

**REGISTERED NUMBER: 03899545 (England and Wales)**

**Annual Report and  
Consolidated Financial Statements  
for the Year Ended 31st March 2017  
for  
DANIEL STEWART SECURITIES PLC  
AND SUBSIDIARY UNDERTAKINGS**



**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

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for the year ended 31st March 2017**

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**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Company Information  
for the year ended 31st March 2017**

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**DIRECTORS:** P D Shea

**SECRETARY:** J Brown

**REGISTERED OFFICE:** 33 Creechurch Lane  
London  
EC3A 5EB

**REGISTERED NUMBER:** 03899545 (England and Wales)

**INDEPENDENT AUDITORS:** Keelings Limited  
Broad House  
1 The Broadway  
Old Hatfield  
Hertfordshire  
AL9 5BG

# DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)

## Group Strategic Report for the year ended 31st March 2017

This review contains several subjective and forward looking statements which have been made by the directors in good faith based upon the information available to them at the time. Any subjective or forward-looking statement should be considered by the user within the context of economic and business risk.

### REVIEW OF BUSINESS

The year to March 2017 has continued to be difficult. As a result of surrendering our Nomad Licence in December 2014, revenue has decreased year on year in our traditional corporate finance areas, however our private client desk has demonstrated continued growth. Reorganisation resulting from the changes in Corporate Finance and the closure of the Hong Kong office contribute to cost savings; accordingly overall costs have reduced significantly. We will continue to keep our cost-base under constant review and appropriate to the Group's business activities.

Revenue for the twelve months was £1.7 million, down from £2.3 million for the previous year, a decrease of 24%. Cost of sales has reduced from £1.4 million in 2016 to £0.9 million in 2017. Administrative costs decreased in the year under review by £0.2 million. Staffing levels have continued to decline from 31 during the previous year to 23 at 31 March 2017.

Key financials	31 March 2017	31 March 2016	
<b>Revenue</b>	<b>£</b>	<b>£</b>	
Transaction	858,808	1,181,543	(27%)
Retainer	337,965	506,759	(33%)
Secondary commission	436,414	400,187	9%
Revenue - Share trading	114,480	211,123	(46)%
	1,747,667	2,299,612	(24%)
<b>Cost of sales</b>	<b>(943,037)</b>	<b>(1,442,724)</b>	<b>(35%)</b>
<b>Gross profit</b>	<b>804,630</b>	<b>856,888</b>	<b>(6%)</b>
Gross profit percentage	46.0%	37.3%	24%
Other operating income	-	1,000	(100%)
Administrative costs	(2,369,752)	(2,581,764)	(8%)
Impairment of goodwill	-	(1,410,535)	(100%)
<b>Operating loss</b>	<b>(1,565,122)</b>	<b>(3,134,411)</b>	<b>(50)%</b>

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk facing the business is the condition of the Stock Market. Adverse market conditions normally have a significant downward effect upon revenue and hence profitability. The group mitigates some of this risk by targeting revenues across a number of sectors and by control of overheads.

The other main risks facing the group are operational, credit, liquidity and to a lesser degree interest and currency rates.

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Group Strategic Report  
for the year ended 31st March 2017**

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**CURRENT TRADING**

The Company disposed of its principal subsidiary, Daniel Stewart and Company PLC (DSAC) to Epsilon Investments PTE Limited (EIL) on 12 January 2018, retaining a 10% holding in DSAC. EIL remains a 28.5% shareholder in the Company.

The directors are currently considering a number of business opportunities for the Company going forward.

**ON BEHALF OF THE BOARD:**



P D Shea - Director

Date: 1/10/18

# **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

## **Report of the Directors for the year ended 31st March 2017**

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The directors present their report with the financial statements of the company and the group for the year ended 31st March 2017.

### **PRINCIPAL ACTIVITY**

The principal activity of the group is the provision of financial advice to companies; significantly acting as advisor and broker for publicly listed corporations.

### **DIVIDENDS**

No dividends will be distributed for the year ended 31st March 2017.

### **FUTURE DEVELOPMENTS**

The market conditions continue to be difficult, and accordingly the company is undergoing a restructuring programme in order to align our costs with our revenue expectations in order to return to profitability.

The Company disposed of its principal subsidiary, Daniel Stewart and Company PLC (DSAC) to Epsilon Investments PTE Limited (EIL) on 12 January 2018, retaining a 10% holding in DSAC. EIL remains a 28.5% shareholder in the Company.

The directors are currently considering a number of business opportunities for the Company going forward.

### **EVENTS SINCE THE END OF THE YEAR**

Further information relating to events since the end of the year is given in the notes to the financial statements.

### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

P D Shea

Other changes in directors holding office are as follows:

A R McIver - resigned 30 June 2016

P T Ward - resigned 24 August 2018

S J Lucas - resigned 28 August 2018

### **REGULATORY CAPITAL REQUIREMENTS**

The Financial Conduct Authority requires all regulated companies to maintain a level of capital which is sufficient to meet its requirements, in the context of a formal internally assessed financial risk profile. This process was revisited annually through the Group's Internal Capital Adequacy Assessment Process.

The capital resources of the Group, and the level of those resources relative to the capital resources requirements in place until the recent disposal of Daniel Stewart and Company PLC (DSAC) were reported to the FCA on regular basis while the investment in the Group, and the purchase of DSAC by Epsilon was negotiated.

Subsequent to the disposal of DSAC in January 2018 the company is no longer subject to regulatory capital requirements from the FCA.

### **DIRECTORS' AND OFFICERS' INSURANCE**

The Group purchases and maintains liability insurance for its directors and officers as permitted by the Companies Act 2006.

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Report of the Directors  
for the year ended 31st March 2017**

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**PRINCIPAL RISKS FACING THE BUSINESS**

The directors consider the principal risks facing the group are as follows:

**Credit risk**

The group extends credit to corporate clients.

The group does not lend money to clients.

All accounts are subject to credit limits.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

**Liquidity risk**

The group seeks to manage liquidity risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The group has received and continues to receive financial support from its shareholders. Accordingly, the Directors deem there is sufficient funding for the near future.

**Operational Risk**

At the highest level Operational risk is managed through budgetary control. The group will not enter into new markets, customer types or products without fully considering the operational aspects of such (including its impact on resources).

The group will not enter into product structures or transactions, which incur significant operational risks. The group makes appropriate investments in technology, capital and staff to ensure that its operational risks are adequately managed.

Insurance is used to limit operational exposure for a number of key risks. In quantitative terms, the insurance policy excesses approximate the boundary of risk appetite, although it is understood that in certain situations, insurance may only partially mitigate certain risks.

**Reputational risk**

Reputational risk is mitigated through regular meetings of the approval (new business) committee. This committee meets in order to approve all new clients and transactions prior to engagement. The committee seeks to approve only high quality organisations considering product and management.

## **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

### **Report of the Directors for the year ended 31st March 2017**

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#### **GOING CONCERN**

The Group has again experienced losses in the year to 31 March 2017 which inevitably have put pressure on the finances of the company, to which senior management have reacted accordingly.

In order to produce a strategy for the rebuilding of the Group, in April 2016 the directors appointed external financial advisers to prepare a restructuring plan for the Group. The plan resulted in a production of a smaller but more tightly managed, business and involved a sizeable reduction in the workforce, and the introduction of new long-term capital, initially in the form of a £1.74 million loan by Epsilon Investments PTE Limited, of which £1.5 million of which was converted to equity in Daniel Stewart & Company Plc following approval from the FCA.

