Company Registration No. 05614477 (England and Wales)

SPREAD CO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

SPREAD CO LIMITED

COMPANY INFORMATION

Directors	Mr Ajay Pabari Mr Bharat Thakrar Mr Julian Costley
Company number	05614477
Registered office	22 Bruton Street London W1J 6QE
Auditors	Fisher, Sassoon & Marks 43 - 45 Dorset Street London W1U 7NA
Business address	Argyle House Joel Street Northwood Hills Middlesex HA6 1LN

SPREAD CO LIMITED

CONTENTS

SPREAD CO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business
The financial position of the company at the year end was considered satisfactory by the directors given industry conditions and general economic uncertainties. The company's performance in the year was considered satisfactory given the current environment and uncertainty due to global pandemic and Brexit.

As part of its business plan, the company continues to look for opportunities in the UK and overseas whilst reviewing its operations in light of regulatory changes.

Principal risks and uncertainties
The directors consider that the key financial risk exposures faced by the company relate to credit risk and the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs. The company monitors its trade positions continually both on a per client and per instrument basis, and hedges exposures which would expose it to material price risk or foreign exchange risk.

The company's operational risk is the risk that the company will derive losses through inherent failure in its processes, personnel, technology, infrastructure or external forces impacting on any of these. These risks are countered through regular assessment of the likelihood of these risks as part of the company's ongoing internal risk management procedures, including maintaining a fully up-to-date risk register and the company's ICAAP, and contingency planning for how to deal with such risks arising.

Key performance indicators
Financial key performance indicators are net revenue £2,630,667 (2020: £7,261,541) and net assets which at the year end had decreased to £11,577,910 (2020: £12,183,357). The decrease in net assets was due to the decrease in retained earnings as the company made a loss of £305,627 (2020: Profit £3,374,301) for the year.

On behalf of the board

Mr Ajay Pabari
Director

27 April 2022

SPREAD CO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities
The principal activity of the company is that of acting as principal and market maker to its clients in foreign exchange and derivatives including share and index Contracts For Difference ('CFD') and Spread Betting.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Ajay Pabari
Mr Bharat Thakrar
Mr Julian Costley

Results and dividends
The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £300,000. The directors do not recommend payment of a final dividend.

Supplier payment policy
The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Research and development
The company continues to undertake research and development in respect of its bespoke trading platform, Saturn Trader.

Post reporting date events
There no post reporting date events to report.

Future developments
The directors are not currently proposing to make any significant changes to the company's operations but will continue to monitor the impact of regulatory changes.

Strategic Report
The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report.

Auditor
The auditor, Fisher, Sassoon & Marks, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr Ajay Pabari
Director
27 April 2022

SPREAD CO LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPREAD CO LIMITED

Opinion

We have audited the financial statements of Spread Co Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilit es and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the financial services sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Financial Conduct Authority (FCA), Companies Act 2006, taxation legislation, data protection, anti-bribery, anti-money-laundering, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates as set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the FCA and reviewing the company's compliance monitoring procedures and findings.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Jonathan Marks (Senior Statutory Auditor)
For and on behalf of Fisher, Sassoon & Marks

27 April 2022

Chartered Accountants
Statutory Auditor

43 - 45 Dorset Street
London
W1U 7NA

STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	2,630,667	7,261,541
Administrative expenses		(2,948,013)	(3,570,084)
Other operating income		16,559	66,232
Operating (loss)/profit	4	(300,787)	3,757,689
Interest receivable and similar income	8	24,008	86,002
Interest payable and similar expenses	9	(28,848)	(12,172)
(Loss)/profit before taxation		(305,627)	3,831,519
Taxation	10	-	(457,218)
(Loss)/profit for the financial year	18	(305,627)	3,374,301
Total comprehensive income for the year		(305,627)	3,374,301

