements, or pending legal or regulatory proceedings against Hirose UK Ltd. There are no changes in legislation or government policy expected to adversely affect the entity.

This report was approved by the board on 20 July 2015 and signed on its behalf.



S Ikizake
Director

HIROSE FINANCIAL UK LTD.

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

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 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.

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

HIROSE FINANCIAL UK LTD.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HIROSE FINANCIAL UK LTD.

We have audited the financial statements of Hirose Financial UK Ltd. for the year ended 31 March 2015 which comprise of the Profit and Loss Accounts, the Balance Sheet and the Cash Flow Statement and the related notes 1 to 21. 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).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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.

Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in the financial statements for the financial year ended 31 March 2015 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

HIROSE FINANCIAL UK LTD.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HIROSE FINANCIAL UK LTD.

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, 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.



James Polson (Senior statutory auditor)

for and on behalf of
Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom

Date: 20 July 2015

HIROSE FINANCIAL UK LTD.

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £	2014 £
Turnover	1,2	410,893	214,708
Administrative expenses		(1,242,158)	(984,396)
<hr/>			
Operating loss	3	(831,265)	(769,688)
Interest receivable and similar income	7	221	861
<hr/>			
Loss on ordinary activities before taxation		(831,044)	(768,827)
Tax on loss on ordinary activities	8	-	-
<hr/>			
Loss for the financial year	13	(831,044)	(768,827)
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All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 12 to 21 form part of these financial statements.

HIROSE FINANCIAL UK LTD.
REGISTERED NUMBER: 07423885

BALANCE SHEET
AS AT 31 MARCH 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	9		5,963		12,681
Current assets					
Debtors	10	239,551		332,948	
Cash at bank and in hand		504,396		266,109	
			<u>743,947</u>	<u>599,057</u>	
Creditors: amounts falling due within one year	11	(201,031)		(231,815)	
Net current assets			<u>542,916</u>		<u>367,242</u>
Total assets less current liabilities			<u>548,879</u>		<u>379,923</u>
Capital and reserves					
Called up share capital	12		3,567,000		2,567,000
Profit and loss account	13		(3,018,121)		(2,187,077)
Shareholders' funds	14		<u>548,879</u>		<u>379,923</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
20 July 2015


S Ikizake
Director

The notes on pages 12 to 21 form part of these financial statements.

HIROSE FINANCIAL UK LTD.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	15	(760,985)	(1,263,144)
Returns on investments and servicing of finance	16	221	861
Capital expenditure and financial investment	16	(949)	(6,992)
Cash outflow before financing		(761,713)	(1,269,275)
Financing	16	1,000,000	917,000
Increase/(Decrease) in cash in the year		238,287	(352,275)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2015

	2015 £	2014 £
Increase/(Decrease) in cash in the year	238,287	(352,275)
Movement in net debt in the year	238,287	(352,275)
Net funds at 1 April 2014	266,109	618,384
Net funds at 31 March 2015	504,396	266,109

The notes on pages 12 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review, which forms part of the strategic report. The strategic report also describes the financial position of the company, its cash flows, liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company had cash balances of £504,396 at the year end with no external debt. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

1.3 Turnover

Turnover represents commissions receivable on foreign currency transactions entered into in the course of the company's trade, less sales rebates in relation to promotional trading credits.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Software purchases	-	3 years, straight line
Fixtures, fittings and equipment	-	3 years, straight line

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. Accounting policies (continued)

1.6 Corporation tax

Corporation taxes have been provided for in the Financial Statements in accordance with the tax legislation enacted or substantively enacted by the balance sheet date in the jurisdictions in which the company operates. Taxable profit differs from profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or tax deductible. The corporation tax charge comprises current and deferred taxes and is recognised in the Profit and Loss Account. Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Current tax is charged or credited to the Profit and Loss Account, except when it relates to items charged or credited directly to equity, in which case the current tax is dealt with in equity.

