

Tower Trading Group Limited

Report And Financial Statements

31 December 2015

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Tower Trading Group Limited

COMPANY INFORMATION

Directors	A J Dickinson J B G MacLeod J R Taylor
Company secretary	C H J Browne
Registered number	06733944
Registered office	3rd Floor Tower 42 25 Old Broad Street London EC2N 1HQ
Independent auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	National Westminster Bank plc 135 Bishopsgate London EC2M 3UR

GROUP STRATEGIC REPORT
For the Year Ended 31 December 2015

Introduction

The principal activity of the Group is the provision of facilitation services to the exchange traded Futures and Options community, comprising clearing, information technology and risk related services to its traders who trade via its preferred clearers.

Business review

The market in which the Group operates continues to be very competitive and challenging. Nevertheless the Board's strategy of tight cost control has contributed to an increase in gross profitability during 2015. The Board continues to ensure the Group maintains and strengthens controls in its key areas of risk and are confident the Group is well placed for the coming 12 months and beyond.

Principal risks and uncertainties

The Board determine the Group strategy and risk appetite along with designing and implementing a risk management framework to recognise the risks faced by the business and the steps to mitigate them.

The Board meet regularly to assess the current projections for profitability, capital management, risk management and business planning. The Group has exposure to the following areas of risk:

Market Risk:

The Group is exposed to market risk through positions entered into by its traders with TTG's preferred clearers. This risk is managed and mitigated through real time risk monitoring and risk limits.

Credit Risk:

The Group has credit risk exposure to Banks and Clearing Institutions arising from funds deposited with those institutions for margin purposes and cash deposits. The Group mitigates risk of default by ensuring assets are divided amongst more than one counter party and those counter parties are well capitalised institutions.

Operational Risk:

The Group could experience operational risk as a result of losses through failure of personnel, technology platforms, and infrastructure or through external forces impacting any of these.

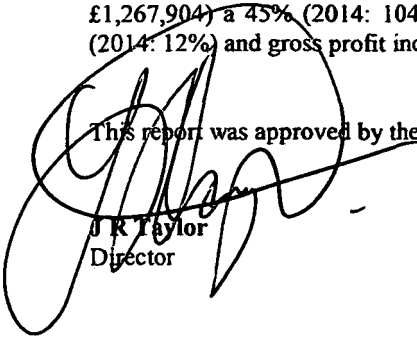
Foreign Exchange Risk:

The Group uses GBP as its functional currency. The majority of its operating expenses are denominated in GBP; however income is derived in many currencies giving rise to Foreign Exchange exposure. This risk is managed through constant review of currency balances and currency cash flow requirements.

Financial key performance indicators

The Board report a profit after tax for the year of £776,087 (2014: £988,631). Operating profit was £994,022 (2014: £1,267,904) a 45% (2014: 104%) return on shareholders' funds. Operating profit as a percentage of turnover was 9% (2014: 12%) and gross profit increased 6% on 2014.

This report was approved by the board on 12 December 2016 and signed on its behalf.



J R Taylor
Director

DIRECTORS' REPORT

For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Results

The profit for the year, after taxation and minority interests, amounted to £776,087 (2014 -£988,631).

Directors

The directors who served during the year were:

A J Dickinson
J B G MacLeod

J R Taylor was appointed as a director on 5 September 2016.

Donations

During the period the group made charitable donations of £885 (2014 - £10,307).

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 December 2015

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 December 2016 and signed on its behalf.



J.R Taylor
Director

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TOWER TRADING GROUP LIMITED**

We have audited the financial statements of Tower Trading Group Limited for the year ended 31 December 2015, set out on pages 5 to 23. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Respective responsibilities of Directors and Auditors

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. 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). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2015 and of the Group's profit or 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those accounts.