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SPREAD CO LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	**12**		30,123		13,964
Current assets					
Debtors	**13**	10,990,491		9,936,799	
Investments	**14**	2,449,180		1,934,619	
Cash at bank and in hand		4,249,534		4,231,598	
		17,689,205		16,103,016	
Creditors: amounts falling due within one year	**15**	(6,141,418)		(3,933,443)	
Net current assets			11,547,787		12,169,573
Net assets			11,577,910		12,183,537
Capital and reserves					
Called up share capital	**17**		4,400,000		4,400,000
Profit and loss reserves	**18**		7,177,910		7,783,537
Total equity			11,577,910		12,183,537

The financial statements were approved by the board of directors and authorised for issue on 27 April 2022 and are signed on its behalf by:

Mr Ajay Pabari
Director

Company Registration No. 05614477

SPREAD CO LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2020		4,400,000	4,409,236	8,809,236
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	3,374,301	3,374,301
Balance at 31 December 2020		4,400,000	7,783,537	12,183,537
Year ended 31 December 2021:				
Loss and total comprehensive income for the year		-	(305,627)	(305,627)
Dividends	11	-	(300,000)	(300,000)
Balance at 31 December 2021		4,400,000	7,177,910	11,577,910

SPREAD CO LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	23		1,327,020		(457,640)
Interest paid			(28,848)		(12,172)
Income taxes (paid)/refunded			(457,218)		433,207
Net cash inflow/(outflow) from operating activities			840,954		(36,605)
Investing activities					
Purchase of tangible fixed assets		(32,465)		(2,168)	
Receipts arising from loans made		(514,561)		(1,934,619)	
Interest received		24,008		86,002	
Net cash used in investing activities			(523,018)		(1,850,785)
Financing activities					
Dividends paid		(300,000)		-	
Net cash used in financing activities			(300,000)		-
Net increase/(decrease) in cash and cash equivalents			17,936		(1,887,390)
Cash and cash equivalents at beginning of year			4,231,598		6,118,988
Cash and cash equivalents at end of year			4,249,534		4,231,598

1 Accounting policies

Company information

Spread Co Limited is a company limited by shares incorporated in England and Wales. The registered office is 22 Bruton Street, London, W1J 6QE and the principal place of business is Argyle House, Joel Street, Northwood Hills, Middlesex, HA6 1NW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 102:

- The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirement of Section 33 Related Party Disclosures paragraph 33.7.

As permitted by FRS 102, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Valiant Holdings Limited. The group accounts of Valiant Holdings Limited are available to the public and can be obtained at First Floor North Argyle House, Joel Street, Northwood Hills, Middlesex, HA6 1LN.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is measured at net consideration received/ paid on all realised positions and net fair market value of open CFD positions with clients and all other counter parties, including overnight charges and credits.

The recognition of income results directly from the recognition and measurement of assets and liabilities in accordance with FRS 102 section 2.41. Turnover is recognised on financial assets and liabilities on an aggregate basis by each asset class to determine the net gain or loss for that asset class in accordance with FRS section 11.48. CFD positions are viewed as single assets.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	33.33 % on Straight line basis

1 Accounting policies **(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Trade debtors and trade creditors

Trade debtors represent balances with counterparties where the cash held on account and the valuation of the financial derivative open positions results in an amount receivable by the company. Derivative and physical share positions entered into with counterparties are in order to hedge market exposure resulting from derivative transactions placed by clients. These are carried at fair value and profit and losses are included in revenue.

Trade creditors represent balances with operating suppliers, commissions payable to brokers and clients where the cash held on account and the valuation of financial derivative open positions results in an amount payable to the company. This does not include clients who have an amount payable to the company but whose amount payable is segregated for client money purposes (see accounting policy below).

1.6 Cash at bank and in hand

Cash consists of deposits repayable on demand from financial institutions that are free from contractual encumbrances. These balances exclude client money held by the company.

