

Registration number: 01969442

BERKELEY FUTURES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019



BREBNERS
Chartered Accountants & Statutory Auditor
130 Shaftesbury Avenue
London
W1D 5AR

BERKELEY FUTURES LIMITED

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BERKELEY FUTURES LIMITED

Company Information

Directors	D J Reiser
	J Herrera
	C I Thompson
	A M Woodward
	S Saracho
Company secretary	G Maldonado
Registered office	C/O Buzzacott, 130 Wood Street London England EC2V 6DL
Auditors	Brebners Chartered Accountants & Statutory Auditor 130 Shaftesbury Avenue London W1D 5AR

BERKELEY FUTURES LIMITED

Strategic Report for the Year Ended 30 April 2019

The directors present their strategic report for the year ended 30 April 2019.

PRINCIPAL ACTIVITY

The principal activity of the company is that of futures, options and foreign exchange broking. It is authorised and regulated by the Financial Conduct Authority. The company is a category 4 member of the London Metal Exchange (LME) and a member of the Dubai Gold and Commodity Exchange (DGCX). The company does not take proprietary positions.

FAIR REVIEW OF THE BUSINESS

The directors are satisfied with the results for the year which show a profit after taxation of £2,540,207. This represents an increase on the prior year as a result of enhanced income streams. The net assets have increased to £13,256,564. No material dividends have been paid or proposed as the company continues to consolidate its financial position at 30th April 2019.

Financial key performance indicators

The company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Turnover	£	14,931,371	13,120,528
Increase in turnover	%	14	32
Operating profit	£	3,142,453	2,667,433
Increase in Operating profit	%	18	45
Operating profit margin	%	21	20

Non-financial key performance indicators

The company seeks to ensure that the responsible business practice is fully integrated into the management of all of its operations and into the culture of all parts of the business. It believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn ensures the delivery of its core objectives and sustained real growth in profitability.

In a company this size the directors consider there are collectively numerous non-financial performance indicators but none individually are key.

BERKELEY FUTURES LIMITED

Strategic Report for the Year Ended 30 April 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The board is responsible for determining the level of risk acceptable to the company. This is subject to regular review. The company seeks to mitigate its risks through the application of strict limits and controls and a monitoring process at operational level.

Credit Risk

Credit risk is the risk that counterparties will not be able to meet their obligations as they fall due. There are regular credit reviews of counterparty limits. Berkeley Futures Limited holds margin monies or other collateral to mitigate their risks. Additionally daily margin calls are made on clients to reflect market movements affecting client positions.

There is a risk that Berkeley Futures Limited could have a client default on their position or that a dealer error could result in losses to Berkeley Futures Limited. This is mitigated by a flexible and experienced team, tight margining procedures and comprehensive policies regarding the take on of clients and market exposure.

Operational Risk

Operational risk is caused by failures in business processes or the systems or physical infrastructure that support them that have the potential to result in financial loss or reputational damage. This includes errors, omissions, systems failure, lack of resources or physical assets and deliberate acts such as fraud.

There is a risk that key IT systems could fail causing a loss of business and reputational damage. This is mitigated by a local and constantly available IT service for IT support and an efficient back up service and business continuity plan.

The regulated environment in which the company operates, imposes extensive reporting requirements and continuing self assessment and appraisal. The company seeks to continually improve its operating efficiencies and standards.

Business Risk

There is a risk that the economic demand for brokerage services will diminish, resulting in lesser income. These risks are mitigated by Berkeley Futures Limited having a relatively low cost based structure and a large and diversified client base. There is a risk that competition will increase, driving commission rates down. This risk is mitigated by Berkeley Futures Limited diversifying away from the individual client and migrating more to the professional client where commissions tend to be lower but volume higher. A range of clients in the client base, trading a variety of different instruments and no specific direct competitor reduces the level of this risk.

Liquidity Risk

The company ensures that liquidity is maintained by monitoring cash balances daily to ensure it retains flexibility in the management of cash flows.

Market Risk

The company monitors market performance on a daily basis. However, the company is not adversely affected by changes in market performance as its income is derived from commissions receivable.