Matters on which we are required to report by exception

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

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

Jonathan Munday (senior statutory auditor)
for and on behalf of
Rees Pollock, Statutory auditor

13 December 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	2	10,595,575	10,424,057
Cost of sales		(717,035)	(1,121,000)
Gross profit		9,878,540	9,303,057
Administrative expenses		(8,896,437)	(8,222,415)
Other operating income	3	11,919	187,262
Operating profit	4	994,022	1,267,904
Profit on disposal on investments		-	128,757
Interest receivable and similar income		75,499	12,950
Interest payable and expenses	7	(60,819)	(110,987)
Profit before taxation		1,008,702	1,298,624
Tax on profit	8	(302,087)	(316,066)
Profit for the year		706,615	982,558
Non-controlling interests		(69,472)	(6,073)
Owners of the parent Company		776,087	988,631
		706,615	982,558

There were no recognised gains and losses for 2015 or 2014 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2015 (2014:£NIL).

The notes on pages 11 to 23 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 December 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Intangible fixed assets			280,835		484,808
Tangible assets	10		141,318		203,956
			<u>422,153</u>		<u>688,764</u>
Current assets					
Debtors	13	34,832,434		21,720,969	
Cash at bank and in hand		1,995,609		1,531,613	
			<u>36,828,043</u>	<u>23,252,582</u>	
Creditors: amounts falling due within one year	14	(34,094,410)		(21,145,175)	
Net current assets			<u>2,733,633</u>		<u>2,107,407</u>
Total assets less current liabilities			<u>3,155,786</u>		<u>2,796,171</u>
Creditors: amounts falling due after more than one year	15		-		(347,000)
Net assets			<u><u>3,155,786</u></u>		<u><u>2,449,171</u></u>
Capital and reserves					
Called up share capital	16		12,690		12,690
Share premium account			164,660		164,660
Profit and loss account			2,808,486		2,032,399
Equity attributable to owners of the parent Company			<u>2,985,836</u>		<u>2,209,749</u>
Non-controlling interests			169,950		239,422
			<u><u>3,155,786</u></u>		<u><u>2,449,171</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 December 2016.


J R Taylor
Director

COMPANY BALANCE SHEET
As at 31 December 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Intangible fixed assets			280,835		484,808
Tangible assets	10		141,318		203,956
Investments	11		212,608		212,608
			<u>634,761</u>		<u>901,372</u>
Current assets					
Debtors: amounts falling due within one year	13	34,521,849		21,307,829	
Cash at bank and in hand		1,876,554		1,350,261	
		<u>36,398,403</u>		<u>22,658,090</u>	
Creditors: amounts falling due within one year	14	(34,005,650)		(21,030,785)	
Net current assets			<u>2,392,753</u>		<u>1,627,305</u>
Total assets less current liabilities			<u>3,027,514</u>		<u>2,528,677</u>
Creditors: amounts falling due after more than one year	15		-		(347,000)
Net assets			<u><u>3,027,514</u></u>		<u><u>2,181,677</u></u>
Capital and reserves					
Called up share capital	16		12,690		12,690
Share premium account			164,660		164,660
Profit and loss account			2,850,164		2,004,327
			<u><u>3,027,514</u></u>		<u><u>2,181,677</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 December 2016.

J R Taylor
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2015

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 January 2015	12,690	164,660	2,032,399	2,209,749	239,422	2,449,171
Profit for the year	-	-	776,087	776,087	(69,472)	706,615
At 31 December 2015	12,690	164,660	2,808,486	2,985,836	169,950	3,155,786

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2014

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 January 2014	12,441	164,660	1,043,768	1,220,869	22,502	1,243,371
Profit for the year	-	-	988,631	988,631	(6,073)	982,558
Shares issued during the year	249	-	-	249	-	249
Profit on deemed disposal	-	-	-	-	(128,759)	(128,759)
Shares issued during the year	-	-	-	-	351,752	351,752
At 31 December 2014	12,690	164,660	2,032,399	2,209,749	239,422	2,449,171

The notes on pages 11 to 23 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2015

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	12,690	164,660	2,004,327	2,181,677
Profit for the year	-	-	845,837	845,837
At 31 December 2015	12,690	164,660	2,850,164	3,027,514

COMPANY STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2014

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2014	12,441	164,660	1,357,862	1,534,963
Profit for the year	-	-	646,465	646,465
Shares issued during the year	249	-	-	249
At 31 December 2014	12,690	164,660	2,004,327	2,181,677