1.7 Client money

The company holds money on behalf of its clients in accordance with the client money rules of its regulator, the Financial Conduct Authority ('FCA'). Client monies held in segregated accounts in accordance with regulations and the corresponding liabilities to these clients are not recognised in the Balance Sheet because the company is not beneficially entitled to them. At 31 December 2021, amounts held by the company on behalf of clients in accordance with the Client Asset Rules of the FCA amounted to £9,410,745 (2020: £13,930,247).

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1 Accounting policies **(Continued)**

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition 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 end 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 period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, 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 assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies **(Continued)**

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in turnover for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover

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

4 Operating (loss)/profit

	2021	**2020**
Operating (loss)/profit for the year is stated after charging/(crediting):	**£**	**£**
Depreciation of owned tangible fixed assets	16,306	15,971
Operating lease charges	47,731	15,995

5 Auditors' remuneration

	2021	2020
Fees payable to the company's auditor and its associates:	£	£
For audit services		
Audit of the company's financial statements	11,500	11,500
Audit of other group subsidiaries	2,500	2,500
	14,000	14,000
For other services		
Taxation compliance services	500	500
All other non-audit services	5,135	4,400
	5,635	4,900

6 Employees

The average monthly number of persons employed by the company during the year was:

	2021	2020
	Number	Number
Brokers and traders	6	6
IT support	7	7
Sales and marketing	2	2
Administration and operations	13	13
	28	28

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	1,526,355	2,059,685
Social security costs	214,864	231,049
Pension costs	26,292	24,149
	1,767,511	2,314,883

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	480,068	493,750
Company pension contributions to defined contribution schemes	3,517	3,503
	483,585	497,253

7 Directors' remuneration **(Continued)**

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	440,570	454,250
Company pension contributions to defined contribution schemes	3,517	3,503

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	752	18,699
Other interest income	23,256	67,303
Total income	24,008	86,002

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	752	18,699

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	1,511
Other interest on financial liabilities	28,848	10,661
	28,848	12,172

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	-	457,218

10 Taxation **(Continued)**

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
(Loss)/profit before taxation	(305,627)	3,831,519
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(58,069)	727,989
Tax effect of expenses that are not deductible in determining taxable profit	-	83
Tax effect of utilisation of tax losses not previously recognised	-	(46,110)
Unutilised tax losses carried forward	260,314	-
Group relief	-	(920)
Permanent capital allowances in excess of depreciation	(3,464)	-
Depreciation on assets not qualifying for tax allowances	-	2,142
Research and development tax credit	(198,781)	(225,966)
Taxation charge for the year	-	457,218

The company carried forward trading losses of £1,370,078.

11 Dividends

	2021	2020
	£	£
Interim paid	300,000	-

12 Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2021	59,465
Additions	32,465
Disposals	(17,136)
At 31 December 2021	74,794
Depreciation and impairment	
At 1 January 2021	45,501
Depreciation charged in the year	16,306
Eliminated in respect of disposals	(17,136)
At 31 December 2021	44,671
Carrying amount	
At 31 December 2021	30,123
At 31 December 2020	13,964

13 Debtors

Amounts falling due within one year:	2021 £	2020 £
Trade debtors	10,882,403	9,819,660
Other debtors	26,152	21,284
Prepayments and accrued income	81,936	95,855
	10,990,491	9,936,799

14 Current asset investments

	2021 £	2020 £
Loans	2,449,180	1,934,619

15 Creditors: amounts falling due within one year

	2021	2020
	£	£
Payments received on account	-	16,558
Trade creditors	3,792,075	2,789,470
Amounts due to parent undertaking	1,834,046	44,811
Corporation tax	-	457,218
Other taxation and social security	51,802	49,833
Accruals and deferred income	463,495	575,553
	6,141,418	3,933,443

16 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	26,292	24,149

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
4,400,000 Ordinary Shares of £1 each	4,400,000	4,400,000

18 Profit and loss reserves

	2021	2020
	£	£
At the beginning of the year	7,783,537	4,409,236
(Loss)/profit for the year	(305,627)	3,374,301
Dividends declared and paid in the year	(300,000)	-
At the end of the year	7,177,910	7,783,537

