

# **ALPHA SECURITIES TRADING LIMITED**

**Report & Accounts for the year ended**

**30 April 2018**

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## **Alpha Securities Trading Limited**

### **Company information**

**Directors:** Duncan WA Budge  
John AC Ayton MBE  
Blathnaid Bergin  
Tom Cross Brown  
Jamie Korner

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

**Investment Manager  
and Company  
Secretary:** Artemis Fund Managers Limited  
Cassini House  
57-59 St James's Street  
London  
SW1A 1LD

**Auditor:** PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

**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 2018.

### **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 foreign currency

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 (2017: £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

Duncan WA Budge  
John AC Ayton MBE  
Blathnaid Bergin  
Tom Cross Brown  
Jamie Korner

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.

### **Directors' insurance and indemnification**

Directors' and officers' liability insurance cover is held by the Company to cover Directors against certain liabilities that may arise in conducting their duties.

The Company's Articles provide the Directors, subject to the provisions of UK law, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Save for this, there are no qualifying third party indemnity provisions in force.

### **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.

The Company has taken advantage of the exemption from preparing a Strategic Report which it is eligible to as a small company.

### **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.

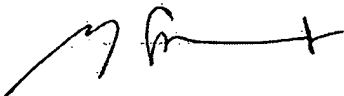
Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

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



Artemis Fund Managers Limited  
Secretary

1 August 2018

Company Number - 03759568

## **Alpha Securities Trading Limited**

### ***Independent auditors' report to the members of Alpha Securities Trading Limited*** **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Alpha Securities Trading Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report & Accounts (the "Annual Report"), which comprise: the statement of financial position as at 30 April 2018; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

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 year ended 30 April 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### ***Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

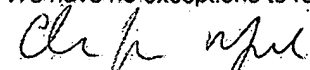
### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



**Christopher Meyrick** (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
1 August 2018

## Alpha Securities Trading Limited

### Statement of Comprehensive Income For the year ended 30 April 2018

		Year ended 30 April 2018	Year ended 30 April 2017
	Note	£	£
<b>Income</b>			
Proceeds on sale of investments		1,259,102	2,394,088
Cost of investments sold		(1,235,182)	(2,001,795)
Realised profits		23,920	392,293
Movement in unrealised profits on investments		452,363	60,634
Net foreign currency (losses)/profits		(110)	518
<b>Gross profit</b>		<b>476,173</b>	<b>453,445</b>
UK dividend income *		11,678	4,363
Overseas dividend income *		21,087	23,351
Interest received		277	312
Expenses	3	(10,410)	(9,687)
Interest paid		(25)	(129)
<b>Profit before taxation</b>		<b>498,780</b>	<b>471,655</b>
Taxation	4	(4,208)	(3,312)
<b>Net profit on ordinary activities after taxation</b>		<b>494,572</b>	<b>468,343</b>

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.

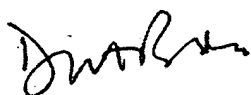
The notes on pages 10 to 16 form part of these financial statements.

## Alpha Securities Trading Limited

### Statement of Financial Position As at 30 April 2018

	Note	30 April 2018 £	30 April 2017 £
<b>Current assets</b>			
Investments held at fair value	5	2,130,471	1,501,335
Trade and other receivables	6	912,469	979,174
Cash and cash equivalents		182,530	242,328
<b>Total assets</b>		<b>3,225,470</b>	<b>2,722,837</b>
<b>Current liabilities</b>			
Creditors	7	(12,182)	(4,121)
		<b>(12,182)</b>	<b>(4,121)</b>
<b>Net assets</b>		<b>3,213,288</b>	<b>2,718,716</b>
<b>Equity attributable to equity holders</b>			
Share capital	8	2	2
Retained earnings		3,213,286	2,718,714
<b>Total equity</b>		<b>3,213,288</b>	<b>2,718,716</b>

The financial statements were approved by the Board of Directors on 1 August 2018.



Duncan Budge  
Director

The notes on pages 10 to 16 form part of these financial statements.

Company Number: 03759568



## Alpha Securities Trading Limited

### Statement of Changes in Equity

For the year ended 30 April 2018

	Share capital £	Retained earnings £	Total £
Net assets at 1 May 2017	2	2,718,714	2,718,716
Total comprehensive income:			
Net profit on ordinary activities after taxation	-	494,572	494,572
<b>Net assets at 30 April 2018</b>	<b>2</b>	<b>3,213,286</b>	<b>3,213,288</b>

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 loss on ordinary activities after taxation	-	468,343	468,343
<b>Net assets at 30 April 2017</b>	<b>2</b>	<b>2,718,714</b>	<b>2,718,716</b>

The notes on pages 10 to 16 form part of these financial statements.