The Group has also received financial support through the provision of new equity capital from other investors during the period and subsequently. As noted earlier, in January 2018 Epsilon Investments PTE Limited became 90% owners of Daniel Stewart & Company Plc and Daniel Stewart Securities Plc has retained a 10% shareholding in Daniel Stewart & Company Plc. Epsilon Investments PTE Limited have provided loan facilities directly to Daniel Stewart Securities Plc as well as equity investment.

As explained above and within note 25 to these accounts, in the post balance sheet period, the parent company sold 90% of its shares in the only subsidiary, Daniel Stewart & Company Plc, to Epsilon Investments PTE Ltd and as a result the group no longer exists but the company will continue to trade, looking for new opportunities. The directors have considered the financial position of the company, its cash flows and liquidity position, taking into account the current market conditions, its cash flows and liquidity position and in their view the company shall continue to operate within the reserves available to it.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations and in accordance with International Financial Reporting Standards as adopted by the European Union.

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 International Financial Reporting Standards as adopted by the European Union. 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and that 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Report of the Directors  
for the year ended 31st March 2017**

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**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Keelings, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



P D Shea - Director

Date: 1/10/18

# **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

## **Independent auditors' report to the members of Daniel Stewart Securities plc for the year ended 31st March 2017**

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### **Report on the financial statements**

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#### **Our opinion**

In our opinion:

- Daniel Stewart Securities PLC's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2017 and of the group's loss and the group's and the company's cash flows for the year then ended;
  - the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
  - the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
  - the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.
- 

#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Company Statement of Financial Position as at 31 March 2017;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Statement of Cash Flows for the year then ended;
- the Consolidated and Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Separate opinion in relation to IFRSs as issued by the IASB**

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As explained in note 2 to the financial statements, the group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

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
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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## **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

### **Independent auditors' report to the members of Daniel Stewart Securities plc for the year ended 31st March 2017**

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Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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

### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page [6], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

### **What an audit of financial statements involves**

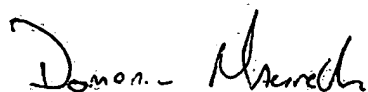
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Domenico Maurello (Senior Statutory Auditor)  
For and on behalf of Keelings Limited  
Statutory Auditors  
Chartered Tax Advisers and  
Chartered Certified Accountants  
Broad House  
1 The Broadway  
Old Hatfield  
Herts  
AL9 5BG

Date 01/10/2018

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Consolidated Statement Comprehensive Income  
for the year ended 31st March 2017**

	Note	2017 £	2016 £
<b>CONTINUING OPERATIONS</b>			
Revenue - Corporate finance activities	7	1,633,187	2,088,489
Revenue - Share trading - realised	7	(5,866)	(5,118)
Revenue - Share trading - unrealised	7	(514)	(2,591)
Revenue - Warrants	7	<u>120,860</u>	<u>218,832</u>
<b>TOTAL REVENUE</b>		<b>1,747,667</b>	<b>2,299,612</b>
Cost of sales		<u>(943,037)</u>	<u>(1,442,724)</u>
<b>GROSS PROFIT</b>		<b>804,630</b>	<b>856,888</b>
Other operating income		-	1,000
Administrative expenses		(2,369,752)	(2,581,764)
Impairment of Goodwill	13	<u>-</u>	<u>(1,410,535)</u>
<b>OPERATING LOSS</b>		<b>(1,565,122)</b>	<b>(3,134,411)</b>
Finance costs	9	(55,686)	(5,653)
Finance income	9	<u>356</u>	<u>407</u>
<b>LOSS BEFORE INCOME TAX</b>	10	<b>(1,620,452)</b>	<b>(3,139,657)</b>
Income tax	11	<u>-</u>	<u>-</u>
<b>LOSS FOR THE YEAR</b>		<b>(1,620,452)</b>	<b>(3,139,657)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b><u>(1,620,452)</u></b>	<b><u>(3,139,657)</u></b>

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Consolidated Statement of Financial Position  
31st March 2017**

	Note	2017 £	2016 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	13	-	-
Property, plant and equipment	14	253,715	330,858
Loans and other financial assets	16	-	143,492
Trade and other receivables	17	225,583	225,583
		<u>479,298</u>	<u>699,933</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	17	559,363	753,391
Investments	6	9,662	2,444
Cash and cash equivalents	18	261,894	158,076
		<u>830,919</u>	<u>913,911</u>
<b>TOTAL ASSETS</b>		<u>1,310,217</u>	<u>1,613,844</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	19	2,380,681	2,380,681
Share premium		11,440,399	11,440,399
Accumulated loss		(24,331,095)	(20,698,820)
Capital redemption reserve		49,998	49,998
Capital reserve		8,524,435	8,524,435
Share compensation reserve		420,723	420,723
Non-redeemable convertible bond		349,000	349,000
Employee benefit trust reserve	20	-	(2,018,958)
<b>TOTAL EQUITY</b>		<u>(1,165,859)</u>	<u>447,458</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	852,585	907,895
Loans and other financial liabilities	22	1,623,491	258,491
<b>TOTAL LIABILITIES</b>		<u>2,476,076</u>	<u>1,166,386</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,310,217</u>	<u>1,613,844</u>

The financial statements were approved by the Board of Directors on its behalf by:



P D Shea - Director

1 October 2018 and were signed on

The notes form part of these financial statements

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Company Statement of Financial Position  
31st March 2017**

	Note	2017 £	2016 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	180,559	237,306
Investments	15	200,000	-
Trade and other receivables	17	225,583	225,583
		<u>606,142</u>	<u>462,889</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	17	112,786	934,334
Investments	6	9,662	2,444
Cash and cash equivalents	18	120,143	74,141
		<u>242,591</u>	<u>1,010,919</u>
<b>TOTAL ASSETS</b>		<u>848,733</u>	<u>1,473,808</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	19	2,380,681	2,380,681
Share premium		11,440,399	11,440,399
Accumulated loss		(23,419,511)	(22,381,877)
Capital redemption reserve		49,998	49,998
Capital reserve		8,524,435	8,524,435
Share compensation reserve		420,723	420,723
Non-redeemable convertible bond		349,000	349,000
<b>TOTAL EQUITY</b>		<u>(254,275)</u>	<u>783,359</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	844,517	431,958
Loans and other financial liabilities	22	258,491	258,491
<b>TOTAL LIABILITIES</b>		<u>1,103,008</u>	<u>690,449</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>848,733</u>	<u>1,473,808</u>

The financial statements were approved by the Board of Directors on 1/10/18 and were signed on its behalf by:

  
P D Shea - Director

The notes form part of these financial statements

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Consolidated Statement of Changes in Equity  
for the year ended 31st March 2017**

	Called up share capital £	Share premium £	Accumulated loss £	Capital redemption reserve £
Balance at 1st April 2015	1,756,129	9,788,951	(17,560,741)	49,998
Changes in equity				
Equity issued / movement in the year	624,552	1,651,448	-	-
Total comprehensive loss	-	-	(3,139,657)	-
Movement on employee benefit trust reserve	-	-	1,578	-
Balance at 31st March 2016	2,380,681	11,440,399	(20,698,820)	49,998
Changes in equity				
Equity issued / movement in the year	-	-	-	-
Total comprehensive loss	-	-	(1,620,452)	-
Movement on employee benefit trust reserve	-	-	(2,011,823)	-
Balance at 31st March 2017	2,380,681	11,440,399	(24,331,095)	49,998