19 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for its office. The current lease term is for 5 years commencing from 14th March 2021. The company has an option to cancel the lease with a six month prior notice on or after 13th March 2023.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	41,565	41,565
Between two and five years	8,408	63,457
	49,973	105,022

20 Related party transactions

The company entered into a Joint Venture Agreement (JVC) on 1 September 2021 with High Links 5 Limited which is a property development company registered in England and Wales. The company is controlled by a family member of Ajay Pabari. Under the terms of the JVC, the company received loan of £2,419,180 (See note 14) from Spread Co Limited. The loan carries interest at 1% per annum and entitlement to 20% profit on the sale of 4 properties being developed by the High Links 5 Limited. The interest charge amounted to £8,060 for the year.

21 Events after the reporting date

There no post reporting date events to report.

22 Controlling party

The reporting entity is owned by Spread Co UK Ltd incorporated in England and Wales. The ultimate holding company is Valiant Holdings Limited, a company incorporated in England and Wales, who prepares consolidated accounts which can be obtained from First Floor North Argyle House, Joel Street, Northwood Hills, Middlesex, HA6 1LN. No individual has effective control of the ultimate holding company.

23 Cash generated from/(absorbed by) operations

	2021	2020
	£	£
(Loss)/profit for the year after tax	(305,627)	3,374,301
Adjustments for:		
Taxation charged	-	457,218
Finance costs	28,848	12,172
Investment income	(24,008)	(86,002)
Depreciation and impairment of tangible fixed assets	16,306	15,971
Movements in working capital:		
Increase in debtors	(1,053,692)	(6,089,229)
Increase in creditors	2,665,193	1,857,929
Cash generated from/(absorbed by) operations	1,327,020	(457,640)

24 Analysis of changes in net funds

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	4,231,598	17,936	4,249,534

SPREAD CO LIMITED

APPENDIX - PILLAR 3 DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

Regulatory Context

The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital that must be maintained by credit institutions and investment firms. In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Investment Firms ('IFPRU').

The new FCA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital requirements that a firm needs to retain to meet its credit, market and operational risks.
- Pillar 2 requires the firm and the FCA to take a view on whether it needs to hold additional capital against firm specific risks not covered by Pillar 1.
- Pillar 3 requires a firm to develop a set of disclosures which will allow market participants to assess key information about its underlying risks, risk management controls and capital position.

Frequency

The Firm will be making Pillar 3 disclosures annually. The disclosures will be as at the Accounting Reference Date ("ARD") which is currently 31 December.

Media and Location

The disclosure is published only as an appendix to our Annual Report and will be available from the Registered Office on request.

Verification

The information contained in this document has not been audited by the Firm's external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgement on Spread Co Limited.

Materiality and Confidentiality

The rules provide that we may omit one or more of the required disclosures if we believe that the information is immaterial. Materiality is based on the criterion that the omission or misstatement of any information would be likely to change or influence the decision of a reader relying on that information. Where we have considered a disclosure to be immaterial, we have stated this in the document.

In addition, we may also omit one or more of the required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

Corporate Background

The Firm

The Firm is incorporated in the UK and is authorised and regulated by the FCA to deal on its own account for a variety of investment products. The Firm is permitted to deal with all customer types - retail, professional and eligible counterparties. The Firm may hold and control client money. The Firm is an execution-only provider of contracts for difference (CFDs), Spread Betting and a further product currently known as Premium Securities, which is a variation of a CFD. The Firm's activities give it the IFPRU categorisation of a "Full Scope" and a "IFPRU €730K" firm.

As a Full Scope Firm we are considered a Proportionality tier three firm for the purposes of the FCA's Remuneration Code. This allows it to disapply many of the technical requirements of the Code and proportionately apply the Code's rules and principles in establishing its Remuneration Policy.