## Alpha Securities Trading Limited

### Statement of Cash Flows

For the year ended 30 April 2018

	Year ended 30 April 2018 £	Year ended 30 April 2017 £
<b>Operating activities</b>		
Profit on ordinary activities before tax	498,780	471,655
Dealing gains	(476,173)	(453,445)
Interest paid	25	129
(Increase)/decrease in accrued income	(3,665)	1,203
Increase in accrued expenses	8,061	390
<b>Net cash inflow from operating activities before tax</b>	<b>27,028</b>	<b>19,932</b>
Interest paid	(25)	(129)
Tax paid	(4,208)	(3,312)
<b>Net cash inflow from operating activities</b>	<b>22,795</b>	<b>16,491</b>
<b>Investing activities</b>		
Purchase of investments	(1,411,956)	(2,225,541)
Sales of investments	1,280,640	2,394,209
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(131,316)</b>	<b>168,668</b>
<b>Financing activities</b>		
Increase/(decrease) in amounts due from parent undertaking	48,833	(109,639)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>48,833</b>	<b>(109,639)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(59,688)</b>	<b>75,520</b>
<b>Cash and cash equivalents at the start of the year</b>	<b>242,328</b>	<b>166,290</b>
Net movement in cash and cash equivalents	(59,688)	75,520
Effect of foreign exchange rate changes	(110)	518
<b>Cash and cash equivalents at the end of the year</b>	<b>182,530</b>	<b>242,328</b>

The notes on pages 10 to 16 form part of these financial statements.

# Alpha Securities Trading Limited

## Notes to the Financial Statements

### 1 Principal activity

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

### 2 Accounting policies

#### (a) Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union including interpretations issued by the IFRS Interpretations Committee and the Companies Act 2006 as applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss (FVTPL).

The accounting policies which apply in preparing the financial statements for the year ended 30 April 2018 have been applied consistently, other than where new policies have been adopted.

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 or SETS 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. Also included within this caption are transaction costs in relation to the purchase and sale of 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.

## **Alpha Securities Trading Limited**

### **Notes to the Financial Statements**

**(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.

**(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 significant 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 2018).

## Alpha Securities Trading Limited

### Notes to the Financial Statements (continued)

#### 3. Expenses

The Company had no employees during the year (2017: nil).

None of the Directors received any emoluments from the Company during the year (2017: nil).

	Year ended 30 April 2018	Year ended 30 April 2017
	£	£
Other expenses	8,179	7,450
Auditor's remuneration for audit services	2,231	2,237
	<b>10,410</b>	<b>9,687</b>

#### 4. Taxation

##### Current tax

The tax assessed on the net result of the year is lower than the standard rate of corporation tax of 19.00% (2017: 19.92%). The differences are reconciled below:

	Year ended 30 April 2018	Year ended 30 April 2017
	£	£
Profit before taxation	498,780	471,655
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.92%)	93,969	93,294
Overseas withholding tax	4,208	3,312
Utilisation of brought forward losses from prior years	-	(4,198)
Surrender of excess expenses by parent company	(93,969)	(89,096)
	<b>4,208</b>	<b>3,312</b>

The company has no trading losses (2017: £nil) that are available to offset against future taxable profit. The tax charge has been extinguished by excess expenses of £494,572 (2017: 445,482) surrendered by the parent undertaking.

#### 5. Investments

	2018 cost £	2018 value £	2017 cost £	2017 value £
Cameco	11,065	11,457	11,065	11,107
Capital & Counties Properties	10,533	11,532	-	-
Criteo	43,149	42,097	-	-
Delivery Hero	62,852	97,263	-	-
Dick's Sporting Goods	89,673	81,658	-	-
Dignity	46,792	59,470	-	-
Dixons Carphone	47,828	44,660	-	-
ETFS Physical Platinum	4,891	4,660	10,933	10,499
Fitbit	67,522	48,354	50,515	35,370
Foot Locker	9,449	12,508	-	-
Fulham Shore	24,619	22,000	-	-
General Electric	5,750	5,108	-	-
GlaxoSmithKline	29,021	32,881	-	-
Gold Bullion Securities	62,725	58,535	62,725	60,411
Hardy Oil & Gas	118,266	14,000	177,399	34,125
Hornby	99,769	101,413	78,217	96,375
Hurricane Energy	92,177	107,150	-	-
Hutchison China Meditech	17,975	33,250	10,681	16,495
Indivior	19,666	29,130	-	-
Inmarsat	47,326	35,729	-	-

#### 5. Investments (continued)

	2018 cost	2018 value	2017 cost	2017 value
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## Alpha Securities Trading Limited