The notes on pages 11 to 23 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	706,615	982,558
Adjustments for:		
Amortisation of intangible assets	131,973	109,752
Depreciation of tangible assets	106,336	165,190
Loss on disposal of tangible assets	-	(128,757)
Interest expense	60,819	110,987
Interest income	(75,499)	(12,950)
Tax charge	302,087	316,066
(Increase) in debtors	(13,111,465)	(1,397,086)
Increase in creditors	12,892,924	1,428,856
Corporation tax paid	(497,067)	1,865
Net cash generated from operating activities	<u>516,723</u>	<u>1,576,481</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(43,698)	(52,669)
Interest received	75,499	12,950
Net cash from investing activities	<u>31,801</u>	<u>(39,719)</u>
Cash flows from financing activities		
Issue of ordinary shares	-	249
Repayment of finance leases	(23,709)	(5,169)
Interest paid	(59,123)	(108,488)
Capital contributed by non controlling interests	-	351,752
Hire purchase interest paid	(1,696)	(2,499)
Net cash used in financing activities	<u>(84,528)</u>	<u>235,845</u>
Net increase in cash and cash equivalents	<u>463,996</u>	<u>1,772,607</u>
Cash and cash equivalents at beginning of year	1,531,613	(240,994)
Cash and cash equivalents at the end of year	<u><u>1,995,609</u></u>	<u><u>1,531,613</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>1,995,609</u></u>	<u><u>1,531,613</u></u>

The notes on pages 11 to 23 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

Tower Trading Group Limited is a private limited company registered in England and Wales. The entity's registered address is 3rd Floor, Tower 42, 25 Old Broad Street, London, EC2N 1HQ.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The group transitioned to Financial Reporting Standard 102 on 1 January 2014. No changes to the financial statements were considered necessary.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Management do not consider there are any key accounting estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Management are also required to exercise judgement in applying the entity's accounting policies. Due to the straight forward nature of the business, management consider that no critical judgements have been made in applying the group's accounting policies.

1.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

1.3 Going concern

The directors have prepared a forecast for the year ahead and based on this have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors adopt the going concern basis in preparing the financial statements.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of value added tax. Income is recognised in the following ways:

- With respect to trading capabilities provided to traders, recognised when provided.
- With respect to clearing fees and other commissions charged to traders, recognised when the trade takes place.
- With respect to trading profits shared with traders, recognised when the profit is realised.

1.5 Intangible assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Amortisation is provided on the following bases:

Goodwill	-	5 years
Negative goodwill	-	3 years

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 3 years
Fixtures & fittings	- 4 years
Office equipment	- 4 years
Computer equipment	- 2 to 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

1.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

The group assesses at each reporting date whether an asset may be impaired. If any such indicator exists the group tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an asset, an impairment loss is required.

1.8 Financial instruments

Basic financial assets including trade and other receivables and cash and bank balances, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the profit or loss.

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 the 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 they are included in a hedging instrument.

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.

Basic financial liabilities, including trade and other payables, 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 payment discounted at a market rate of interest. Such instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.9 Foreign currencies translations

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

1.10 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.11 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.12 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred taxation is provided on all timing differences, without discounting calculated at the rate at which it is estimates that tax will be payable, except where otherwise required by accounting standards.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

2. Turnover

The whole of the turnover is attributable to the group's principal activity.

All turnover arose within the United Kingdom.

3. Other operating income

	2015 £	2014 £
Rent receivable	11,919	187,262
	<u>11,919</u>	<u>187,262</u>

4. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets		
- owned by the group	96,710	152,357
- held under finance leases	9,626	12,833
Amortisation of intangible fixed assets	131,973	109,752
Auditors' remuneration	48,000	45,000
Exchange differences	100,935	(57,867)
Operating lease rentals - land and buildings	906,910	1,481,216
	<u>906,910</u>	<u>1,481,216</u>

Auditors' fees for the company were £35,000 (2014 - £35,000)

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2015	2014
	£	£
Wages and salaries	1,787,208	1,828,668
Social security costs	190,822	168,445
	<u>1,978,030</u>	<u>1,997,113</u>

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

	2015	2014
	No.	No.
Administrative staff	26	25
Compliance and risk	5	5
	<u>31</u>	<u>30</u>

6. Directors' remuneration

	2015	2014
	£	£
Directors' emoluments	276,910	170,000
	<u>276,910</u>	<u>170,000</u>

The highest paid director received remuneration of £132,745.