Scope of Disclosure

The scope of this Pillar 3 disclosure applies to Spread Co Limited; the disclosure is produced on an individual basis.

Risk Management and Risk Categories

Risk Management

The Firm's Chief Executive Officer ('CEO') is ultimately responsible for the overall risk management approach of the Firm and for approving and monitoring risk strategies, setting limits, applying principles and ensuring appropriate risk reduction strategies and procedures are coordinated and implemented on the dealing desk.

The CEO is also responsible for quantification and qualification of risks inherent in the Firm's trading positions and ensuring that risk procedures and systems are optimised and maintained.

The Firm has exposure to the following risks:

Market Risk - Trading
Credit Risk
Liquidity Risk
Operational Risk
Foreign Exchange Risk

Risk Management by Category

Market Risk - Trading

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and underlying prices. Market risk is the risk of loss in portfolio value as a result of movements in these financial instruments' market values.

The Firm does not undertake proprietary trading based on expectations in changes in market prices. However, the Firm does not hedge all client transactions and therefore has a net position in the markets on which it offers products.

The client positions are monitored on a continual basis and where large exposures build up beyond the specified risk limit per market, these are off-set by hedging in the market. The Firm therefore has exposure to market risk to the extent that it has residual un-hedged positions and this exposure depends on market movements and client activities during the trading day.

At this point the Firm's equity exposures are relatively low as the majority of client positions are in more liquid, and less correlated instruments such as foreign exchange and commodities.

The Firm's market risk is also reduced significantly by offering a large number of tradable markets, whose movements are not always significantly correlated and in which long and short client positions frequently offset each other considerably.

Credit Risk

The Firm has credit risk with banks with which it deposits funds and market counterparties with which it hedges. The Firm sets limits as to the maximum exposure for each counterparty and where possible requests for its funds to receive client money protection to reduce exposure to credit risk. The Firm's credit risk is also the risk that clients will cause a financial loss for the Firm by failing to discharge their financial obligations to it.

The Firm has negligible client credit risk as it requires clients to place a margin or deposit in their account for all trades before they are permitted to deal with the Firm. The Firm has a formal margin policy and clients must top up their margin to pre-set levels if they fall below these, or the Firm may enforce the liquidation of one or more of their open positions.

The Firm does not extend credit over and above clients being permitted to trade at the Firm's pre-set margin levels, nor does it accept financial instruments other than cash by way of collateral. This further mitigates any credit risk to the Firm.

Liquidity Risk

Liquidity risk is the risk that the Firm will encounter difficulty in meeting its financial obligations. The Firm's approach to liquidity is to ensure that as far as possible it will always have sufficient liquidity to meet its clients' and brokers' margin requirements and liabilities when they fall due. This is achieved by ongoing monitoring of the Firm's available working capital as compared with the amounts due to clients and counterparties, as settled daily to their respective P&Ls.

Any failure by the Firm to meet its payment obligations could result in market counterparties closing the Firm's hedging positions or failure to meet client withdrawal requests, either of which would have material adverse consequences for the Firm's business. The cash position of the Firm is therefore monitored closely by the CEO and contingency plans are always in place to meet unexpected demands.

Operational Risk

The Firm's operational risk is the risk that the Firm will derive losses through inherent failure in its processes, personnel, technology or infrastructure or by external forces impacting on any of these. These risks are countered through regular assessment of the likelihood of these risks as part of the Firm's ongoing internal risk management procedures, including maintaining a fully up-to-date risk register and ICAAP, and contingency planning for how to deal with such risks arising. The Firm's ICAAP also details expected costs which would be associated with risks which cannot be fully mitigated, and these are taken into account when planning the Firm's capital.

Foreign Exchange Risk

The Firm operates globally and uses pounds sterling as its functional currency and is thus exposed to foreign exchange risk arising from various currency combinations. Foreign currency-denominated assets and liabilities together with expected cash flows give rise to foreign exchange exposures. Due to changes in global markets currency combinations will also change within a financial year.