### Notes to the Financial Statements (continued)

	£	£	£	£
IWG	68,407	74,340	48,875	64,980
John Wood Group	26,811	23,466	-	-
Just Group	13,480	16,944	-	-
Maistro*	21,000	47,675	-	-
Merlin Entertainments	5,181	5,517	-	-
Nintendo	19,241	38,102	38,483	48,974
Och-Ziff Capital Management Group	77,352	54,932	66,651	60,962
Ophir Energy	43,675	34,311	34,617	34,400
Perrigo	8,732	8,503	17,464	17,141
Plus500	51,298	140,900	75,329	85,140
Randgold Resources	5,636	5,868	5,636	6,805
Revolution Bars Group	78,442	87,450	-	-
Rocket Internet	84,244	117,140	78,836	73,641
Rockhopper Exploration	12,606	15,720	21,009	22,750
Rovio Entertainment	8,930	8,593	-	-
Shire	6,216	7,732	-	-
Sports Direct International	114,146	144,710	121,565	118,080
Stericycle	5,442	4,262	-	-
Tesco	146,376	188,720	129,420	128,275
Tungsten	66,752	64,900	75,854	76,250
Vectura Group	20,055	19,110	-	-
Virgin Money	18,842	19,509	-	-
Volex	12,717	22,860	25,435	24,900
VR Education	119,201	126,352	-	-
Alpha FX Group	-	-	98,000	155,000
BT Group	-	-	15,147	13,714
Carpetright	-	-	12,969	12,141
Coty	-	-	6,993	6,895
Game Digital	-	-	15,977	15,860
Genel Energy	-	-	14,552	5,831
GLI Finance	-	-	261,255	95,000
JRP Group	-	-	19,671	22,392
Market Tech Holdings	-	-	13,013	18,675
Mobile Streams	-	-	50,000	34,375
Mothercare	-	-	26,125	25,536
Rank Group	-	-	16,113	17,104
Royal Bank of Scotland Group	-	-	13,696	15,924
St Ives	-	-	2,913	3,018
Tahoe Resources	-	-	7,423	6,222
Twitter	-	-	10,179	10,184
Valeant Pharmaceuticals International	-	-	44,322	16,784
	<b>1,945,830</b>	<b>2,130,471</b>	<b>1,769,057</b>	<b>1,501,335</b>

\* includes warrants.

# Alpha Securities Trading Limited

## Notes to the Financial Statements (continued)

	Year ended 30 April 2018 £	Year ended 30 April 2017 £
<b>Movements in investments</b>		
Opening book cost	1,769,057	1,571,272
Opening fair value adjustment	(267,722)	(328,356)
<b>Opening valuation</b>	<b>1,501,335</b>	<b>1,242,916</b>
<b>Movements in year:</b>		
Purchases at cost	1,411,956	2,199,580
Sale proceeds on sale of investments	(1,259,103)	(2,394,088)
Realised profits/(losses)	23,920	392,293
Movement in unrealised profits on investments	452,363	60,634
<b>Closing valuation</b>	<b>2,130,471</b>	<b>1,501,335</b>
Closing book cost	1,945,830	1,769,057
Closing fair value adjustment	184,641	(267,722)
	<b>2,130,471</b>	<b>1,501,335</b>

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, other than the warrants held on Maistro which are valued at £2,075 which are Level 2.

### 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.

### 6. Trade and other receivables

	30 April 2018 £	30 April 2017 £
Amounts due from the parent undertaking	895,165	943,998
Amounts due from brokers	5,023	26,560
Dividends and interest receivable	12,281	8,616
	<b>912,469</b>	<b>979,174</b>

### 7. Creditors

	30 April 2018 £	30 April 2017 £
Other payables	(12,182)	(4,121)
	<b>(12,182)</b>	<b>(4,121)</b>

# Alpha Securities Trading Limited

## Notes to the Financial Statements (continued)

### 8. Share capital

	30 April 2018	30 April 2017
	£	£
Issued and fully paid:		
2 ordinary shares of £1 each (2017: 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 2, 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, 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. 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 2018 and 30 April 2017 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 2018 and 30 April 2017 are set out in the table below.

	Year ended 30 April 2018	Year ended 30 April 2017
	£	£
US Dollar	370,176	284,549
Euro	222,996	73,641
	<u>593,172</u>	<u>358,190</u>

A 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 £29,659 (2017: £17,910). 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 £106,524 increase/decrease in net assets as at 30 April 2018 (2017: £75,067).

#### **(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 2018 there were no financial liabilities (2017: £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 JP Morgan Chase Bank which acts as custodian for the Company's investments. Bankruptcy or insolvency of JP Morgan Chase Bank may cause the Company's rights with regard to securities held to be delayed or limited. The Board receives and reviews JPMorgan Chase Bank'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 £93,969 during the year; without payment to the Company (2017: £89,096).

The Company was due £895,165 from the parent undertaking at the Statement of Financial Position date (2017: £943,998).