BERKELEY FUTURES LIMITED

Strategic Report for the Year Ended 30 April 2019

Foreign Currency Risk

Cash is held in currencies other than Sterling as a function of revenues accruing in foreign currency and currency conversions on behalf of clients. The firm's net foreign exchange exposure to its various counterparties and clients is converted to sterling from time to time as and when deemed appropriate.

Interest Rate Risk

The company is exposed to interest rate risk as it has significant net earnings on its own cash deposits and those of its customers. Interest rates are regularly monitored in light of current performance and the economic environment.

FINANCIAL INSTRUMENTS

The company holds basic financial instruments, comprising borrowings, cash and various other items including trade debtors and creditors arising directly from its operations. Any non-basic financial instruments in respect of investments traded on behalf of clients through brokers are marked to market with a corresponding adjustment against amounts due to clients. There is no effect in the profit and loss other than the company's commission earned on the transaction. The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from its trading activities. Trade is largely conducted in Sterling, Euros and US Dollars which the company monitors and manages regularly, as noted above. The company does not enter into any formal hedging arrangements.

FUTURE DEVELOPMENTS

The principal activity of the company is expected to remain consistent. The directors continue to develop the company's client base and to build up infrastructure to develop new product lines and income streams, and are confident that the company is well positioned to achieve this.

Approved by the Board on 22/04/2019 and signed on its behalf by:



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A M Woodward
Director

BERKELEY FUTURES LIMITED

Directors' Report for the Year Ended 30 April 2019

The directors present their report and the financial statements for the year ended 30 April 2019.

DIRECTORS OF THE COMPANY

The directors who held office during the year were as follows:

C I Thompson

A M Woodward

The following directors were appointed after the year end:

D J Reiser (appointed 22 May 2019)

J Herrera (appointed 22 May 2019)

S Saracho (appointed 22 May 2019)

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

The company has chosen in accordance with S.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial instruments.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements 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; and
- 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.

BERKELEY FUTURES LIMITED

Directors' Report for the Year Ended 30 April 2019

Important non adjusting events after the financial period

The company was acquired by Britannia Financial Group Limited post year end, on the 22nd May 2019.

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on ~~11/01/2019~~ 11/01/2019 and signed on its behalf by:



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A M Woodward
Director

BERKELEY FUTURES LIMITED

Independent Auditor's Report to the Members of Berkeley Futures Limited for the Year Ended 30 April 2019

Opinion

We have audited the financial statements of Berkeley Futures Limited (the 'company') for the year ended 30 April 2019, which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

BERKELEY FUTURES LIMITED

Independent Auditor's Report to the Members of Berkeley Futures Limited for the Year Ended 30 April 2019

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the (set out on page), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

BERKELEY FUTURES LIMITED

Independent Auditor's Report to the Members of Berkeley Futures Limited for the Year Ended 30 April 2019

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BERKELEY FUTURES LIMITED

Independent Auditor's Report to the Members of Berkeley Futures Limited for the Year Ended 30 April 2019

Use of our report

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.



John Chamberlain (Senior Statutory Auditor)
For and on behalf of

Brebners, Statutory Auditor
130 Shaftesbury Avenue
London W1D 5AR

Date: 22/12/19

BERKELEY FUTURES LIMITED

Statement of Income and Retained Earnings for the Year Ended 30 April 2019

	Note	2019 £	2018 £
Turnover	3	14,931,371	13,120,528
Cost of sales		<u>(7,361,425)</u>	<u>(5,922,259)</u>
Gross profit		7,569,946	7,198,269
Administrative expenses		<u>(4,427,493)</u>	<u>(4,530,836)</u>
Operating profit	5	<u>3,142,453</u>	<u>2,667,433</u>
Other interest receivable and similar income	6	<u>17,048</u>	<u>7,226</u>
		<u>17,048</u>	<u>7,226</u>
Profit before tax		3,159,501	2,674,659
Taxation	10	<u>(619,294)</u>	<u>(513,038)</u>
Profit for the financial year		2,540,207	2,161,621
Retained earnings brought forward		10,695,806	8,539,185
Dividends paid		<u>-</u>	<u>(5,000)</u>
Retained earnings carried forward		<u>13,236,013</u>	<u>10,695,806</u>

The notes on pages 15 to 30 form an integral part of these financial statements.