	Capital reserve £	Share compensation reserve £	Non- redeemable convertible bond £	Employee benefit trust reserve £	Total equity £
Balance at 1st April 2015	8,524,435	420,723	775,000	(2,023,315)	1,731,180
Changes in equity					
Equity issued / movement in the year	-	-	(426,000)	-	1,850,000
Total comprehensive loss	-	-	-	-	(3,139,657)
Movement on employee benefit trust reserve	-	-	-	4,357	5,935
Balance at 31st March 2016	8,524,435	420,723	349,000	(2,018,958)	447,458
Changes in equity					
Equity issued / movement in the year	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(1,620,452)
Movement on employee benefit trust reserve	-	-	-	2,018,958	7,135
Balance at 31st March 2017	8,524,435	420,723	349,000	-	(1,165,859)

The notes form part of these financial statements

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Company Statement of Changes in Equity  
for the year ended 31st March 2017**

	<b>Called up share capital £</b>	<b>Share premium £</b>	<b>Accumulated loss £</b>	<b>Capital redemption reserve £</b>
<b>Balance at 1st April 2015</b>	1,756,129	9,788,951	(19,826,600)	49,998
<b>Changes in equity</b>				
Equity issued / movement in the year	624,552	1,651,448	-	-
Total comprehensive loss	-	-	(2,555,277)	-
<b>Balance at 31st March 2016</b>	<u>2,380,681</u>	<u>11,440,399</u>	<u>(22,381,877)</u>	<u>49,998</u>
<b>Changes in equity</b>				
Equity issued / movement in the year	-	-	-	-
Total comprehensive loss	-	-	(1,037,634)	-
<b>Balance at 31st March 2017</b>	<u>2,380,681</u>	<u>11,440,399</u>	<u>(23,419,511)</u>	<u>49,998</u>

	<b>Capital reserve £</b>	<b>Share compensation reserve £</b>	<b>Non- redeemable convertible bond £</b>	<b>Total equity £</b>
<b>Balance at 1st April 2015</b>	8,524,435	420,723	775,000	1,488,636
<b>Changes in equity</b>				
Equity issued / movement in the year	-	-	(426,000)	1,850,000
Total comprehensive loss	-	-	-	(2,555,277)
<b>Balance at 31st March 2016</b>	<u>8,524,435</u>	<u>420,723</u>	<u>349,000</u>	<u>783,359</u>
<b>Changes in equity</b>				
Equity issued / movement in the year	-	-	-	-
Total comprehensive loss	-	-	-	(1,037,634)
<b>Balance at 31st March 2017</b>	<u>8,524,435</u>	<u>420,723</u>	<u>349,000</u>	<u>(254,275)</u>

The notes form part of these financial statements



**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Consolidated Statement of Cash Flows  
for the year ended 31st March 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash used in operations	1	(1,251,838)	(2,188,947)
Interest paid		(55,686)	(5,653)
Share based payment		-	-
<b>Net cash used in operating activities</b>		<b>(1,307,524)</b>	<b>(2,194,600)</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(9,584)	(330,226)
Disposal of tangible fixed assets		5,570	-
Interest received		356	407
<b>Net cash used in investing activities</b>		<b>(3,658)</b>	<b>(329,819)</b>
<b>Cash flows from financing activities</b>			
New loans in year		1,365,000	268,491
Loan repayments in year		-	(10,000)
Share issue		-	1,202,000
Non-redeemable convertible bond		-	648,000
Loans to service providers		50,000	-
<b>Net cash generated from financing activities</b>		<b>1,415,000</b>	<b>2,108,491</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>103,818</b>	<b>(415,928)</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>158,076</b>	<b>574,004</b>
<b>Cash and cash equivalents at end of year</b>	2	<b>261,894</b>	<b>158,076</b>

The notes form part of these financial statements

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Statement of Cash Flows  
for the year ended 31st March 2017**

**1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH USED IN OPERATIONS**

	2017	2016
	£	£
Loss before income tax	(1,620,452)	(3,139,657)
Depreciation charges	81,131	60,391
Loss on disposal of fixed asset	26	-
Impairment of goodwill	-	1,410,535
Write off EBT Loans	98,167	108,732
Finance costs	55,686	5,653
Finance income	(356)	(407)
	<b>(1,385,798)</b>	<b>(1,554,753)</b>
(Increase)/decrease in trade and other receivables	194,028	(405,137)
Decrease in trade and other payables	(52,850)	(238,862)
(Increase)/decrease in financial asset	<b>(7,218)</b>	<b>9,805</b>
<b>Cash used in operations</b>	<b><u>(1,251,838)</u></b>	<b><u>(2,188,947)</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31st March 2017**

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	<b><u>261,894</u></b>	<b><u>158,076</u></b>

**Year ended 31st March 2016**

	31.3.16	1.4.15
	£	£
Cash and cash equivalents	<b><u>158,076</u></b>	<b><u>574,004</u></b>

The notes form part of these financial statements

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Company Statement of Cash Flows  
for the year ended 31st March 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash used in operations	1	172,707	(1,246,504)
Interest paid		(17,271)	(3,377)
Share based payment		-	-
Net cash used in operating activities		<u>155,436</u>	<u>(1,249,881)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		-	(267,456)
Investment in subsidiary		(1,378,699)	-
Interest received		<u>265</u>	<u>321</u>
Net cash used in investing activities		<u>(1,378,434)</u>	<u>(267,135)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	268,491
Loan repayments in year		-	(10,000)
Loans from group companies repaid		1,269,000	(1,026,335)
Share issue		-	1,202,000
Non-redeemable convertible bond		-	<u>648,000</u>
Net cash generated from financing activities		<u>1,269,000</u>	<u>1,082,156</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>46,002</u>	<u>(434,860)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>74,141</u>	<u>509,001</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>120,143</u></u>	<u><u>74,141</u></u>

The notes form part of these financial statements

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Company Statement of Cash Flows  
for the year ended 31st March 2017**

**1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH USED IN OPERATIONS**

	2017 £	2016 £
Loss before income tax	(1,037,634)	(2,555,277)
Depreciation charges	56,747	30,150
Impairment of investment in subsidiary	1,178,699	1,410,535
Finance costs	17,271	3,377
Finance income	(265)	(321)
	<u>214,818</u>	<u>(1,111,536)</u>
(Increase)/decrease in trade and other receivables	8,445	(222,409)
Increase/(decrease) in trade and other payables	(43,338)	77,636
(Increase)/decrease in financial asset	(7,218)	9,805
<b>Cash used in operations</b>	<u><b>172,707</b></u>	<u><b>(1,246,504)</b></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31st March 2017**

	31.3.17 £	1.4.16 £
Cash and cash equivalents	<u>120,143</u>	<u>74,141</u>

**Year ended 31st March 2016**

	31.3.16 £	1.4.15 £
Cash and cash equivalents	<u>74,141</u>	<u>509,001</u>

The notes form part of these financial statements

# **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

## **Notes to the Consolidated Financial Statements for the year ended 31st March 2017**

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### **1. GENERAL INFORMATION**

Daniel Stewart Securities Plc is a public company limited by shares incorporated and domiciled in the United Kingdom and is the ultimate parent company of the group. The company's registered number and registered office address can be found on the Company Information page. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

### **2. ACCOUNTING POLICIES**

#### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted and endorsed by the EU and as issued by the International Accounting Standards Board (IASB), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, with the prior period being presented on the same basis. The financial statements have been prepared under the historical cost convention.

