

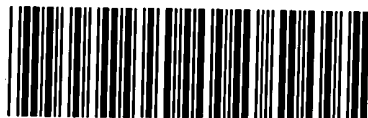
Registered number: 06733944

## **Tower Trading Group Limited**

Report And Financial Statements

*31 December 2017*

TUESDAY



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07/08/2018  
COMPANIES HOUSE

Rees Pollock  
Chartered Accountants

## **Tower Trading Group Limited**

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### **COMPANY INFORMATION**

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

**GROUP STRATEGIC REPORT  
For the Year Ended 31 December 2017**

**Introduction**

The principal activity of the Group is the provision of trading facilitation services to exchange traded Futures & Options professional traders; 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 completed its restructure which has seen significant one off costs during 2017, which has depressed the Company operating profit. The underlying earnings of the business, allowing for these exceptional costs, remain as expected by the Board. During the year the Group incorporated a new subsidiary undertaking and the Group were successful in getting this Authorised and Regulated by the Financial Conduct Authority ahead of Mifid 2 to house the Group's trading business. The Board believe the Group is well placed to operate efficiently and capture opportunities heading into a new regulatory environment.

**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 £388,527 (2016: £370,293). Operating profit was £616,320 (2016: £529,190) an 18% (2016: 18%) return on shareholders' funds. Operating profit as a percentage of turnover was 8% (2016: 7%) and gross profit increase 1% on 2016.

This report was approved by the board on 25 July 2018 and signed on its behalf.



J.R. Taylor  
Director

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**DIRECTORS' REPORT**  
**For the Year Ended 31 December 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

**Results**

The profit for the year, after taxation and minority interests, amounted to £394,091 (2016:£343,463).

**Directors**

The directors who served during the year were:

A J Dickinson (resigned 5 June 2017)  
M G Finnegan (appointed 12 May 2017)  
J B G MacLeod  
J R Taylor

**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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in directors' reports may differ from legislation in other jurisdictions.

**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 2017**

**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 25 July 2018 and signed on its behalf.



J R Taylor  
Director

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

**Opinion**

We have audited the financial statements of Tower Trading Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group statement of comprehensive income, the Group and Company balance sheets, the Group statement of cash flows, the Group and Company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Group's and of the parent Company's affairs as at 31 December 2017 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.

**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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
TOWER TRADING GROUP LIMITED (CONTINUED)  
Opinion on other matters 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 the financial statements; and
- the group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on 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, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' 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 auditors' 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 Munday (Senior Statutory Auditor)**  
for and on behalf of  
**Rees Pollock, Statutory Auditor**  
25 July 2018

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Year Ended 31 December 2017**

	Note	2017 £	2016 £
Turnover	2	7,460,011	7,502,607
Cost of sales		(36,519)	(118,328)
<b>Gross profit</b>		<b>7,423,492</b>	<b>7,384,279</b>
Administrative expenses		(6,807,172)	(6,855,089)
<b>Operating profit</b>	3	<b>616,320</b>	<b>529,190</b>
Interest receivable and similar income		225	11,166
Interest payable and expenses	6	(78,238)	(35,063)
<b>Profit before taxation</b>		<b>538,307</b>	<b>505,293</b>
Tax on profit	7	(149,780)	(135,000)
<b>Profit for the financial year</b>		<b>388,527</b>	<b>370,293</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interests		(5,564)	26,830
Owners of the parent Company		394,091	343,463
		<b>388,527</b>	<b>370,293</b>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interest		(5,564)	26,830
Owners of the parent Company		394,091	343,463
		<b>388,527</b>	<b>370,293</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

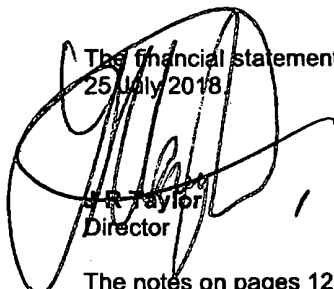
The notes on pages 12 to 25 form part of these financial statements.