BERKELEY FUTURES LIMITED

Statement of Financial Position as at 30 April 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	49,038	50,921
Investments	12	<u>168,340</u>	<u>168,340</u>
		<u>217,378</u>	<u>219,261</u>
Current assets			
Debtors	13	3,818,273	6,733,669
Cash at bank and in hand		<u>14,378,620</u>	<u>12,684,158</u>
		18,196,893	19,417,827
Creditors: Amounts falling due within one year	15	<u>(5,153,392)</u>	<u>(8,916,996)</u>
Net current assets		<u>13,043,501</u>	<u>10,500,831</u>
Total assets less current liabilities		13,260,879	10,720,092
Provisions for liabilities	16	<u>(4,315)</u>	<u>(3,735)</u>
Net assets		<u>13,256,564</u>	<u>10,716,357</u>
Capital and reserves			
Called up share capital	18	20,551	20,551
Profit and loss account		<u>13,236,013</u>	<u>10,695,806</u>
Total equity		<u>13,256,564</u>	<u>10,716,357</u>

Approved and authorised by the Board on 22/08/2019 and signed on its behalf by:



A M Woodward
Director

Company registration number: 01969442

The notes on pages 15 to 30 form an integral part of these financial statements.

BERKELEY FUTURES LIMITED

Statement of Changes in Equity for the Year Ended 30 April 2019

	Share capital £	Profit and loss account £	Total £
At 1 May 2018	20,551	10,695,806	10,716,357
Profit for the year	-	2,540,207	2,540,207
Total comprehensive income	-	2,540,207	2,540,207
At 30 April 2019	<u>20,551</u>	<u>13,236,013</u>	<u>13,256,564</u>
	Share capital £	Profit and loss account £	Total £
At 1 May 2017	20,551	8,539,185	8,559,736
Profit for the year	-	2,161,621	2,161,621
Total comprehensive income	-	2,161,621	2,161,621
Dividends	-	(5,000)	(5,000)
At 30 April 2018	<u>20,551</u>	<u>10,695,806</u>	<u>10,716,357</u>

The notes on pages 15 to 30 form an integral part of these financial statements.

BERKELEY FUTURES LIMITED

Statement of Cash Flows for the Year Ended 30 April 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the year		2,540,207	2,161,621
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	25,636	27,000
Profit on disposal of tangible assets	4	(11,773)	-
Finance income	6	(17,048)	(7,226)
Income tax expense	10	619,294	513,038
Accrued (income)/expenses		<u>134,048</u>	<u>199,452</u>
		3,290,364	2,893,885
Working capital adjustments			
Decrease in trade debtors and other debtors	13	2,915,396	2,354,628
Decrease in trade creditors and other creditors	15	<u>(3,961,580)</u>	<u>(2,254,061)</u>
Cash generated from operations		2,244,180	2,994,452
Income taxes paid	10	<u>(554,787)</u>	<u>(649,881)</u>
Net cash flow from operating activities		<u>1,689,393</u>	<u>2,344,571</u>
Cash flows from investing activities			
Interest received	6	17,048	7,226
Acquisitions of tangible assets		(25,946)	(4,821)
Proceeds from sale of tangible assets		<u>13,967</u>	<u>-</u>
Net cash flows from investing activities		5,069	,2,405
Cash flows from financing activities			
Dividends paid		<u>-</u>	<u>(5,000)</u>
Net increase in cash and cash equivalents		1,694,462	2,341,976
Cash and cash equivalents at 1 May		<u>12,684,158</u>	<u>10,342,182</u>
Cash and cash equivalents at 30 April		<u>14,378,620</u>	<u>12,684,158</u>

The notes on pages 15 to 30 form an integral part of these financial statements.

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

1 GENERAL INFORMATION

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

C/O Buzzacott,
130 Wood Street
London
England
EC2V 6DL

The principal activity of the company is that of futures, options and foreign exchange broking. The company does not take proprietary positions.

The principal place of business is:

18 Savile Row
Mayfair
London
W1S 3PW

2 ACCOUNTING POLICIES

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except any items disclosed in the accounting policies as being shown at fair value and are presented in sterling, which is the functional currency of the entity.

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

Going concern

The financial statements have been prepared on a going concern basis.

The statement of income for the year shows profit before tax of £3,159,501 and the statement of financial position shows net assets of £13,256,564 at the year end. The company has £14,378,620 cash and liquid resources and no bank borrowings.