7. Interest payable and similar charges

	2015	2014
	£	£
Bank interest payable	4,796	904
Other loan interest payable	54,327	107,584
Finance leases and hire purchase contracts	1,696	2,499
	<u>60,819</u>	<u>110,987</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

8. Taxation

	2015 £	2014 £
Current tax		
UK corporation tax on profits for the year	302,087	316,066
Taxation on profit on ordinary activities	<u>302,087</u>	<u>316,066</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2014 - 21%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>1,008,702</u>	<u>1,298,624</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 21%)	201,740	272,711
Effects of:		
Non-tax deductible amortisation of goodwill	35,284	37,048
Other expenses not deductible for tax purposes	38,796	33,648
Non-taxable profit on deemed disposal	-	(27,039)
Taxed at different rate	3,534	6,407
Deferred tax not provided for	22,733	(6,709)
Total tax charge for the year	<u>302,087</u>	<u>316,066</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

9. Intangible assets

Group	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 January 2015	882,089	(200,000)	682,089
Adjustment to deferred consideration	(72,000)	-	(72,000)
At 31 December 2015	810,089	(200,000)	610,089
Amortisation			
At 1 January 2015	352,836	(155,555)	197,281
Charge for the year	176,418	(44,445)	131,973
At 31 December 2015	529,254	(200,000)	329,254
Net book value			
At 31 December 2015	280,835	-	280,835
At 31 December 2014	529,253	(44,445)	484,808

The Company acquired the entire share capital of The Chelmsford Trading Bureau Limited ('CTB') on 24 May 2013. Consideration of £532,089 was paid on acquisition. Further consideration, in the form of cash and shares, is payable dependent on the future performance of the acquired business. It is estimated that the value of this contingent consideration will be £275,000 (2014: £347,000).

The fair value of the assets acquired was £nil giving rise to goodwill of £882,089 on consolidation.

During 2014 the trade and assets of The Chelmsford Trading Bureau Limited were passed into the Company and CTB was liquidated. This gave rise to goodwill of £705,671. An adjustment of £72,000 has been made as a result of a revaluation of the contingent consideration payable.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

9. Intangible assets (continued)

Company	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 January 2015	705,671	(200,000)	505,671
Adjustment to deferred consideration	(72,000)	-	(72,000)
At 31 December 2015	633,671	(200,000)	433,671
Amortisation			
At 1 January 2015	176,418	(155,555)	20,863
Charge for the year	176,418	(44,445)	131,973
At 31 December 2015	352,836	(200,000)	152,836
Net book value			
At 31 December 2015	280,835	-	280,835
At 31 December 2014	529,253	(44,445)	484,808

The Company acquired the trade and certain assets of TRX Futures Limited on 3 August 2012 for a consideration of £1. The fair value of the fixed assets acquired was £200,001 giving rise to negative goodwill of £200,000.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

10. Tangible fixed assets

Group and Company

	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 January 2015	38,500	152,059	529,070	719,629
Additions	-	-	43,698	43,698
At 31 December 2015	<u>38,500</u>	<u>152,059</u>	<u>572,768</u>	<u>763,327</u>
Depreciation				
At 1 January 2015	28,874	100,968	385,831	515,673
Charge for the year	9,626	21,941	74,769	106,336
At 31 December 2015	<u>38,500</u>	<u>122,909</u>	<u>460,600</u>	<u>622,009</u>
Net book value				
At 31 December 2015	<u>-</u>	<u>29,150</u>	<u>112,168</u>	<u>141,318</u>
At 31 December 2014	<u>9,626</u>	<u>51,091</u>	<u>143,239</u>	<u>203,956</u>

All of the Group's tangible fixed assets are held in the Parent company

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2015 £	2014 £
Motor vehicles	<u>-</u>	<u>9,626</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

