

Tower Trading Group Limited

Report And Financial Statements

31 December 2016



COMPANY INFORMATION

Directors	M G Finnegan 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 2016

Introduction

The principal activity of the Group is the provision of facilitation services to the exchange traded Futures & Options community; these services comprise clearing, technology, business support and risk management related services to its traders who trade through the Group's clearers.

Business review

The market in which the Group operates continues to be very competitive and challenging. The industry is facing increased costs for exchange data and services, together with the upcoming regulatory landscape change implementation of Mifid 2 and MiFiR. The Board took the opportunity during the year to restructure some of its operating expense primarily through restructuring and reduction of its ongoing real estate commitments together with personnel changes. This has given rise to significant one off non-recurring expenses during the year which has contributed significantly in this year's fall in profits, but will afford the Group more optimal operating costs in the near and medium term. 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 trading positions entered into by its traders with the Group's clearers. The risk associated with this is managed and mitigated through real time risk monitoring and soft and hard risk limit parameters.

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 £370,293 (2015: £776,087). Operating profit was £529,190 (2015: £994,022) an 18% (2015: 45%) return on shareholders' funds. Operating profit as a percentage of turnover was 7% (2015: 9%) and gross profit decreased 25% on 2015.

This report was approved by the board on 13 September 2017 and signed on its behalf.



J E Taylor
Director

DIRECTORS' REPORT

For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Results

The profit for the year, after taxation and minority interests, amounted to £343,463 (2015 - £776,087).

Directors

The directors who served during the year were:

A J Dickinson (resigned 5 June 2017)

J B G MacLeod

J R Taylor (appointed 5 September 2016)

M G Finnegan was appointed as a director of the company on 12 May 2017.

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's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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 the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the 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 2016

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 13 September 2017 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 2016, set out on pages 5 to 23. The relevant financial reporting framework that has been applied in their preparation is applicable law 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 page 2, 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 2016 and of the Group's profit 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, based on the work undertaken in the course of the audit, 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 financial statements and such reports have been prepared in accordance with applicable legal requirements.

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

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

14 September 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	2	7,502,607	10,595,575
Cost of sales		(118,328)	(717,035)
Gross profit		7,384,279	9,878,540
Administrative expenses		(6,855,089)	(8,896,437)
Other operating income	3	-	11,919
Operating profit	4	529,190	994,022
Interest receivable and similar income		11,166	75,499
Interest payable and expenses	7	(35,063)	(60,819)
Profit before taxation		505,293	1,008,702
Tax on profit	8	(135,000)	(302,087)
Profit for the year		370,293	706,615
Profit for the year attributable to:			
Non-controlling interests		26,830	(69,472)
Owners of the parent Company		343,463	776,087
		370,293	706,615
Total comprehensive income for the year attributable to:			
Non-controlling interest		26,830	(69,472)
Owners of the parent Company		343,463	776,087
		370,293	706,615

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2016 (2015:£NIL).

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

CONSOLIDATED BALANCE SHEET
As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	9	111,544	280,835
Tangible assets	10	230,246	141,318
		<u>341,790</u>	<u>422,153</u>
Current assets			
Debtors	13	26,545,668	34,832,434
Cash at bank and in hand		2,272,057	1,995,609
		<u>28,817,725</u>	<u>36,828,043</u>
Creditors: amounts falling due within one year	14	(25,990,380)	(34,094,410)
Net current assets		<u>2,827,345</u>	<u>2,733,633</u>
Creditors: amounts falling due after more than one year	15	(80,556)	-
Net assets		<u><u>3,088,579</u></u>	<u><u>3,155,786</u></u>
Capital and reserves			
Called up share capital	16	11,786	12,690
Share premium account		164,660	164,660
Profit and loss account		2,751,224	2,808,486
Equity attributable to owners of the parent Company		<u>2,927,670</u>	<u>2,985,836</u>
Non-controlling interests		160,909	169,950
		<u><u>3,088,579</u></u>	<u><u>3,155,786</u></u>

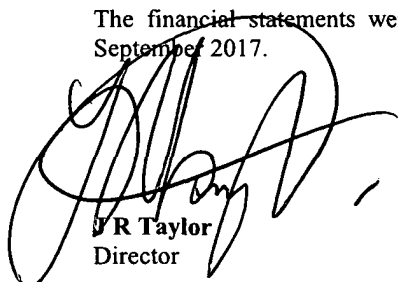
The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2017.