**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2017**

	<b>Note</b>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<b>Fixed assets</b>			
Intangible assets	8	-	111,544
Tangible assets	9	223,160	230,246
		<u>223,160</u>	<u>341,790</u>
<b>Current assets</b>			
Debtors	12	25,335,336	26,545,668
Cash at bank and in hand		2,217,063	2,272,057
		<u>27,552,399</u>	<u>28,817,725</u>
Creditors: amounts falling due within one year	13	(24,298,453)	(25,990,380)
<b>Net current assets</b>		<u>3,253,946</u>	<u>2,827,345</u>
<b>Total assets less current liabilities</b>		<u>3,477,106</u>	<u>3,169,135</u>
Creditors: amounts falling due after more than one year	14	-	(80,556)
<b>Net assets</b>		<u>3,477,106</u>	<u>3,088,579</u>
<b>Capital and reserves</b>			
Called up share capital		11,786	11,786
Share premium account		164,660	164,660
Profit and loss account		3,145,315	2,751,224
<b>Equity attributable to owners of the parent Company</b>		<u>3,321,761</u>	<u>2,927,670</u>
Non-controlling interests		155,345	160,909
		<u>3,477,106</u>	<u>3,088,579</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 July 2018.

  
**J R Taylor**  
 Director

The notes on pages 12 to 25 form part of these financial statements.

**COMPANY BALANCE SHEET**  
**As at 31 December 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	8	-	111,544
Tangible assets	9	223,160	230,246
Investments	10	2,275,108	275,108
		<u>2,498,268</u>	<u>616,898</u>
<b>Current assets</b>			
Debtors	12	25,292,422	26,361,335
Cash at bank and in hand		2,288,372	1,980,741
		<u>27,580,794</u>	<u>28,342,076</u>
Creditors: amounts falling due within one year	13	(26,702,349)	(25,915,183)
<b>Net current assets</b>		<u>878,445</u>	<u>2,426,893</u>
<b>Total assets less current liabilities</b>		<u>3,376,713</u>	<u>3,043,791</u>
Creditors: amounts falling due after more than one year	14	-	(80,556)
<b>Net assets</b>		<u><u>3,376,713</u></u>	<u><u>2,963,235</u></u>
<b>Capital and reserves</b>			
Called up share capital		11,786	11,786
Share premium account		164,660	164,660
Profit and loss account brought forward		2,786,789	2,850,164
Profit for the year		413,478	310,721
Other changes in the profit and loss account		-	(374,096)
<b>Profit and loss account carried forward</b>		<u>3,200,267</u>	<u>2,786,789</u>
		<u><u>3,376,713</u></u>	<u><u>2,963,235</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 July 2018.

J R Taylor  
Director

The notes on pages 12 to 25 form part of these financial statements.

**Tower Trading Group Limited**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended 31 December 2017**

	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 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 1 January 2017	11,786	164,660	2,751,224	2,927,670	160,909	3,088,579
Profit for the year	-	-	394,091	394,091	(5,564)	388,527
<b>At 31 December 2017</b>	<b>11,786</b>	<b>164,660</b>	<b>3,145,315</b>	<b>3,321,761</b>	<b>155,345</b>	<b>3,477,106</b>

The notes on pages 12 to 25 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended 31 December 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
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 1 January 2017	11,786	164,660	2,786,789	2,963,235
Profit for the year	-	-	413,478	413,478
<b>At 31 December 2017</b>	<b>11,786</b>	<b>164,660</b>	<b>3,200,267</b>	<b>3,376,713</b>

The notes on pages 12 to 25 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year Ended 31 December 2017

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	388,527	370,293
<b>Adjustments for:</b>		
Amortisation of intangible assets	111,544	113,537
Depreciation of tangible assets	85,346	89,424
Interest paid	78,238	35,063
Interest received	(225)	(11,166)
Taxation charge	149,780	135,000
Decrease in debtors	1,210,332	8,286,766
(Decrease) in creditors	(1,922,263)	(8,301,748)
<b>Net cash generated from operating activities</b>	<b>101,279</b>	<b>717,169</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(78,260)	(204,324)
Interest received	225	11,166
<b>Net cash from investing activities</b>	<b>(78,035)</b>	<b>(193,158)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(78,238)	(35,063)
Purchase of own ordinary shares	-	(212,500)
<b>Net cash used in financing activities</b>	<b>(78,238)</b>	<b>(247,563)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(54,994)</b>	<b>276,448</b>
Cash and cash equivalents at beginning of year	2,272,057	1,995,609
<b>Cash and cash equivalents at the end of year</b>	<b>2,217,063</b>	<b>2,272,057</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,217,063	2,272,057
	<b>2,217,063</b>	<b>2,272,057</b>

