

ALPHA SECURITIES TRADING LIMITED

Report & Accounts for the year ended

30 April 2017

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Alpha Securities Trading Limited

Company information

Directors: Duncan WA Budge
John AC Ayton MBE
Blathnaid Bergin
David J Barron (resigned 5 October 2016)
Tom Cross Brown
Jamie Korner (appointed 6 April 2017)

Secretary: Artemis Fund Managers Limited

Registered office: Cassini House
57 St James's Street
London
SW1A 1LD

Auditor: KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Company number: 03759568
The Company is registered and domiciled in England.

Alpha Securities Trading Limited

Directors' Report

The Directors present their report and accounts for the year ended 30 April 2017.

Principal activities and review of the business

The Company's principal activity is to carry on the business of dealing in investments.

Principal risks and uncertainties

As the Company's principal activity is the business of dealing in investments, the main risks relate to the nature of the individual investments and the investment activities generally and include market price risk and

Further information is set out in note 9 of the notes to the financial statements.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 6. Dividends of £nil (2016: £nil) were paid during the year. The Directors consider the results for the year to be satisfactory.

Audited information

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors and their interests

The Directors of the Company who held office during the year or have been appointed since the year end are as follows:

Duncan WA Budge
John AC Ayton MBE
Blathnaid Bergin
David J Barron (resigned 5 October 2016)
Tom Cross Brown
Jamie Korner (appointed 6 April 2017)

During the year none of the Directors had any interests in the shares of the Company. The Directors' interests in the parent undertaking, Artemis Alpha Trust plc, are shown in the annual report of that company.

Elective resolutions

Under the Companies Act 2006, there is no longer a statutory requirement for the Company to hold an Annual General Meeting or to lay the Company's Annual Report and Financial Statements before the shareholders in general meeting for approval.

Going concern

The Directors, having considered the likely cashflow and operational costs of the Company, are of the opinion that the Company has adequate resources to continue in operational existence of the foreseeable future. For this reason they continue to adopt the going concern basis in the preparation of the financial statements.

Alpha Securities Trading Limited

Directors' Report

Statement of Directors' Responsibilities

The Directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") 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 applied them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; 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 its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



FOR Artemis Fund Managers Limited
Secretary

20 July 2017

Company Number - 03759568

Alpha Securities Trading Limited

Independent Auditor's Report to the members of Alpha Securities Trading Limited

We have audited the financial statements of Alpha Securities Trading Limited for the year ended 30 April 2017 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report



Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

20 July 2017

Alpha Securities Trading Limited

Statement of Comprehensive Income For the year ended 30 April 2017

	Note	Year ended 30 April 2017 £	Year ended 30 April 2016 £
Income			
Proceeds on sale of investments		2,394,088	2,487,590
Cost of investments sold		(2,001,795)	(2,580,405)
Realised profits/(losses)		392,293	(92,815)
Movement in unrealised profits on investments		60,634	40,231
Net foreign currency profits		518	426
Gross profit/(loss)		453,445	(52,158)
UK dividend income *		4,363	19,662
Overseas dividend income		23,351	28,062
Interest received		312	8,085
Expenses	3	(9,687)	(5,953)
Interest paid		(129)	(230)
Profit/(loss) before taxation		471,655	(2,532)
Taxation	4	(3,312)	(2,597)
Net profit/(loss) on ordinary activities after taxation		468,343	(5,129)

All the above results relate to continuing operations.

There are no gains or losses other than the net loss on ordinary activities after taxation as shown above.

* All investments have been designated as fair value through profit or loss upon initial recognition, therefore all dividend income arises on investments at fair value through profit or loss.

The notes on pages 10 to 15 form part of these financial statements.