J.R. Taylor
Director

COMPANY BALANCE SHEET
As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	9	111,544	280,835
Tangible assets	10	230,246	141,318
Investments	11	275,108	212,608
		<u>616,898</u>	<u>634,761</u>
Current assets			
Debtors	13	26,361,335	34,521,849
Cash at bank and in hand		<u>1,980,741</u>	<u>1,876,554</u>
		28,342,076	36,398,403
Creditors: amounts falling due within one year	14	<u>(25,915,183)</u>	<u>(34,005,650)</u>
Net current assets		2,426,893	2,392,753
Creditors: amounts falling due after more than one year	15	<u>(80,556)</u>	<u>-</u>
Net assets		<u>2,963,235</u>	<u>3,027,514</u>
Capital and reserves			
Called up share capital	16	11,786	12,690
Share premium account		164,660	164,660
Profit and loss account		<u>2,786,789</u>	<u>2,850,164</u>
		<u>2,963,235</u>	<u>3,027,514</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2017.



J R Taylor
Director

Tower Trading Group Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2016

	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 1 January 2016	12,690	164,660	2,808,486	2,985,836	169,950	3,155,786
Profit for the year	-	-	343,463	343,463	26,830	370,293
Purchase of own shares	-	-	(374,096)	(374,096)	-	(374,096)
Shares cancelled during the year	(904)	-	-	(904)	-	(904)
Increase in interest in subsidiary	-	-	(26,629)	(26,629)	(35,871)	(62,500)
At 31 December 2016	11,786	164,660	2,751,224	2,927,670	160,909	3,088,579

COMPANY STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2016

	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 1 January 2016	12,690	164,660	2,850,164	3,027,514
Profit for the year	-	-	310,721	310,721
Purchase of own shares	-	-	(374,096)	(374,096)
Shares cancelled during the year	(904)	-	-	(904)
At 31 December 2016	11,786	164,660	2,786,789	2,963,235

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2016

	2016	2015
	£	£
Cash flows from operating activities		
Profit for the financial year	370,293	706,615
Adjustments for:		
Amortisation of intangible assets	113,537	131,973
Depreciation of tangible assets	89,424	106,336
Interest expense	35,063	60,819
Interest income	(11,166)	(75,499)
Taxation charge	135,000	302,087
Decrease/(increase) in debtors	8,286,766	(13,111,465)
(Decrease)/increase in creditors	(8,301,748)	12,892,924
Corporation tax paid	-	(497,067)
Net cash generated from operating activities	<u>717,169</u>	<u>516,723</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(204,324)	(43,698)
Interest received	11,166	75,499
Net cash from investing activities	<u>(193,158)</u>	<u>31,801</u>
Cash flows from financing activities		
Purchase of own ordinary shares	(212,500)	-
Repayment of finance leases	-	(23,709)
Interest paid	(35,063)	(59,123)
Hire purchase interest paid	-	(1,696)
Net cash used in financing activities	<u>(247,563)</u>	<u>(84,528)</u>
Net increase in cash and cash equivalents	<u>276,448</u>	<u>463,996</u>
Cash and cash equivalents at beginning of year	1,995,609	1,531,613
Cash and cash equivalents at the end of year	<u><u>2,272,057</u></u>	<u><u>1,995,609</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>2,272,057</u></u>	<u><u>1,995,609</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 2016

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. Its 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 unless otherwise specified within these accounting policies 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 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.