The group has taken advantage of the exemption in section 408 of the Companies Act 2006 from publishing the parent's own statement of comprehensive income.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. No income statement is presented for the company as provided by the Companies Act 2006. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

#### **Financial risk management objectives and policies**

The group's principal financial assets are cash and cash equivalents, trade and other loans and receivables and investments. The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for impairment of receivables. The group's principal financial liabilities are in respect of loans, trade payables, taxation and leases.

Except as described below, the same accounting policies, presentation and methods of estimation are followed in these financial statements as applied in the Group's financial statements for the year ended 31 March 2016.

#### **Accounting standards issued but not yet effective**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the group or parent company, except the following, set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own

# **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

## **Notes to the Consolidated Financial Statements for the year ended 31st March 2017**

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### **2. ACCOUNTING POLICIES - continued**

credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different from that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted, subject to EU endorsement. The full impact of IFRS 9 has not yet been assessed.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted, subject to EU endorsement. The full impact of IFRS 15 has not yet been assessed.

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time. The full impact of IFRS 16 has not yet been assessed.

#### **Going concern**

The Group has again experienced losses in the year to 31 March 2017 which inevitably have put pressure on the finances of the company, to which senior management have reacted accordingly.

In order to produce a strategy for the rebuilding of the Group, in April 2016 the directors appointed external financial advisers to prepare a restructuring plan for the Group. The plan resulted in a production of a smaller but more tightly managed, business and involved a sizeable reduction in the workforce, and the introduction of new long-term capital, initially in the form of a £1.74 million loan by Epsilon Investments PTE Limited, of which £1.5 million of which was converted to equity in Daniel Stewart & Company Plc following approval from the FCA. The Group has also received financial support through the provision of new equity capital from other investors during the period and subsequently. As noted earlier, in January 2018 Epsilon Investments PTE Limited became 90% owners of Daniel Stewart & Company Plc and Daniel Stewart Securities Plc has retained a 10% shareholding in Daniel Stewart & Company Plc. Epsilon Investments PTE Limited have provided loan facilities directly to Daniel Stewart Securities Plc as well as equity investment.

As explained above and within note 25 to these accounts, in the post balance sheet period, the parent company sold 90% of its shares in the only subsidiary, Daniel Stewart & Company Plc, to Epsilon Investments PTE Ltd and as a result the group no longer exists but the company will continue to trade, looking for new opportunities. The directors have considered the financial position of the company, its cash flows and liquidity position, taking into account the current market conditions, its cash flows and liquidity position and in their view the company shall continue to operate within the reserves available to it.

## **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

### **Notes to the Consolidated Financial Statements for the year ended 31st March 2017**

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#### **2. ACCOUNTING POLICIES - continued**

##### **Financial instruments**

The group classifies its financial assets and financial liabilities in the following categories: financial assets and financial liabilities at fair value through profit or loss; receivables; held-to-maturity investments and other financial liabilities.

Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

##### ***Receivables***

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter an insolvency arrangement or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flow. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative costs in the statement of comprehensive income.

##### ***Financial assets at fair value through profit or loss ("FVTPL")***

FVTPL assets principally represent investment securities. These investments comprise both long and short positions and are initially measured at fair value excluding transaction costs. Subsequently and at each reporting date, these investments are measured at their fair values, with the resultant gains and losses arising from changes in fair value being taken to the income statement. FVTPL include securities and options over securities which have been received as consideration for corporate finance services rendered.

Financial assets are classified as financial assets at FVTPL where the Group acquires the financial asset principally for the purpose of selling in the near term, or the financial asset is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking. Financial assets at fair value through profit or loss are stated at fair value, with any resulting gain or loss recognised in the income statement. The net gain or loss recognised in the income statement incorporates any dividend or interest earned on the financial asset.

It is the Group's policy to recognise investments held in unlisted companies as non-current assets or current, depending on the Group's intentions for, and potential timescales anticipated in, realising the investment. They have been designated FVTPL because they are managed and evaluated on a fair value basis and information on the assets fair value is provided to the board in the management financial statements.

Options and warrants held are valued using the Black-Scholes model.

##### ***Trade and other payables***

Trade and other payables are initially measured at fair value and subsequently held at amortised cost. At each reporting date, these trade payables are measured at amortised cost using the effective interest rate method.

# **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

## **Notes to the Consolidated Financial Statements for the year ended 31st March 2017**

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### **2. ACCOUNTING POLICIES - continued**

#### ***Financial liabilities and equity***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### ***Derecognition***

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the group has transferred substantially all risks and rewards of ownership. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability in the statement of financial position. In transactions in which the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

There have not been any instances where assets have only been partially derecognised.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

#### ***Amortised cost measurement***

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

#### ***Fair value measurement***

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities traded in active markets are based on current bids and offer prices respectively. If the market is not active the group establishes a fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, valuation models and reference to other instruments that are substantially the same for which market observable prices exist.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date.

Gains and losses arising during the year on transactions denominated in foreign currencies are treated as normal items of income and expenditure in the statement of comprehensive income.

#### ***Investments in subsidiary undertakings***

Investments in subsidiary undertakings are stated at cost, less any provision for a reduction in value.

#### ***Operating leases***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the year of the lease.

#### ***Finance leases***

Assets held under finance leases are capitalised at their initial cost and the corresponding leasing obligations are shown as liabilities. The Group currently holds no assets under finance lease arrangements.



# **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

## **Notes to the Consolidated Financial Statements for the year ended 31st March 2017**

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### **2. ACCOUNTING POLICIES - continued**

#### **Property, plant and equipment**

Plant and equipment are stated at cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its estimated useful life as follows:

Improvements to leasehold premises: Five years

Office equipment: Four years

Depreciation is provided at a rate of 25% on a reducing balance value basis on office equipment.

The carrying values of plant and equipment are subject to depreciation, and an annual review of residual values and useful lives, any impairment is charged to the statement of comprehensive income.

#### **Goodwill**

Goodwill has been calculated as the excess of the fair value paid on acquisition, plus associated costs over the fair value of the net assets of the company acquired. Goodwill is reviewed at least annually, or when events or changes in economic circumstances indicate that impairment has taken place. Any impairment is recognised in the statement of comprehensive income. Such impairment is permanent, as it is not permitted to be reversed in future years.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits.

#### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profits differ from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enactive at the balance sheet date.

# **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

## **Notes to the Consolidated Financial Statements for the year ended 31st March 2017**

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### **2. ACCOUNTING POLICIES - continued**

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue includes fees for corporate finance advisory services, which are taken to the statement of comprehensive income when the services are performed. The group's entitlement to such transaction based fees typically occurs when the transaction becomes unconditional. Revenue also comprises gains less losses on shares, arrived at after taking into account attributable dividends and directly related interest, together with commission income receivable, which is recorded on trade date when earned, and retainer fees which are recorded in the period earned. Movements in value of financial assets are recognised in revenue, a more detailed description of this accounting policy is reported in note 4 to these financial statements.

Interest income is recognised at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### **Share-based payments**

The group has applied the requirements of IFRS 2 Share based payment. The group issues equity-settled share based payments to certain employees and others. Equity-settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the date of grant of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The cumulative effect of these transactions on the income statement is mirrored in the share compensation reserve.

#### **Pensions**

The group operates a contributory money purchase pension scheme. Contributions payable for the year are charged in the statement of comprehensive income. The group has no further payment obligations once the contributions have been paid.

### **3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities. Actual results may differ from those amounts reported.