11. Fixed asset investments

Company	Investments in subsidiary companies £
Cost	
At 1 January 2015	212,608
	<hr/>
At 31 December 2015	212,608
	<hr/>
Net book value	
At 31 December 2015	212,608
	<hr/>
At 31 December 2014	212,608
	<hr/>

12. Principal Subsidiaries

Company name	Country of incorporation	Percentage shareholding	Nature of business
Tower Broking Limited	UK	51%	Broking
Professional Trading Facilities Limited	UK	100%	Dormant
Tsquared Trading Limited	UK	75%	Dormant
Tower Metals Limited	UK	100%	Dormant

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

13. Debtors

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Due after more than one year				
Other debtors	374,699	367,334	374,699	367,334
Due within one year				
Trade debtors	360,052	228,412	318,750	186,507
Amounts owed by related undertakings	81,738	148,805	244,992	299,890
Balances held at financial intermediary	32,293,190	19,412,683	32,293,190	19,412,683
Other debtors	626,621	983,688	208,077	486,536
Called up share capital not paid	37,250	39,594	37,248	39,592
Prepayments and accrued income	811,158	540,453	797,167	515,287
Financial instruments	247,726	-	247,726	-
	<u>34,832,434</u>	<u>21,720,969</u>	<u>34,521,849</u>	<u>21,307,829</u>

14. Creditors: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade creditors	171,490	141,573	133,399	141,573
Amounts owed to related undertakings	1,000	2,747	-	-
Amounts advanced by traders	32,292,998	19,412,683	32,292,998	19,412,683
Corporation tax	304,068	499,048	302,087	497,067
Taxation and social security	100,680	87,154	100,680	87,154
Obligations under finance lease and hire purchase contracts	-	23,709	-	23,709
Other creditors	774,767	497,701	774,767	476,838
Accruals and deferred income	449,407	480,560	401,719	391,761
	<u>34,094,410</u>	<u>21,145,175</u>	<u>34,005,650</u>	<u>21,030,785</u>

15. Creditors: Amounts falling due after more than one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Other creditors	-	347,000	-	347,000
	<u>-</u>	<u>347,000</u>	<u>-</u>	<u>347,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

16. Share capital

	2015	2014
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
10,690 Ordinary shares of £1 each	10,690	10,690
	<u> </u>	<u> </u>
Allotted, called up and partly paid		
2,000 Ordinary shares of £1 each	2,000	2,000
	<u> </u>	<u> </u>

17. Commitments under operating leases

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group	Group
	2015	2014
	£	£
Not later than 1 year	760,365	790,486
Later than 1 year and not later than 5 years	2,476,056	2,566,420
Later than 5 years	464,260	1,083,274
	<u> </u>	<u> </u>
	<u>3,700,681</u>	<u>4,440,180</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

18. Related party transactions

The Directors consider the following companies to be related parties for which during the year there are material transaction flows between these companies and the Group:

- Tower Broking Limited (Registered in the United Kingdom) a subsidiary of Tower Trading Group Limited
- The Trading Room Limited (Registered in Gibraltar) has key management personnel in common with Tower Trading Group Limited
- Tower Spreads Limited (Registered in the United Kingdom) under common control of Tower Trading Group Limited shareholders
- Ostro Capital Management Limited (Registered in the United Kingdom) has key management personnel in common with Tower Trading Group Limited

Tower Broking Limited (a company registered with the Financial Conduct Authority) acts as an order passing execution broker to clients of the company. A balance of £165,854 (2014 - £154,851) was owed to the company by Tower Broking Limited at 31 December 2015.

The Trading Room Limited is a Gibraltar based company which provides execution services to its clients in the same manner as the company. A balance of £49,867 (2014 - £nil) was owed to the company by The Trading Room Limited at 31 December 2015.

Ostro Capital Management Limited operates as developer of software for use amongst the trading community. A balance of £28,798 (2014 - £143,574) was owed to the company by Ostro Capital Management Limited at 31 December 2015.

As noted above the interaction between the company and these entities is extensive and the Directors consider it would be onerous to disclose their details.

19. Controlling party

In the opinion of the directors there is no single controlling party.