Alpha Securities Trading Limited

Statement of Financial Position

As at 30 April 2017

	Note	30 April 2017 £	30 April 2016 £
Current assets			
Investments held at fair value	5	1,501,335	1,242,916
Trade and other receivables	6	979,174	870,859
Cash and cash equivalents		242,328	166,290
Total assets		2,722,837	2,280,065
Current liabilities			
Creditors	7	(4,121)	(29,692)
		(4,121)	(29,692)
Net assets		2,718,716	2,250,373
Equity attributable to equity holders			
Share capital	8	2	2
Retained earnings		2,718,714	2,250,371
Total equity		2,718,716	2,250,373

The financial statements were approved by the Board of Directors on 20 July 2017.



Duncan Budge
Director

The notes on pages 10 to 15 form part of these financial statements.

Company Number: 03759568

Alpha Securities Trading Limited

Statement of Changes in Equity

For the year ended 30 April 2017

	Share capital £	Retained earnings £	Total £
Net assets at 1 May 2016	2	2,250,371	2,250,373
Total comprehensive income:			
Net profit on ordinary activities after taxation	-	468,343	468,343
Net assets at 30 April 2017	2	2,718,714	2,718,716

For the year ended 30 April 2016

	Share capital £	Retained earnings £	Total £
Net assets at 1 May 2015	2	2,255,500	2,255,502
Total comprehensive income:			
Net loss on ordinary activities after taxation	-	(5,129)	(5,129)
Net assets at 30 April 2016	2	2,250,371	2,250,373

The notes on pages 10 to 15 form part of these financial statements.

Alpha Securities Trading Limited

Statement of Cash Flows

For the year ended 30 April 2017

	Year ended 30 April 2017 £	Year ended 30 April 2016 £
Operating activities		
Profit/(loss) on ordinary activities before tax	471,655	(2,532)
Dealing (gains)/losses	(453,445)	52,158
Interest paid	129	230
(Increase)/decrease in accrued income	1,203	(1,705)
Increase/(decrease) in accrued expenses	390	(467)
Net cash inflow from operating activities before tax	19,932	47,684
Interest paid	(129)	(230)
Tax paid	(3,312)	(2,597)
Net cash inflow from operating activities	16,491	44,857
Investing activities		
Purchase of investments	(2,225,541)	(2,531,803)
Sales of investments	2,394,209	2,460,328
Net cash inflow/(outflow) from investing activities	168,668	(71,475)
Financing activities		
Increase in amounts due from parent undertaking	(109,639)	(396,863)
Net cash outflow from financing activities	(109,639)	(396,863)
Net movement in cash and cash equivalents	75,520	(423,481)
Cash and cash equivalents at the start of the year	166,290	589,345
Net movement in cash and cash equivalents	75,520	(423,481)
Effect of foreign exchange rate changes	518	426
Cash and cash equivalents at the end of the year	242,328	166,290

The notes on pages 10 to 15 form part of these financial statements.

Alpha Securities Trading Limited

Notes to the Financial Statements

1 Principal activity

The Company is a limited liability company domiciled in the United Kingdom.

2 Accounting policies

(a) Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The Financial Statements are presented in Sterling, which is the currency of the primary environment in which the Company operates.

(b) Investments

Investments are designated as fair value through profit or loss upon initial recognition. Listed investments are measured initially at cost, and are recognised at trade date.

For financial assets acquired, the cost is the fair value of the consideration. Subsequent to initial recognition, all listed investments are measured at their quoted bid prices without deduction for the estimated future selling costs.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as gains/(losses) on investments.

Assets are derecognised at the trade date of the disposal. Proceeds are measured at fair value which are regarded as the proceeds of sale less any transaction costs.

(c) Revenue

Dividends receivable on equity shares are recognised as revenue on an ex-dividend basis. Provision is made for any dividends not expected to be received.

Income from fixed interest securities is recognised on an effective interest rate basis.

Interest receivable from cash and short-term deposits is recognised on an accruals basis.

(d) Expenses and finance costs

All expenses and interest payable are accounted for on an accruals basis.