#### **Valuation of investments**

Investments include securities and options over securities which have been received as consideration for corporate finance services rendered. These assets are valued according to bid price where applicable, adjusted in respect of share options which are either still to be exercised or have not been pre-sold through a contract for difference.

Where no market data is available, unquoted equities are valued with reference to the most recent relevant corporate action.

#### **Bad debt policy**

The group regularly reviews all outstanding balances and provides where there is evidence of impairment for amounts it considers irrecoverable. The assessment of bad debt is made with reference to advice from a third party debt collector where debts have proven irrecoverable from internal procedures.

#### **Goodwill**

Carrying value of goodwill with indefinite lives is reviewed for impairment annually or more frequently if there are indicators of a fall in value below carrying amount. This requires an estimation of value in use and the fair

## **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

### **Notes to the Consolidated Financial Statements for the year ended 31st March 2017**

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#### **3: CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued**

value (less the costs to sell) of the cash generating unit to which the goodwill is allocated. Identifying the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Expectations about future cash flows will vary between years. Changes in market conditions and expected cash flows may cause impairments in the future. The major assumptions which have an impact on present value of projected cash flows are the discount rate, and the growth rate. Please refer to note 12 for an explanation related to the Group's evaluation of goodwill.

##### **Going Concern**

For a full description of the relevant judgements and considerations, refer to Note 2.

##### **Investment in subsidiary**

The company's investment in Daniel Stewart & Co plc involves judgement regarding the value of that company. This requires consideration of estimated cash-flows from dividend flows, the value of the business, and so forth. Please refer to Note 14 for an explanation related to the Group's evaluation of the investment.

#### **4. CAPITAL MANAGEMENT**

##### **Externally imposed capital requirement**

The Group's approach to calculating its own internal capital requirements has been to take the minimum capital required for regulatory purposes as the starting point, assess whether this is sufficient to cover its own evaluation of risk, and then identify other risks and assess prudent levels of capital to meet them. As from January 2018, the Company is no longer subject to regulatory capital requirements from the FCA.

The risk assessment has been undertaken using an estimating method to measure the likelihood of occurrence and potential impact. Estimates are further adjusted to take account of (a) the possible margin of error in assessing impact and (b) that in any one year the number of concurrent risks may well exceed the mathematical average. The results have been collated into a central risk register to enable review and challenge by the Group's management team.

Capital levels are set with reference to the shareholder's funds and these are adjusted to reflect risk and liquidity. Shareholder's funds do not include any amount that may constitute a commitment or liability to any party other than a distribution to the equity shareholder.

The board has no intention of making any distribution to the equity shareholders.

The group manages capital to ensure that the company and its subsidiaries will be able to continue as a going concern while aiming to maximise the return to stakeholders. The capital structure of the group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. At present the group is highly geared and it is the responsibility of the board to review the Group's and Company's gearing levels on an ongoing basis. The Group's gearing has reduced significantly to an acceptable level in the post balance sheet period.

At the balance sheet date the Group has a negative equity of £1.1m (2016 – positive equity of £0.45m). This situation was considered to be temporary as in the post balance sheet period the £1.5m debt was converted into equity leaving a positive effect on the Company's capital.

##### **Significant accounting policies:**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements  
for the year ended 31st March 2017**

**5. FINANCIAL INSTRUMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial assets:</b>				
Investments at fair value	9,662	2,444	9,662	2,444
Cash at bank balances	312,430	220,210	170,680	137,165
Loans and receivables	<u>320,762</u>	<u>808,542</u>	<u>225,583</u>	<u>1,038,686</u>
	<u>642,854</u>	<u>1,031,196</u>	<u>405,925</u>	<u>1,178,295</u>

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial liabilities:</b>				
Amortised cost	<u>1,991,067</u>	<u>556,404</u>	<u>863,397</u>	<u>450,681</u>
	<u>1,991,067</u>	<u>556,404</u>	<u>863,397</u>	<u>450,681</u>

**6. FINANCIAL RISK MANAGEMENT**

**Strategy**

The group board is responsible for approving all risk management policies and for determining the overall risk appetite for the group. The group board receives a quarterly financial report detailing key credit risk exposures, operational risk incidents and losses.

Key market risks are considered by the senior management on a formal basis, weekly, and are subject to continuous rolling scrutiny.

The group board monitor and assess all types of risk within the group to ensure that internal controls are properly established so that the group risk exposure is maintained within the internally evaluated parameters.

**Equity price risk**

Non-current financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market conditions. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value. Dividends and interest on these equity instruments are recognised in the statement of comprehensive income when the entity's right to receive payment is established. Realised and unrealised gains and losses arising from changes in fair value are included are recognised in the statement of comprehensive income.

For financial assets that are quoted in active markets, fair values are determined by reference to the current quoted bid price. Where independent prices are not available, fair values are determined using valuation techniques with reference to observable data. This valuation is carried out as the information becomes available. Derivative contracts relating to equity options and warrants held have been acquired at zero cost in lieu of corporate finance fees are fair valued when earned and then at each reporting date with reference to market data and liquidity of the prevailing investment. Options and warrants held are valued using the Black-Scholes model.

The group and company face risk arising from holding investments in markets that fluctuate. The group and company manage equity price risk by establishing individual stock limits and overall investment criteria and management reports are prepared daily in support of a review regime. The board reviews material investments at all meetings.

# DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)

## Notes to the Consolidated Financial Statements for the year ended 31st March 2017

### 6. FINANCIAL RISK MANAGEMENT - continued

#### Financial assets at fair value through profit or loss

##### Fair value estimation

This requires group disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities,

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, observed either directly as prices or indirectly from prices. These are valued with reference to a Black Scholes model, and

Level 3: Inputs for the asset or liability that are not based on observable market data

Financial assets held by the group and company are:

Group and company	Total	Current assets	Current assets	Non-current / current assets
		Level 1	Level 2	Level 3
		£	£	£
Fair value as at 1 April 2016	2,444	2,444	-	-
Additions at initial fair value/cost	632,080	632,080	-	-
Disposal proceeds	(739,342)	(739,342)	-	-
Realised profit – Equities	(5,866)	(5,866)	-	-
Unrealised profit – Equities	(514)	(514)	-	-
Realised profit - Warrants	120,860	120,860	-	-
Fair value as at 31 March 2017	9,662	9,662	-	-

#### Currency Risk

The Company's activities are primarily denominated in Sterling and it therefore has minimal foreign exchange risk. Any significant transaction denominated in a foreign currency that would expose the Company to currency risk would be hedged immediately in the spot market.

#### Interest Rate Risk

The Group has interest bearing assets in mainly cash and cash equivalents. The Group has a policy of maintaining excess funds in cash and short-term deposits. The Group does not use any derivatives to hedge interest rate risk.

#### Credit Risk

The Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk exposure is generated primarily from the settlement risk on equities traded under an agency agreement with our clients or principally via market makers. The Group also extends credit to corporate clients.

The Group does not lend money to trading clients, nor does it trade in OTC derivatives and the longest dated transactions are limited to trade date plus ten business days.

All overdrawn balances are reviewed daily and actioned.

The compliance department undertakes a credit review of all new accounts and periodically reviews all existing counterparties. New accounts cannot begin to trade until the credit review has been completed.

All accounts are subject to credit limits.

At 31 March 2017 the Group's exposure to unsettled trades was £216,128 (2016: £55,304), these have now all settled. Security is held by Jarvis for these trades as they hold a £50,000 cash deposit.