The following principal accounting policies have been applied:

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.

The estimated useful lives range as follows:

Goodwill	-	5	years
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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 2016

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:

Leasehold Improvements	- 5 years
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.

1.8 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.8 Financial instruments (continued)

the asset and settle the liability simultaneously.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1.9 Foreign currency translation

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.

1.10 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

1. Accounting policies (continued)

1.12 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

1.13 Taxation

Tax is recognised in the consolidated statement of comprehensive income, except that a charge 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.

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

	2016 £	2015 £
Rent receivable	-	11,919
	-	11,919

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

4. Operating profit

The operating profit is stated after charging / (crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	89,424	106,336
Amortisation of intangible assets	113,537	131,973
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	67,533	48,000
Exchange differences	(52,666)	100,935
Operating lease rentals - land and buildings	610,737	906,910
Defined contribution pension cost	10,189	-
	<u> </u>	<u> </u>

Auditors' fees for the company were £35,000 (2015 - £35,000)

5. Employees

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

	2016 £	2015 £
Wages and salaries	1,658,250	1,787,208
Social security costs	157,814	190,822
Pension costs - defined contribution	10,189	-
	<u>1,826,253</u>	<u>1,978,030</u>

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

	2016 No.	2015 No.
Administrative staff	20	26
Compliance and risk	5	5
	<u>25</u>	<u>31</u>

6. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	281,723	276,910
	<u>281,723</u>	<u>276,910</u>

The highest paid director received remuneration of £107,189 (2015 - £132,745).

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

7. Interest payable and similar charges

	2016	2015
	£	£
Bank interest payable	1,519	4,796
Other loan interest payable	33,526	54,327
Finance leases and hire purchase contracts	-	1,696
Other interest payable	18	-
	<u>35,063</u>	<u>60,819</u>

8. Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the year	135,000	302,087
Taxation on profit on ordinary activities	<u>135,000</u>	<u>302,087</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% (2015 - 20%). The differences are explained below:

	2016	2015
	£	£
Profit on ordinary activities before tax	<u>505,293</u>	<u>1,008,702</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	101,059	201,740
Effects of:		
Non-tax deductible amortisation of goodwill	-	35,284
Other expenses not deductible for tax purposes	50,086	38,796
Deferred tax not provided on fixed asset timing differences	(14,982)	22,733
Deferred tax not provided on tax losses	(1,163)	-
Taxed at different rate	-	3,534
Total tax charge for the year	<u>135,000</u>	<u>302,087</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

9. Intangible assets

Group

	Goodwill £
Cost	
At 1 January 2016	810,089
Disposals	(55,754)
At 31 December 2016	<u>754,335</u>
Amortisation	
At 1 January 2016	529,254
Charge for the year	113,537
At 31 December 2016	<u>642,791</u>
Net book value	
At 31 December 2016	<u>111,544</u>
At 31 December 2015	<u>280,835</u>

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, when the fair value of the assets acquired was £nil. Further contingent consideration of £226,492 was paid in the year to 31 December 2016, and adjustments have been made as a result of the revaluation of the contingent consideration payable prior to this settlement. The final consideration is £758,581 (2015: estimated consideration £810,089).

During 2014 the trade and assets of CTB were passed into the Company and CTB was liquidated. This gave rise to goodwill of £705,671 which has likewise been adjusted for changes in the valuation of the contingent consideration payable on the original acquisition.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

9. Intangible assets (continued)

Company

	Goodwill £
Cost	
At 1 January 2016	810,089
Disposals	(55,754)
At 31 December 2016	<u>754,335</u>
Amortisation	
At 1 January 2016	529,254
Charge for the year	113,537
At 31 December 2016	<u>642,791</u>
Net book value	
At 31 December 2016	<u>111,544</u>
At 31 December 2015	<u>280,835</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016
10. Tangible fixed assets**Group and Company**