(e) Taxation

Taxation represents the sum payable, any withholding tax suffered and any deferred tax. Taxation is charge or credited in the Statement of Comprehensive Income. Any taxation payable is based on the Company's profit for the year, calculated using tax rates in force at the Statement of Financial Position date. Deferred taxation is recognised in full using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(f) Cash and cash equivalents and borrowings

Cash and cash equivalents comprises deposits and overdrafts with banks.

(g) Dividends payable

Dividends are recognised from the date on which they are irrevocably committed to payment.

(h) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at the rate ruling on the Statement of Financial Position date.

(i) Other receivables and payables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value. Other payables are non-interest bearing and are stated at their nominal value.

Alpha Securities Trading Limited

Notes to the Financial Statements

(j) Accounting developments

At the date of authorisation of these Financial Statements, the following Standards and Interpretations were in issue. They are not yet mandatory, but are available for early adoption. They are not expected to have any impact on the Company:

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).

IFRS 15 - Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018).

IFRS 9 - Financial Instruments (effective for annual periods beginning on or after 1 January 2018).

IFRS 16 - Leases (effective for annual periods beginning on or after 1 January 2019).

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January

Alpha Securities Trading Limited

Notes to the Financial Statements (continued)

3. Expenses

The Company had no employees during the year (2016: nil).

None of the Directors received any emoluments from the Company during the year (2016: nil).

	Year ended 30 April 2017	Year ended 30 April 2016
	£	£
Other expenses	7,450	3,735
Auditor's remuneration for audit services	2,237	2,218
	9,687	5,953

4. Taxation

Current tax

The tax assessed on the net result of the year is lower than the standard rate of corporation tax of 19.92% (2016: 20.00%). The differences are reconciled below:

	Year ended 30 April 2017	Year ended 30 April 2016
	£	£
Profit/(loss) before taxation	471,655	(2,532)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.92% (2016: 20.00%)	93,294	(506)
Overseas withholding tax	3,312	2,597
Utilisation of brought forward losses from prior years	(4,198)	-
Carried forward trading (gains)/losses	-	506
Surrender of excess expenses by parent company	(89,096)	-
	3,312	2,597

The company has no trading losses (2016: £4,198) that are available to offset against future taxable profit. The tax charge has been extinguished by excess expenses of £445,482 (2016: nil) surrendered by the parent undertaking.

5. Investments

	2017 cost £	2017 value £	2016 cost £	2016 value £
Alpha FX Group	98,000	155,000	-	-
BT Group	15,147	13,714	-	-
Cameco	11,065	11,107	-	-
Carpentright	12,969	12,141	6,052	6,040
Coty	6,993	6,895	-	-
ETFS Physical Platinum	10,933	10,499	-	-
Fitbit	50,515	35,370	-	-
Game Digital	15,977	15,860	-	-
Genel Energy	14,552	5,831	34,816	19,800
GLI Finance	261,255	95,000	261,255	152,500
Gold Bullion Securities	62,725	60,411	-	-
Hardy Oil & Gas	177,399	34,125	177,398	29,625
Hornby	78,217	96,375	54,975	86,875
Hutchison China Meditech	10,681	16,495	-	-
IWG	48,875	64,980	-	-
JRP Group	19,671	22,392	10,658	11,000
Market Tech Holdings	13,013	18,675	-	-
Mobile Streams	50,000	34,375	-	-
Mothercare	26,125	25,536	-	-
Nintendo	38,483	48,974	-	-
Och-Ziff Capital Management Group	66,651	60,962	10,076	10,922
Ophir Energy	34,617	34,400	52,854	37,675
Perrigo	17,464	17,141	-	-
Plus500	75,329	85,140	61,094	94,240
Randgold Resources	5,636	6,805	-	-
Rank Group	16,113	17,104	-	-
Rocket Internet	78,836	73,641	-	-
Rockhopper Exploration	21,009	22,750	-	-
Royal Bank of Scotland Group	13,696	15,924	36,500	32,200
Sports Direct International	121,565	118,080	25,775	26,964
St Ives	2,913	3,018	9,479	8,980
Tahoe Resources	7,423	6,222	-	-
Tesco	129,420	128,275	133,239	122,191