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements  
for the year ended 31st March 2017**

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**6. FINANCIAL RISK MANAGEMENT - continued**

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Trade receivables at 31 March 2017 are £45,179 (2016: £532,959) the directors do not consider there is a need for any further provision against this amount.

As at 31 March 2017, trade receivables of £30,713 (2016: £465,594) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Up to 3 months	3 to 6 months	6 to 12 months	More than 12 months	Total
Past due but not impaired	£22,747	£5,216	£2,750	£Nil	£30,713

**Liquidity Risk**

The Group seeks to manage liquidity risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group has received and continues to receive financial support from Epsilon Investments PTE Limited.

The Group's financial liabilities wholly consist of trade and other payables totalling £2,476,076 (2016: £1,166,386) all having a maturity of less than six months based on contractual undiscounted payments.

**Operational Risk**

At the highest level Operational risk is managed through budgetary control. The Group will not enter into new markets, customer types or products without fully considering the operational aspects of such risks (including its impact on resources). The Group will not enter into product structures or transactions, which incur significant operational risks. The Group makes appropriate investments in technology, capital and staff to ensure that its operational risks are adequately managed.

The trade settlement function has been outsourced via a 'Model B' clearing and custody arrangement provided by Jarvis.

Operational risk is monitored to continually assess any upwards trends of processing errors, customer complaints and other events that can result in operational risk, so that they are identified, investigated and rectified at the earliest opportunity.

Insurance is used to limit operational exposure for a number of key risks. In quantitative terms, the insurance policy excesses approximate the boundary of risk appetite, although it is understood that in certain situations, insurance may only partially mitigate certain risks.

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements  
for the year ended 31st March 2017**

**7. BUSINESS AND GEOGRAPHICAL REVENUE STREAMS**

The directors consider that the business comprises one segment under IFRS8, and do not report or analyse profit by business unit. The following additional information is provided by revenue stream and geography.

**Revenue**

The majority of revenue derives from the UK; the location of the provision of the service is the basis for attributing revenues geographically.

**Transaction Revenue**

This revenue derives from the placing of new shares and corporate advisory fees.

**Retainer Revenue**

This revenue derives from recurring advisory fees, predominately from our appointment as corporate broker.

**Secondary Commission**

This revenue derives from the facilitation of client share purchase and sales in existing shares, brokered by the Group.

**Share Trading**

This revenue derives from the trading of securities and warrants.

**Business and Geographical revenue streams**

<b>By Activity</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Transaction	<b>858,808</b>	1,181,543
Retainer	<b>337,965</b>	506,759
Secondary Commission	<b>436,414</b>	400,187
Share trading	<b>114,480</b>	211,123
	<b>1,747,667</b>	<b>2,299,612</b>
<b>By Geographical Segment</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Europe	<b>1,257,808</b>	1,595,750
Far - East	<b>405,930</b>	615,256
Rest of the world	<b>83,929</b>	88,606
	<b>1,747,667</b>	<b>2,299,612</b>

The costs of the group are predominantly of a fixed nature, therefore any allocation of these costs on a geographical or activity basis would involve utilisation of arbitrary proportions. The nature of the Group's business and activity is such that these allocations are not performed or therefore reported to the board.

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements  
for the year ended 31st March 2017**

**8. EMPLOYEES AND DIRECTORS**

	2017	2016
	£	£
Wages and salaries	1,033,001	1,640,682
Social security costs	111,904	183,208
Other pension costs	60,243	72,067
	<u>1,205,148</u>	<u>1,895,957</u>

The company operates a contributory salary purchase pension scheme.

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

	2017	2016
Support and management	10	17
Sales	13	14
	<u>23</u>	<u>31</u>

	2017	2016
	£	£
Directors' remuneration	227,662	469,482
Directors' benefit in kind	17,851	39,649
Directors' pension contributions to money purchase schemes	<u>8,400</u>	<u>9,638</u>

During the year retirement benefits were accruing to 1 directors (2016: 2) in respect of defined contribution pension schemes.

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments	179,263	295,481
Pension contributions to money purchase schemes	<u>8,400</u>	<u>3,638</u>

**9. NET FINANCE COSTS**

	2017	2016
	£	£
Finance income:		
Deposit account interest	<u>356</u>	<u>407</u>
Finance costs:		
Bank interest	2,430	2,276
Loan interest	<u>53,256</u>	<u>3,377</u>
	<u>55,686</u>	<u>5,653</u>
Net finance costs	<u>55,330</u>	<u>5,246</u>



**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st March 2017**

**10. LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging:

	2017	2016
	£	£
Depreciation - owned assets	81,131	60,391
Operating lease rentals	301,880	349,310
Auditors' remuneration for Company and consolidated financial statements	25,000	25,000
Auditors' remuneration for subsidiary companies	30,000	35,000

**11. INCOME TAX**

**Analysis of tax expense**

No liability to UK corporation tax arose on ordinary activities for the year ended 31st March 2017 nor for the year ended 31st March 2016.

**Factors affecting the tax expense**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Loss before income tax	(1,620,452)	(3,139,657)
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	(324,090)	(627,931)
Effects of:		
Timing difference	14,309	(815)
Expenses not deductible for tax purposes	36,089	322,299
Current year losses not recognised	273,692	306,447
Tax expense		

At the balance sheet date, the Group had tax losses carried forward of £12,640,468 (2016: £11,256,810). No deferred tax amount has been recognised, since there is uncertainty as to the Group's ability to recover them.

**12. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(1,037,634) (2016: £(2,555,277)).

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st March 2017**

**13. GOODWILL**

The carrying value of the goodwill has been assessed with reference to condition of the DSAC business and its prospects at the balance sheet date, and the disposal value achieved by the Group in disposal of its majority interest in Daniel Stewart & Company Plc in January 2018. The directors have concluded that the goodwill in relation to Daniel Stewart & Company Plc is impaired and provision has been made accordingly.

**Group as at 2017**

£

**COST**

At 1st April 2016  
and 31st March 2017

2,691,938

**IMPAIRMENT**

At 1st April 2016  
and 31st March 2017

2,691,938

**NET BOOK VALUE**

At 31st March 2017

—

At 31st March 2016

—

**Group as at 2016**

£

**COST**

At 1st April 2015  
and 31st March 2016

2,691,938

**IMPAIRMENT**

Accumulated provision for impairment at 1st April 2015  
Provided in the year

1,281,403

1,410,535

At 31st March 2016

2,691,938

**NET BOOK VALUE**

At 31st March 2016

—

At 31st March 2015

1,410,535

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st March 2017**

**14. PROPERTY, PLANT AND EQUIPMENT**

**Group as at 31 March 2017**

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1st April 2016	548,465	276,115	385,241	1,209,821
Additions	-	-	9,584	9,584
Disposal	(281,009)	(57,470)	(5,570)	(344,049)
At 31st March 2017	<u>267,456</u>	<u>218,645</u>	<u>389,255</u>	<u>875,356</u>
<b>DEPRECIATION</b>				
At 1st April 2016	311,159	245,632	322,172	878,963
Charge for year	56,747	7,614	16,770	81,131
Elimination on disposal	(281,009)	(57,444)	-	(338,453)
At 31st March 2017	<u>86,897</u>	<u>195,802</u>	<u>338,942</u>	<u>621,641</u>
<b>NET BOOK VALUE</b>				
At 31st March 2017	<u>180,559</u>	<u>22,843</u>	<u>50,313</u>	<u>253,715</u>
At 31st March 2016	<u>237,306</u>	<u>30,483</u>	<u>63,069</u>	<u>330,858</u>