The directors consider that the company's underlying business is profitable. The company monitors and continues to maintain a level of financial resources in excess of that required under its FCA registration.

Hence its directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

There are no judgements or key sources of estimation uncertainty that management have made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Revenue recognition

Turnover represents commissions received and receivable on transactions made on behalf of the clients, and net interest received and receivable on trading balances. All amounts are stated net of attributable value added tax. Commission is recognised as revenue when the trade is placed with the clearer.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation is recognised in other comprehensive income and accumulated in equity except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where the revaluation decrease exceeds the accumulated revaluation gains accumulated in respect of that asset, the excess shall be recognised in profit and loss.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture and fittings	20% straight line
Motor vehicles	25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount the asset is impaired accordingly. Prior impairments are also reviewed for the possible reversal at each reporting date.

For the purpose of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the assets and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date, as a result of a past event, where it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustment to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight line basis. In accordance with the transitional provisions of FRS102 lease incentives on leases which were in existence prior to 1st April 2014 have been spread over the shorter of the lease term and the period to the first rent review on which the rent is first expected to be adjusted to the prevailing market rate.

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Open positions

Segregated and non-segregated balances at brokers include positions open at the year end. These are valued at the market price prevailing on that date and matched in the valuation of amounts due to clients. Hence there is no profit effect. The net balance held of segregated bank balances plus segregated broker balances less segregated client balances is included in cash equivalents.

Client funds

The company holds money on behalf of customers in accordance with the Customer Asset (CASS) rules of the Financial Conduct Authority (FCA). This money is kept in segregated funds at banks and brokers. The amounts held on behalf of customers at the balance sheet date which are segregated in accordance with the FCA's requirements are stated in note 14 and are not included in the company's balance sheet.

The amounts held on behalf of customers at the balance sheet date and which are non-segregated in accordance with the FCA's requirements are stated in note 15 and are included in the Company's balance sheet.

Foreign currency

Foreign currency transactions are initially recorded in the functional currency by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date with any gains or losses being taken to the profit or loss account.

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

Financial instruments

Recognition and measurement

A financial asset or liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at the market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or finance at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting period date. If there is objective evidence of impairment, impairment loss is recognised through profit or loss immediately.

For all equity instruments regardless of significance and other financial assets that are individually significant, they are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversal of impairment is recognised in profit or loss immediately to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venturer;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company; or
- (vii) the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 REVENUE

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019 £	2018 £
Interest received	1,901,795	1,885,156
Commissions received	9,882,684	9,062,246
Other revenue	3,146,892	2,173,126
	<u>14,931,371</u>	<u>13,120,528</u>

The turnover and operating profit were derived from the company's principal activity. Segmental disclosure of turnover and profit before tax has not been given as the directors believe that this would be seriously prejudicial to the interests of the company.

Included in other revenue are exchange gains of £121,486 (2018: £63,226 losses)

4 OTHER GAINS AND LOSSES

The analysis of the company's other gains and losses for the year is as follows:

	2019 £	2018 £
Gain (loss) on disposal of property, plant and equipment	<u>11,773</u>	<u>-</u>

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

5 OPERATING PROFIT

Operating profit or loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	25,636	27,000
Gains on disposal of tangible assets	(11,773)	-
Defined contribution plans expense	15,684	6,961
Operating lease costs - computer system	222,265	195,658
Operating lease costs - property	<u>166,855</u>	<u>153,218</u>

6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £	2018 £
Other finance income	<u>17,048</u>	<u>7,226</u>

7 STAFF COSTS

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	2,226,271	2,326,271
Social security costs	281,385	293,563
Pension costs, defined contribution scheme	15,684	6,961
	<u>2,523,340</u>	<u>2,626,795</u>

The average number of persons employed by the company during the year, analysed by category was as follows:

	2019 No.	2018 No.
Administration and support	6	6
Sales	18	19
	<u>24</u>	<u>25</u>

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

8 DIRECTORS' REMUNERATION

The directors aggregate remuneration in respect of qualifying services was:

	2019 £	2018 £
Remuneration	<u>253,876</u>	<u>252,745</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2019 No.	2018 No.
Accruing benefits under defined benefit pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	<u>129,142</u>	<u>128,489</u>