Alpha Securities Trading Limited

Notes to the Financial Statements (continued)

5. Investments (continued)

	2017 cost £	2017 value £	2016 cost £	2016 value £
Tungsten	75,854	76,250	64,696	54,150
Twitter	10,179	10,184	15,484	14,960
Valeant Pharmaceuticals International	44,322	16,784	24,612	22,773
Volex	25,435	24,900	25,435	19,650
African Petroleum	-	-	63,432	56,582
Barclays	-	-	13,167	12,863
Blinkx	-	-	33,670	26,400
Bowliven	-	-	19,397	21,750
CYBG	-	-	27,222	33,263
Entertainment One	-	-	6,260	6,449
Fossil Group	-	-	7,397	5,528
Helical Bar	-	-	11,034	11,513
Hurricane Energy	-	-	201,083	105,937
Lendingclub	-	-	72,504	80,790
Lloyds Banking Group	-	-	3,881	4,024
Mears Group	-	-	10,081	9,963
Quantum Pharma	-	-	2,801	2,975
SCS Group	-	-	24,311	28,244
Trinity Mirror	-	-	6,004	5,650
Xchanging	-	-	17,770	18,900
Zillow Group	-	-	46,860	61,540
	1,769,057	1,501,335	1,571,272	1,242,916

	Year ended 30 April 2017 £	Year ended 30 April 2016 £
Movements in investments		
Opening book cost	1,571,272	1,657,283
Opening fair value adjustment	(328,356)	(368,587)
Opening valuation	1,242,916	1,288,696
Movements in year:		
Purchases at cost	2,199,580	2,494,394
Sale proceeds on sale of investments	(2,394,088)	(2,487,590)
Realised profits/(losses)	392,293	(92,815)
Movement in unrealised profits on investments	60,634	40,231
Closing valuation	1,501,335	1,242,916
Closing book cost	1,769,057	1,571,272
Closing fair value adjustment	(267,722)	(328,356)
	1,501,335	1,242,916

All investments are designated as fair value through profit or loss at initial recognition and all gains and losses arise on investments designated as fair value through profit or loss. Where investments are considered to be readily realisable for cash, the fair value gains and losses recognised in these financial statements are treated as realised. All other fair value gains and losses are treated as unrealised.

IFRS 7 'Financial Instruments: Disclosures' requires an entity to provide an analysis of investments held at fair value through profit and loss using a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. The hierarchy used to analyse the fair values of financial assets is set out below.

Level 1 – investments with quoted prices in an active market;

Level 2 – investments whose fair value is based directly on observable current market prices or is indirectly being derived from market prices; and

Level 3 – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or are not based on observable market data.

All investments are included in Level 1.

Risk management of investments

The Company buys investments in the expectation of short term gains. The risk associated with the buying and selling of investments is monitored on a regular basis by the Investment Manager.

Alpha Securities Trading Limited

Notes to the Financial Statements (continued)

6. Trade and other receivables

	30 April 2017	30 April 2016
	£	£
Amounts due from the parent undertaking	943,998	834,359
Amounts due from brokers	26,560	26,681
Dividends and interest receivable	-	-
	979,174	870,859

7. Creditors

	30 April 2017	30 April 2016
	£	£
Amounts due to brokers	-	(25,961)
Other payables	(4,121)	(3,731)
	(4,121)	(29,692)

8. Share capital

	30 April 2017	30 April 2016
	£	£
Issued and fully paid:		
2 ordinary shares of £1 each (2016: same)	2	2

The capital of the Company is managed in accordance with its principal activity of dealing in investments.