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 January 2016	-	152,059	572,768	724,827
Additions	182,794	-	21,530	204,324
Disposals	-	(11,057)	(14,915)	(25,972)
At 31 December 2016	<u>182,794</u>	<u>141,002</u>	<u>579,383</u>	<u>903,179</u>
Depreciation				
At 1 January 2016	-	122,909	460,600	583,509
Charge for the year on owned assets	14,903	17,810	56,711	89,424
At 31 December 2016	<u>14,903</u>	<u>140,719</u>	<u>517,311</u>	<u>672,933</u>
Net book value				
At 31 December 2016	<u>167,891</u>	<u>283</u>	<u>62,072</u>	<u>230,246</u>
At 31 December 2015	<u>-</u>	<u>29,150</u>	<u>112,168</u>	<u>141,318</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

11. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2016	212,608
Additions	62,500
At 31 December 2016	<u>275,108</u>
 Net book value	
At 31 December 2016	<u>275,108</u>
At 31 December 2015	<u>212,608</u>

12. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Tower Broking Limited	Ordinary	60 %	Broking
Tower Metals Limited	Ordinary	100 %	Dormant
Tsquared Trading Limited	Ordinary	75 %	Dormant

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

13. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Due after more than one year				
Other debtors	166,372	374,699	166,372	374,699
	<u>166,372</u>	<u>374,699</u>	<u>166,372</u>	<u>374,699</u>
Due within one year				
Trade debtors	296,346	360,052	273,184	318,750
Amounts owed by related undertakings	71,210	81,738	81,343	244,992
Balances held at financial intermediary	24,494,152	32,293,190	24,494,152	32,293,190
Other debtors	244,928	626,621	73,893	208,077
Called up share capital not paid	37,250	37,250	37,248	37,248
Prepayments and accrued income	821,252	811,158	820,985	797,167
Financial instruments	414,158	247,726	414,158	247,726
	<u>26,545,668</u>	<u>34,832,434</u>	<u>26,361,335</u>	<u>34,521,849</u>

14. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	176,247	171,490	126,209	133,399
Amounts owed to related undertakings	-	1,000	-	-
Amounts advanced by traders	24,493,960	32,292,998	24,493,960	32,292,998
Corporation tax	445,000	304,068	445,000	302,087
Other taxation and social security	90,594	100,680	90,594	100,680
Other creditors	460,188	774,767	460,188	774,767
Accruals and deferred income	324,391	449,407	299,232	401,719
	<u>25,990,380</u>	<u>34,094,410</u>	<u>25,915,183</u>	<u>34,005,650</u>

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Other creditors	80,556	-	80,556	-
	<u>80,556</u>	<u>-</u>	<u>80,556</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

16. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
9,786 (2015 - 10,690) Ordinary shares of £1 each	9,786	10,690
Allotted, called up and partly paid		
2,000 Ordinary shares of £1 each	2,000	2,000

During the year the company repurchased and cancelled 904 Ordinary shares. The total purchase consideration was £375,000, of which £225,000 was unpaid at year end.

17. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions totalling £nil (2015 - £nil) were payable to the fund at the balance sheet date

18. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Not later than 1 year	399,571	760,365
Later than 1 year and not later than 5 years	1,494,287	2,476,056
Later than 5 years	-	464,260
	<u>1,893,858</u>	<u>3,700,681</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

19. 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 £12,741 (2015 - £165,854) was owed to the company by Tower Broking Limited at 31 December 2016.

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 £56,709 (2015 - £49,867) was owed to the company by The Trading Room Limited at 31 December 2016.

Ostro Capital Management Limited operates as developer of software for use amongst the trading community. A balance of £nil (2015 - £28,798) was owed to the company by Ostro Capital Management Limited at 31 December 2016.

A balance of £10,298 (2015 - £78) was owed to the company by Tower Spreads Limited at 31 December 2016.

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.

20. Controlling party

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