9 AUDITORS' REMUNERATION

	2019 £	2018 £
Audit of the financial statements	<u>18,000</u>	<u>18,000</u>

Fees payable to the company's auditor and its associates for other services:

Taxation compliance services	9,750	9,500
Other non-audit services	<u>69,403</u>	<u>41,200</u>
	<u>79,153</u>	<u>50,950</u>

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

10 TAXATION

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	618,714	516,453
Deferred taxation		
Arising from origination and reversal of timing differences	580	(3,415)
Tax expense in the income statement	<u>619,294</u>	<u>513,038</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>3,159,501</u>	<u>2,674,659</u>
Corporation tax at standard rate	600,305	508,185
Effect of expense not deductible in determining taxable profit (tax loss)	18,509	4,960
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	580	(3,415)
Tax increase (decrease) from effect of capital allowances and depreciation	(20)	3,308
Other tax effects for reconciliation between accounting profit and tax expense (income)	(80)	-
Total tax charge	<u>619,294</u>	<u>513,038</u>

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

11 TANGIBLE ASSETS

	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation			
At 1 May 2018	216,161	47,783	263,944
Additions	25,946	-	25,946
Disposals	(2,749)	(47,783)	(50,532)
At 30 April 2019	<u>239,358</u>	<u>-</u>	<u>239,358</u>
Depreciation			
At 1 May 2018	165,240	47,783	213,023
Charge for the year	25,635	-	25,635
Eliminated on disposal	(555)	(47,783)	(48,338)
At 30 April 2019	<u>190,320</u>	<u>-</u>	<u>190,320</u>
Carrying amount			
At 30 April 2019	<u><u>49,038</u></u>	<u><u>-</u></u>	<u><u>49,038</u></u>
At 30 April 2018	<u><u>50,921</u></u>	<u><u>-</u></u>	<u><u>50,921</u></u>

12 INVESTMENTS

	2019 £	2018 £
Cost brought forward and carried forward	<u>168,340</u>	<u>168,340</u>

The company holds 2,500 B shares in LME Holdings Limited as part of its membership of the London Metal Exchange as a category 4 member. These shares are a minimum requisite for membership to the London Metal Exchange. These are non-listed investments as there is no active market for these shares. This investment has been valued at amortised cost at the balance sheet date and there was no impairment.

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

13 DEBTORS

	2019 £	2018 £
Other debtors	186,785	247,564
Prepayments	477,601	405,698
Amounts due from non-segregated brokers	3,153,887	6,080,407
	<u>3,818,273</u>	<u>6,733,669</u>

14 CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash and cash equivalents	<u>14,378,620</u>	<u>12,684,158</u>
Represented by:		
Cash held in segregated bank accounts	50,306,535	33,974,738
Amounts held as segregated balances by brokers	111,166,236	104,039,952
Amounts due to clients in respect of segregated balances under CASS	(159,810,990)	(135,675,208)
Surplus funds held in segregated accounts	<u>1,661,781</u>	<u>2,339,482</u>
Cash and cash equivalents held in Company's own name	<u>12,716,839</u>	<u>10,344,676</u>
Cash and cash equivalents	<u>14,378,620</u>	<u>12,684,158</u>

Included within cash and cash equivalents held in company's own name is an amount of £99,411 (2018: £1,075,105) held on behalf of non-segregated clients disclosed within creditors.

15 CREDITORS

	Note	2019 £	2018 £
Due within one year			
Social security and other taxes		83,382	95,067
Other creditors		148,124	150,497
Amounts due to non-segregated clients		3,207,992	7,155,513
Accrued expenses		1,413,109	1,279,061
Corporation tax liability	10	<u>300,785</u>	<u>236,858</u>
		<u>5,153,392</u>	<u>8,916,996</u>

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

16 DEFERRED TAX AND OTHER PROVISIONS

	Deferred tax £	Total £
At 1 May 2018	3,735	3,735
Increase (decrease) in existing provisions	580	580
At 30 April 2019	<u>4,315</u>	<u>4,315</u>

17 PENSION AND OTHER SCHEMES

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £15,684 (2018 - £6,961).