**Group as at 31 March 2016**

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1st April 2015	281,009	251,565	393,054	925,628
Additions	267,456	24,550	38,220	330,226
Disposals	-	-	(46,033)	(46,033)
At 31st March 2016	<u>548,465</u>	<u>276,115</u>	<u>385,241</u>	<u>1,209,821</u>
<b>DEPRECIATION</b>				
At 1st April 2015	281,009	235,470	348,126	864,605
Charge for year	30,150	10,162	20,079	60,391
Elimination on disposal	-	-	(46,033)	(46,033)
At 31st March 2016	<u>311,159</u>	<u>245,632</u>	<u>322,172</u>	<u>878,963</u>
<b>NET BOOK VALUE</b>				
At 31st March 2016	<u>237,306</u>	<u>30,483</u>	<u>63,069</u>	<u>330,858</u>
At 31st March 2015	<u>-</u>	<u>16,095</u>	<u>44,928</u>	<u>61,023</u>

Included within the cost of fixture and fittings and computer equipment is £255,395 (2016: £330,896) of fully depreciated assets still in use by the group.

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st March 2017**

**14. PROPERTY, PLANT AND EQUIPMENT - continued**

**Company as at 31 March 2017**

	<b>Improvements to property £</b>	<b>Fixtures and fittings £</b>	<b>Totals £</b>
<b>COST</b>			
At 1st April 2016	548,465	24,000	572,465
Additions	(281,009)	(24,000)	(305,009)
At 31st March 2017	<u>267,456</u>	<u>-</u>	<u>267,456</u>
<b>DEPRECIATION</b>			
At 1st April 2016	311,159	24,000	335,159
Charge for year	56,747	-	56,747
Elimination on disposal	(281,009)	(24,000)	(305,009)
At 31st March 2017	<u>86,897</u>	<u>-</u>	<u>86,897</u>
<b>NET BOOK VALUE</b>			
At 31st March 2017	<u>180,559</u>	<u>-</u>	<u>180,559</u>
At 31st March 2016	<u>237,306</u>	<u>-</u>	<u>237,306</u>

**Company as at 31 March 2016**

	<b>Improvements to property £</b>	<b>Fixtures and fittings £</b>	<b>Totals £</b>
<b>COST</b>			
At 1st April 2015	281,009	24,000	305,009
Additions	267,456	-	267,456
At 31st March 2016	<u>548,465</u>	<u>24,000</u>	<u>572,465</u>
<b>DEPRECIATION</b>			
At 1st April 2015	281,009	24,000	305,009
Charge for year	30,150	-	30,150
At 31st March 2016	<u>311,159</u>	<u>24,000</u>	<u>335,159</u>
<b>NET BOOK VALUE</b>			
At 31st March 2016	<u>237,306</u>	<u>-</u>	<u>237,306</u>
At 31st March 2015	<u>-</u>	<u>-</u>	<u>-</u>

Included within the cost of fixture and fittings is £Nil (2016: £24,000) of fully depreciated assets still in use by the company.

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st March 2017**

**15. INVESTMENTS**

The carrying value of the principal investment, being that in Daniel Stewart & Company Plc has been assessed with reference to condition of the DSAC business and its prospects at the balance sheet date, and the disposal value achieved by the Group in disposal of its majority interest in Daniel Stewart & Company Plc in January 2018. The directors have concluded that the investment in relation to Daniel Stewart & Company Plc is impaired and provision has been made accordingly.

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1st April 2016	8,278,116
Additions	<u>1,378,699</u>
At 31st March 2017	9,656,815
<b>PROVISIONS</b>	
At 1st April 2016	8,278,116
Charge for the year	<u>1,178,699</u>
At 31st March 2017	<u>9,456,815</u>
<b>NET BOOK VALUE</b>	
At 31st March 2017	<u>200,000</u>
At 31st March 2016	<u>-</u>

Daniel Stewart Securities Plc holds 100% of the issued share capital (865,789,608 B Shares of 0.5p each) in Daniel Stewart & Company Plc, an investment banking company, registered in England and Wales. In January 2018 90% of the shareholding was disposed. Daniel Stewart & Company Plc was included in the consolidated accounts. Daniel Stewart (Asia) Limited, a dormant company registered in Hong Kong has now been dissolved and not included in the consolidated accounts.

None of the UK subsidiaries are exempt from filing financial statements.

In the opinion of the directors, the value of the investments is not less than the amount at which they are stated in the company's statement of financial position.

The assets and liabilities of the Daniel Stewart Securities Plc Employee Benefit Trust (DSS EBT) are not included in the consolidated statement of financial position. The DSS EBT has now been dissolved during 2018.

**16. LOANS AND OTHER FINANCIAL ASSETS**

**Group**

	2017 £	2016 £
Loans from Employee Benefit Trust to current director	-	93,492
Loan to service provider	<u>-</u>	<u>50,000</u>
	<u>-</u>	<u>143,492</u>

During the year Loans from Employee Benefit Trust to current directors have been written off to administrative expenses, as the employees benefit trust has been dissolved during 2018.

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st March 2017**

**17. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Current:				
Trade debtors	45,179	532,959	-	-
Amounts owed by group undertakings	-	-	-	813,103
Other debtors	104,888	77,767	50,537	63,024
VAT	73,216	-	617	-
Prepayments and accrued income	<u>336,080</u>	<u>142,665</u>	<u>61,632</u>	<u>58,207</u>
	<u>559,363</u>	<u>753,391</u>	<u>112,786</u>	<u>934,334</u>
Non-current:				
Other debtors	<u>225,583</u>	<u>225,583</u>	<u>225,583</u>	<u>225,583</u>
Aggregate amounts	<u>784,946</u>	<u>978,974</u>	<u>338,369</u>	<u>1,159,917</u>

All debtors are reported after taking impairment into account. An allowance has been made for estimated irrecoverable amounts of £Nil (2016: £745,996).

The directors consider that the carrying amount of trade and other receivables approximates their fair value. All amounts considered uncollectible have been provided for or written off.

**18. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Cash in hand	-	64	-	-
Bank accounts	<u>261,894</u>	<u>158,012</u>	<u>120,143</u>	<u>74,141</u>
	<u>261,894</u>	<u>158,076</u>	<u>120,143</u>	<u>74,141</u>

**19. CALLED UP SHARE CAPITAL**

Issued and fully paid			2017	2016
Number:	Class:	Nominal value:	£	£
952,272,580	Ordinary	0.25p	2,380,681	2,380,681
(2016: 952,272,580)				

**20. EMPLOYEE BENEFIT TRUST RESERVE**

The employees benefit trust has been dissolved during 2018 and therefore the employee benefit trust reserve balance has been fully written off in these accounts and transferred to the accumulated loss reserve.

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st March 2017**

**21. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Current:				
Trade creditors	266,580	201,266	48,011	92,192
Amounts owed to group undertakings	-	-	455,897	-
Social security and other taxes	123,896	205,741	93,832	87,370
Other creditors	107,301	131,148	103,662	101,090
Accruals and deferred income	354,808	326,696	143,115	146,073
VAT	-	43,044	-	5,233
	<u>852,585</u>	<u>907,895</u>	<u>844,517</u>	<u>431,958</u>

All creditors are payable within one year of the reporting date.