There are no restrictions to voting rights and preferences arising on the share capital and the Company does not have any externally imposed capital requirements.

9. Financial instruments

As detailed on page 3, the principal activity of the Company is to carry on the business of dealing in investments.

The Company's financial instruments are comprised of equities: these are held to achieve its investment objective as well as debtors and creditors that arise from its operations, for example sales and purchases of securities awaiting settlement and debtors for accrued income. The principal risks the Company faces are (i) market price risk (comprising currency risk, interest rate risk and other price risk), (ii) liquidity risk; and (iii) credit risk.

The Investment Manager regularly monitors the financial risks affecting the Company. The Directors receive financial information on a quarterly basis which is used to identify and monitor risk.

(i) Market price risk

Market risk, which includes, foreign currency, interest rate and other price risk, arises mainly from uncertainty about future values of financial instruments held in the Company's investment portfolio.

The day to day management of the portfolio is the responsibility of the Investment Manager, in accordance with the Company's investment policy. This includes ongoing detailed analysis of existing and potential investee companies. No derivatives or hedging instruments are used by the Company to manage market risk. The Board monitors the Company's overall market positions on a regular basis.

Details of the investments held as at 30 April 2017 and 30 April 2016 are disclosed in note 5.

Foreign currency risk

Foreign currency risk is the risk that movements in exchange rates may affect the sterling value of any of the Company's assets or liabilities which are denominated in currencies other than sterling. Investments denominated in a foreign currency at 30 April 2017 and 30 April 2016 are set out in the table below.

	Year ended 30 April 2017	Year ended 30 April 2016
	£	£
US Dollar	284,549	196,514
Euro	73,641	-
Norwegian Krone	-	56,582
	358,190	253,096

5 per cent increase in sterling against the relevant foreign currencies would have the effect of reducing the profit or loss and the net assets by £17,910 (2016: £12,655). A 5 per cent decrease in sterling would have an equal and opposite effect.

Interest rate risk

All of the Company's financial assets are non interest bearing and therefore there is no exposure to fair value interest rate fluctuations.

Alpha Securities Trading Limited

Notes to the Financial Statements (continued)

Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as result of changes in market prices (other than those relating to interest rate risk and foreign currency risk), whether caused by factors specific to an investment or wider issues affecting the market generally.

A 5 per cent increase/decrease in the value of the Company's investments, assuming all other variables remained constant, would have resulted in a £75,067 increase/decrease in net assets as at 30 April 2017 (2016: £62,146).

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial commitments.

The Company's investment strategy is to ensure that there are a sufficient number of investments that are readily realisable and can be sold to meet any funding requirements.

Financial liabilities

The Company primarily finances its operations through equity and retained earnings and for the year ended 30 April 2017 there were no financial liabilities (2016: £nil).

(iii) Credit risk

This is the risk that an issuer or counterparty will fail to discharge its obligations or commitments to the Company resulting in a financial loss. The Investment Manager has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis.

The largest counterparty risk is with J.P. Morgan Chase Bank N.A. which acts as custodian for the Company's investments. Bankruptcy or insolvency of J.P. Morgan Chase Bank N.A. may cause the Company's rights with regard to securities held to be delayed or limited. The Board receives and reviews J.P. Morgan Chase Bank N.A.'s semi-annual report on internal controls.

10. Parent undertaking

The ultimate parent undertaking of Alpha Securities Trading Limited is Artemis Alpha Trust plc.

11. Related party transactions

Details of transactions between the Company and its parent Artemis Alpha Trust plc can be found in the Statement of Cash Flows and notes 4 and 6.

The parent undertaking surrendered excess expenses of £445,482 during the year; without payment to the Company (2016: £nil).

The Company was due £943,998 from the parent undertaking at the Statement of Financial Position date (2016: £834,359). During the year the Company received interest on the intercompany loan amounting to £nil (2016: £7,435) from the parent undertaking.