18 SHARE CAPITAL

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £0.01 each	1,591,000	15,910	1,591,000	15,910
'A' Ordinary shares of £0.01 each	55,100	551	55,100	551
'B' Ordinary shares of £0.01 each	409,000	4,090	409,000	4,090
	<u>2,055,100</u>	<u>20,551</u>	<u>2,055,100</u>	<u>20,551</u>

Rights, preferences and restrictions

Ordinary shares

- (i) dividends, if recommended and paid, are fixed at 66.67% (net of associated tax credit) of the total dividend recommended and paid less the pro-rata proportion of dividends paid on 'A' ordinary shares,
- (ii) returns of capital are limited to 66.67% of any surplus remaining after all the company's liabilities have been paid, following deduction of the pro-rata amount which is to be paid on 'A' ordinary shares.

The ordinary shares are classified as equity instruments.

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

'A' Ordinary Shares

The 'A' ordinary shares rank pari passu in all respects with the ordinary shares save that:

- (i) dividends, if recommended and paid, are fixed at 5% (net of associated tax credit) of nominal value per annum.
- (ii) returns of capital are limited to the amounts paid up on such shares, including premium (if any),
- (ii) no entitlement is given with regard to attendance or voting at general meetings,
- (iv) conversion to ordinary shares shall occur in the event of a sale of the entire share capital of the company or a public offering of its shares.

The 'A' ordinary shares are classified as equity instruments.

'B' Ordinary shares

The 'B' ordinary shares rank pari passu in all respects with the ordinary shares save that:

- (i) dividends, if recommended and paid, are fixed at 33.33% (net of associated tax credit) of the total dividend recommended and paid on all classes of shares,
- (ii) returns of capital are limited to 33.33% of any surplus remaining after all the company's liabilities have been paid.

The 'B' ordinary shares are classified as equity instruments.

19 OBLIGATIONS UNDER LEASES

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	336,231	220,584
Later than one year and not later than five years	1,168,348	425,027
	<u>1,504,579</u>	<u>645,611</u>

The total future minimum lease payments are split between a property lease of £519,479 (2018: £533,554) and a computer systems lease of £985,100 (2018: £112,067).

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

20 SHARE-BASED PAYMENTS

Share options

Scheme details and movements

There are outstanding share options granted to employees of the Company. At 30th April 2018 there were 25,000 in existence all of which were granted on 1st April 2011 and vested on 1st April 2014. The options may be exercised immediately in the event of (i) a proposed sale of shares of the entire share capital of the company, or (ii) the proposed listing of any securities of the company on any Recognised Investment Exchange. The options are valid between 1st April 2014 and 31st March 2021 and the exercise price is £5.84 per share. There were no movements in share options during the year.

21 DIVIDENDS

Interim dividends paid

	2019 £	2018 £
Interim dividend of Nil (2018 - 0.01) per each	-	5,000

22 RELATED PARTY TRANSACTIONS

Berkeley Futures Limited Directors Pension Scheme

Included in 'Amounts due to clients' as disclosed in note 14 is a balance of £679,298 (2018: £537,577) being amounts due to the Berkeley Futures Limited Directors Pension Scheme.

Macquarie Bank Limited

The company uses the broking services of Macquarie Bank Limited, a company incorporated in Australia. Macquarie Bank Limited owns Macquarie Investments (UK) Limited, a company incorporated in England and Wales, which held 100% of the 'B' Ordinary shares of Berkeley Futures Limited throughout the year and hence receives any dividends thereon.

Included in 'Amounts held as segregated balances by brokers' as disclosed in note 14 is an amount of £57,477,747 (2018: £60,523,156) being segregated balances held by Macquarie Bank Limited.

Included in cost of sales is an amount of £3,470,950 (2018: £2,514,899) being commission and fees payable to Macquarie Bank Limited.

BERKELEY FUTURES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2019

23 FINANCIAL INSTRUMENTS

Categorisation of financial instruments

	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost	17,902,158	19,138,925
Financial assets that are equity instruments measured at cost less impairment	<u>168,340</u>	<u>168,340</u>
	<u>18,070,498</u>	<u>19,307,265</u>
Financial liabilities measured at amortised cost	<u>4,769,225</u>	<u>8,585,071</u>
	<u>4,769,225</u>	<u>8,585,071</u>

24 NON ADJUSTING EVENTS AFTER THE FINANCIAL PERIOD

The company was acquired by Britannia Financial Group Limited post year end, on the 22nd May 2019.