Taxes such as non-recoverable value added taxes and betting duties are recorded within operating expenses.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.9 Cash balances

Cash consists of cash on hand and deposits repayable on demand from financial institutions that are free from contractual encumbrances. These balances exclude client monies held by the company (see client monies accounting policy).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. Accounting policies (continued)

1.10 Client monies

The company holds money on behalf of clients in accordance with the client money rules of its regulators, where required. Client monies are held in segregated bank accounts in accordance with regulations and these balances, and the corresponding liabilities to the clients, are not recognised in the Balance Sheet because the company is not beneficially entitled to them. At 31 March 2015, amounts held by the company on behalf of clients in accordance with the Client Assets Rules of the Financial Conduct Authority amounted to £852,574 (2014 - £632,907).

1.11 Dividends

Dividends are recognized as a liability and deducted from equity at the balance sheet date only if they are declared and approved by shareholders before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the Financial Statements are authorised for issue.

1.12 Equity share capital

Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded as the proceeds received, net of external costs directly attributable to the issue. Ordinary shares and preference shares, where they share the characteristics of equity, are classified as equity. Any excess of the fair value of consideration received over the par value of shares issues is recognised as share premium.

1.13 Offsetting and netting

Financial assets and financial liabilities are only offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to set off the recognised amounts and where the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.14 Provisions and contingencies

Provisions are recognised when the company has a current legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. Accounting policies (continued)

1.15 Impairment of assets

At least annually, or when annual impairment testing is required, the Directors consider the carrying amounts of the company's tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate income flows that are independent from other assets, the company estimates the recoverable amount of the income generating unit to which the asset belongs.

The recoverable amount is the higher of realisable value less selling costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate. This rate reflects current market assessments of the time value of money as well as the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately as an expense.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may be decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an Impairment loss is recognised as income immediately.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating loss

The operating loss is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	7,667	26,425
Operating lease rentals:		
- other operating leases	44,604	42,438
Difference on foreign exchange	22,105	19,972
	<u> </u>	<u> </u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

4 Auditors' remuneration

	2015 £	2014 £
Fees payable to the company's auditor for the audit of the company's annual accounts	25,500	25,500
Fees payable to the company's auditor in respect of: Other services pursuant to regulation	9,500	9,500
	<u>35,000</u>	<u>35,000</u>

5 Staff costs

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

	2015 £	2014 £
Wages and salaries	292,459	327,210
Social security costs	10,090	11,787
	<u>302,549</u>	<u>338,997</u>

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

	2015 No.	2014 No.
Management	2	2
Operational	3	2
	<u>5</u>	<u>4</u>

6. Directors' remuneration

	2015 £	2014 £
Remuneration	208,580	281,110
	<u>208,580</u>	<u>281,110</u>

The highest paid director received remuneration of £99,826 (2014 - £103,987).

HIROSE FINANCIAL UK LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

7. Interest receivable

	2015 £	2014 £
Other interest receivable	221	861

8. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2014 - the same as) the standard rate of corporation tax in the UK of 21% (2014 - 23%) as set out below:

	2015 £	2014 £
Loss on ordinary activities before tax	(831,044)	(768,827)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	(174,519)	(176,830)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	446	907
Capital allowances for year in excess of depreciation	(157)	2,376
Unrelieved tax losses carried forward	174,230	173,547
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

The company has estimated losses of £2,969,481 (2014 - £2,149,642) available for carry forward against future trading profits.