**22. LOANS AND OTHER FINANCIAL LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Current:				
Amounts payable to related parties	1,623,491	258,491	258,491	258,491

All creditors are payable within one year of the reporting date. The amounts payable to related parties are repayable on demand, but the directors have received assurances that they will not be called for the foreseeable future. This creditor is secured by a fixed and floating charge over the group's assets dated 26 April 2016.

**23. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	269,104	316,879	225,568	225,568
Between one and five years	523,639	938,896	515,407	902,272
Greater than five years	-	289,839	-	289,839
	<u>792,743</u>	<u>1,545,614</u>	<u>740,975</u>	<u>1,417,679</u>

During the year lease payments of £301,880 (2016: £349,310) were recognised as an expense.

The significant commitments of the group at 31 March 2017 included above were as follows:

	<b>Land and buildings</b>	<b>Equipment hire</b>
	<b>£</b>	<b>£</b>
Within one year	225,568	43,536
Between one and five years	515,407	8,232
	<u>740,975</u>	<u>51,768</u>

# **DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

## **Notes to the Consolidated Financial Statements - continued for the year ended 31st March 2017**

### **24. SHARE-BASED PAYMENT TRANSACTIONS**

The Group has two share option schemes for all employees of the Group which provide employees with the option to acquire shares in the parent company. Options are exercisable at a price agreed upon in the share option agreement on the date of grant. The vesting period lies between immediate exercise and three years. If the options remain unexercised after a period of 10 years from the vesting date, or the option holder ceases to be an employee or office holder within the company before the options vest, the options will lapse on the date of such cessation. The share options outstanding at 31 March are as follows:

	Date of grant	Vesting period	Exercise price	Number of shares	
				2017	2016
<b>Granted at start of period</b>					
Unapproved	13 June 2005	Three years employment	12.00p	-	500,000
Unapproved	22 May 2006	Three years employment	27.75p	4,000,000	4,000,000
Approved	29 March 2010	One year employment	2.00p	9,950,000	9,950,000
Approved	29 March 2010	One year employment	2.50p	7,150,000	8,150,000
<b>Surrendered or lapsed during the period</b>					
Unapproved	13 June 2005	Three years employment	12.00p	-	(500,000)
Unapproved	22 May 2006	Three years employment	27.75p	(4,000,000)	-
Approved	29 March 2010	One year employment	2.50p	-	(1,000,000)
				<b>17,100,000</b>	<b>21,100,000</b>

The options were originally valued using a Black Sholes Monte Carlo model with reference to relevant vesting periods and actual share prices at the date of issue, exercise date and accounting reference date, historic share price volatility. No options have been awarded in the period, and since all are vested, there is no charge for the period (2016: £Nil).

Historically the Old Jewry Employee Benefit Trust has acquired shares for the sole purpose of meeting the commitments of the options above.

### **25. EVENTS AFTER THE REPORTING PERIOD**

In December 2017 £1.5 million loaned to Daniel Stewart & Company plc from Epsilon Investments PTE Limited was converted into share capital in Daniel Stewart & Company plc and as a result Epsilon Investments PTE Limited has become a 90% owner of Daniel Stewart & Company plc. Daniel Stewart Securities plc retains a 10% shareholding and therefore the group no longer exists but the parent company, on its own, will continue to trade as normal.

In February 2018, 66,666,666 Ordinary shares of 0.25p each were issued for a consideration of £200k.

In March 2018, 350,000 redeemable non-interest bearing but profit sharing preference shares of £1 each were issued for a consideration of £350k.

In April 2018, 66,666,666 Ordinary shares of 0.25p each were issued for a consideration of £200k.

In May 2018, 56,333,333 Ordinary shares of 0.25p each were issued for a consideration of £169k.

In June 2018, 33,333,333 Ordinary shares of 0.25p each were issued for a consideration of £100k.

In July 2018, 23,499,999 Ordinary shares of 0.25p each were issued for a consideration of £70.5k.

In July 2018, 150,000 redeemable non-interest bearing but profit sharing preference shares of £1 each were issued for a consideration of £150k.

In September 2018, the Daniel Stewart Securities Plc Employee Benefit Trust has been dissolved.



## DANIEL STEWART SECURITIES PLC AND SUBSIDIARY UNDERTAKINGS (REGISTERED NUMBER: 03899545)

### Notes to the Consolidated Financial Statements - continued for the year ended 31st March 2017

#### 26. RELATED PARTY DISCLOSURES

At the balance sheet date Daniel Stewart Securities plc held 100% of the issued share capital of Daniel Stewart & Company plc. This has since reduced to 10% on 12 January 2018.

At the balance sheet date the company owed £455,897 to Daniel Stewart & Company plc (2016: the company was owed £813,103 from Daniel Stewart & Company plc). During the year Daniel Stewart Securities plc purchased 275,739,708 Ordinary shares in of 0.5p each in Daniel Stewart & Company plc at par.

Epsilon Investments PTE Limited is a significant shareholder of Daniel Stewart Securities plc.

During the year the group provided services to Epsilon Investments PTE Limited, under normal trading terms, totalling £24,600 (2016: £350,000). As at the balance sheet date the company was owed £Nil (2016: £250,000) in relation to these services. As at the balance sheet date the group owed £1,623,491 (2016: £258,491) to Epsilon Investments PTE Limited in respect of a loan repayable on demand with an annual interest rate of 5%.

On 12th January 2018, the reporting entity sold 90% of its shares in Daniel Stewart & Company Plc by converting £1.5m loan it owed to Epsilon into Ordinary shares of Daniel Stewart & Company Plc.

Peter Shea, a director of Daniel Stewart Securities plc, has provided a £10,000 personal guarantee in respect of credit cards from Adam & Co bank.

Stuart Lucas, a director of Daniel Stewart Securities plc, is a director and shareholder in Asset Match Limited. During the year Asset Match paid £5,716 (2016: £5,959) commission to Daniel Stewart & Company plc. During the year Daniel Stewart & Company plc paid £Nil (2016: £8,704) in respect of health insurance for Stuart Lucas who is a director of Daniel Stewart Securities plc.

#### Daniel Stewart Securities Plc Employee Benefit Trust (EBT)

In prior periods, Peter Shea was provided an interest free loan of £225,000 by EBT but the loan was partly written off by £126,833, leaving the remaining balance of £98,167 as recoverable. The employees benefit trust has been dissolved during 2018 and therefore the remaining loan of £98,167, not being recoverable, has been fully written off in these accounts.

#### Key management compensation

Key managers have been identified as the executive management teams of the company.

	2017	2016
	£	£
Salaries and short term benefits	227,662	417,945
Social security costs	18,188	51,107
Benefits in kind	17,851	39,649
Pension contributions	8,400	9,638
	<b>272,101</b>	<b>518,339</b>

The following Directors of the Company and its parent has interests in options over ordinary shares of Daniel Stewart Securities plc, the parent company as shown below:

Price	12p	2.5p	2p
Vesting date	14 Feb	29 Mar	29 Mar
	2008	2011	2011
Peter Shea	500,000	3,000,000	7,000,000
Stuart Lucas	-	1,000,000	-

None of the directors' exercised any options during the year ended 31 March 2017.

**DANIEL STEWART SECURITIES PLC AND SUBSIDIARY  
UNDERTAKINGS (REGISTERED NUMBER: 03899545)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st March 2017**

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**27. COMMITMENTS AND CONTINGENT LIABILITIES**

A contingent liability in respect of exposure to client share trading will exist at any given time. All unsettled trades at 31 March 2017 have now been fully satisfied. At 31 March 2017, the Company had an open position of £216,128 (2016: £55,304).