The foreign exchange policy of the Firm is to hedge material foreign exchange exposures. Exposures are hedged by means of matching assets with liabilities and holding material cash balances in Sterling, Euros and US dollars.

Capital

Capital Management

The Firm's objectives when managing capital are to safeguard the Firm's ability to continue as a going concern and to ensure there is always adequate capital to meet trading requirements, margin requirements, ongoing working capital requirements and the FCA's capital requirements.

The Firm sets the amount of trading capital in proportion to risk and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets/liabilities. In order to maintain or adjust the capital structure, the Firm may issue new shares to its shareholders.

Capital is managed through budgeting, forecasting and monthly entity and consolidated capital reporting.

Capital Resources

The Firm regards its capital position to include all financial assets and liabilities, therefore the year end capital position was £11,557,910 (2020: £12,183,537).

Capital Adequacy

The firm is a IFPRU €730K full scope firm and, as such, is required to calculate its operational risk capital requirement under Pillar 1 amounting to £7,592,000. Under Pillar 2, the firm has evaluated an additional capital requirement amounting to £2,885,000.

The Credit Risk Capital Requirement is made up of the Credit Risk Capital Component amounting to £124,000 and the Counterparty Risk Capital Component amounting to £174,000. Under Pillar 2, the firm has evaluated that no additional capital requirement amounting in respect of its Counterparty Risk Capital Component.

The Firm's Market Risk Capital Requirement is made up of its Foreign Currency PRR Risk, Equity PRR Risk and Commodity PRR Risk amounting to £7,592,000 in total.

Capital Requirement

The firm's Pillar 1 requirement is £7,592,000. The firms Pillar 2 requirement is £10,477,000. There is a considerable surplus of reserves above the capital resource requirement deemed necessary to cover the risks identified.

Remuneration

Remuneration Disclosure

Under the FCA's Remuneration Code, the Firm has determined that it is a Tier 3 firm, which allows it to disapply many of the technical requirements of the Code and proportionately apply the Code's rules and principles in establishing its Remuneration Policy.

Decision making Process for Remuneration Policy

Given the nature and size of the business, during 2021, Spread Co's Remuneration Policy was determined and administered by the Firm's Executive Directors. The Firm also has a Remuneration Committee which meets to ratify remuneration awards.

The Remuneration Committee is responsible for making recommendations to the Board on Spread Co's Remuneration Policy and will determine the remuneration and other benefits for any Executive Directors and other senior employees, including all Code Staff.

The Firm's Remuneration Policy takes full account of the Firm's strategic objectives and the long term interests of shareholders and other stakeholders. Its objective is to recognise and reward good and excellent performance of employees that helps drive the sustainable growth of the Firm and to preserve shareholder value by ensuring the successful retention of employees.

For 2021, the executive directors reviewed the performance of all employees and based on that review determined the overall level of remuneration for each employee and the split between fixed (base salary) and variable (bonus) remuneration.

Code Staff Criteria

The following groups of employees have been identified as meeting the FCA's criteria for Code Staff:

- Any employee holding a significant influence function
- Other senior managers who have an input into the decision making process of the Firm
- Any employee receiving total remuneration which takes them into same remuneration bracket as senior management.

The Link between Pay and Performance for Code Staff

Code staff remuneration is made up of fixed (basic salary) and variable (bonus) elements. Variable remuneration is directly linked to the overall performance of the Firm and is designed to link reward with the long term growth and success of the Firm.

Aggregate Quantitative Information on Remuneration for Code Staff

For the year ending 31 December 2021, there were four Code Staff (as defined above). All were senior management. Aggregate remuneration expenditure in respect of Code Staff was £684,788.

Remuneration expenditure was divided between fixed and variable remuneration as follows:

- Fixed remuneration:	£583,596
- Variable remuneration:	£101,192
- Number of beneficiaries:	5

Fixed remuneration consists of basic salaries only while variable remuneration consists of bonus payments.