The company has unprovided deferred tax assets of £599,504 (2014 - £435,685).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**
9. Tangible fixed assets

	Software £	Office equipment £	Total £
Cost			
At 1 April 2014	77,371	13,544	90,915
Additions	-	949	949
At 31 March 2015	77,371	14,493	91,864
Depreciation			
At 1 April 2014	70,248	7,986	78,234
Charge for the year	4,308	3,359	7,667
At 31 March 2015	74,556	11,345	85,901
Net book value			
At 31 March 2015	2,815	3,148	5,963
At 31 March 2014	7,123	5,558	12,681

10. Debtors

	2015 £	2014 £
Amounts owed by parent and fellow subsidiary undertakings	166,686	195,521
Other debtors	41,437	91,993
Prepayments and accrued income	31,428	45,434
	239,551	332,948

**11. Creditors:
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	-	1,326
Amounts owed to parent and fellow subsidiary undertakings	96,646	101,408
Other taxation and social security	3,560	26,818
Other creditors	7,100	8,100
Accruals and deferred income	93,725	94,163
	201,031	231,815

HIROSE FINANCIAL UK LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

12. Share capital	2015 £	2014 £
Allotted, called up and fully paid		
3,567,000 (2014 - 2,567,000) Ordinary shares shares of £1 each	3,567,000	2,567,000
	<u> </u>	<u> </u>
<p>During the year 1,000,000 ordinary shares of £1 each were allotted and fully paid at par for cash consideration to provide additional working capital.</p>		
13. Reserves		Profit and loss account £
At 1 April 2014		(2,187,077)
Loss for the financial year		(831,044)
		<u> </u>
At 31 March 2015		<u> </u> <u> </u>
14. Reconciliation of movement in shareholders' funds	2015 £	2014 £
Opening shareholders' funds	379,923	231,750
Loss for the financial year	(831,044)	(768,827)
Shares issued during the year	1,000,000	917,000
	<u> </u>	<u> </u>
Closing shareholders' funds	<u> </u> <u> </u>	<u> </u> <u> </u>
15. Net cash flow from operating activities	2015 £	2014 £
Operating loss	(831,265)	(769,688)
Depreciation of tangible fixed assets	7,667	26,425
Decrease/(increase) in debtors	64,562	(93,803)
Decrease/(increase) in amounts owed by group undertakings	28,835	(128,938)
(Decrease)/increase in creditors	(26,022)	1,596
Decrease in amounts owed to group undertakings	(4,762)	(298,736)
	<u> </u>	<u> </u>
Net cash outflow from operating activities	<u> </u> <u> </u>	<u> </u> <u> </u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

16. Analysis of cash flows for headings netted in cash flow statement

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	221	861
<hr/>		
	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(949)	(6,992)
<hr/>		
	2015 £	2014 £
Financing		
Issue of ordinary shares	1,000,000	917,000
<hr/>		

17. Analysis of changes in net funds

1 April	2014	Cash flow	Other non-cash changes	31 March 2015
£		£	£	£
Cash at bank and in hand	266,109	238,287	-	504,396
Net funds	266,109	238,287	-	504,396

18. Operating lease commitments

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2015 £	2014 £
Expiry date:		
Within 1 year	-	42,438

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

19. Related party transactions

The Company is exempt from the requirement to disclose transactions with fellow wholly owned Group undertakings under paragraph 3 of FRS 8 Related party disclosures. There were no other related party transactions requiring disclosure.

20. Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking, and smallest group into which the company is consolidated, is Hirose Tusyo Inc. a company registered and incorporated in Japan. Group accounts are publicly available from 7F MG Building, 19-3 Shinmachi 1-Chome, Nishi-ku, Osaka 550-0013.

21. Country by country reporting

Hirose Financial UK Limited ("the Company") is required to comply with the provisions of Statutory Instrument 2013 No.3118 Capital Requirements (Country-by-Country Reporting) Regulations 2013, which implements in the UK the requirements set out in Article 89 of the Capital Requirements Directive (Directive 2013/36/EU). In order to comply with these provisions the Company is providing the following information:

- (a) Hirose Financial UK Limited is an online provider of retail foreign exchange trading and related services operating in the United Kingdom. The Company does not have any subsidiaries or branches.
- (b) The average number of employees, including directors, employed during the year was 5.
- (c) The turnover of the Company for the year was £410,893.
- (d) The pre-tax loss of the Company for the year was £831,044.
- (e) The Company paid no corporation tax during the year.
- (f) The Company received no public subsidies during the year.