The notes on pages 12 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2017**

**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 Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2017**

**1. Accounting policies (continued)**

**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.

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
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 instrument 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 the 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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2017**

**1. Accounting policies (continued)**

**1.8 Financial Instruments (continued)**

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 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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2017**

**1. Accounting policies (continued)**

**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 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2017

**3. Operating profit**

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

	2017 £	2016 £
Depreciation of tangible fixed assets	85,346	89,424
Amortisation of intangible assets	111,544	113,537
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	40,500	67,533
Exchange differences	(49,067)	(52,666)
Operating lease rentals - land and buildings	500,640	610,737
Pension costs	25,458	10,189
	<u>1,192,461</u>	<u>1,398,754</u>

Auditors' fees for the company were £35,000 (2016 - £35,000)

**4. Employees**

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

	Group 2017 £	Group 2016 £
Wages and salaries	1,401,977	1,658,250
Social security costs	163,709	157,814
Pension costs	25,458	10,189
	<u>1,591,144</u>	<u>1,826,253</u>

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

	2017 No.	2016 No.
Administrative staff	21	20
Compliance and risk	5	5
	<u>26</u>	<u>25</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2017

**5. Directors' remuneration**

	2017 £	2016 £
Directors' emoluments	313,490	281,723
	<u>313,490</u>	<u>281,723</u>

The highest paid director received remuneration of £180,240 (2016 -£107,189).

**6. Interest payable and similar charges**

	2017 £	2016 £
Bank interest payable	8	1,519
Other loan interest payable	78,230	33,526
Other interest payable	-	18
	<u>78,238</u>	<u>35,063</u>

**7. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
UK corporation tax on profits for the year	149,780	135,000
<b>Taxation on profit on ordinary activities</b>	<u>149,780</u>	<u>135,000</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2017

**7. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK calculated at a blended rate of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>563,258</u>	<u>505,293</u>
Profit on ordinary activities multiplied by a blended of corporation tax in the UK of 19.25% (2016 -20%)	<b>108,427</b>	101,059
<b>Effects of:</b>		
Other expenses not deductible for tax purposes	46,646	50,086
Deferred tax not provided on fixed asset timing differences	(5,293)	(14,982)
Deferred tax not provided on tax losses	-	(1,163)
<b>Total tax charge for the year</b>	<u><b>149,780</b></u>	<u>135,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2017**

**8. Intangible assets**

**Group and Company**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	<b>754,335</b>
<b>Amortisation</b>	
At 1 January 2017	<b>642,791</b>
Charge for the year	<b>111,544</b>
At 31 December 2017	<b>754,335</b>
<b>Net book value</b>	
At 31 December 2017	<b>-</b>
At 31 December 2016	<b>111,544</b>

Goodwill relates to the Group's acquisition of The Chelmsford Trading Bureau Limited during the year ended 31 December 2013

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2017

**9. Tangible fixed assets**

**Group**

	Leasehold improvements £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 January 2017	182,794	141,002	9,089	570,294	903,179
Additions	5,013	-	-	73,247	78,260
At 31 December 2017	187,807	141,002	9,089	643,541	981,439
<b>Depreciation</b>					
At 1 January 2017	14,903	140,719	6,063	511,248	672,933
Charge for the year	36,720	283	1,266	47,077	85,346
At 31 December 2017	51,623	141,002	7,329	558,325	758,279
<b>Net book value</b>					
At 31 December 2017	136,184	-	1,760	85,216	223,160
At 31 December 2016	167,891	283	3,026	59,046	230,246

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2017**

**9. Tangible fixed assets (continued)**

**Company**

	<b>Leasehold improvements £</b>	<b>Fixtures &amp; fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2017	182,794	141,002	579,383	903,179
Additions	5,013	-	73,247	78,260
At 31 December 2017	187,807	141,002	652,630	981,439
<b>Depreciation</b>				
At 1 January 2017	14,903	140,719	517,311	672,933
Charge for the year	36,720	283	48,343	85,346
At 31 December 2017	51,623	141,002	565,654	758,279
<b>Net book value</b>				
At 31 December 2017	136,184	-	86,976	223,160
At 31 December 2016	167,891	283	62,072	230,246

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2017

**10. Fixed asset investments**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 January 2017	275,108
Additions	2,000,000
At 31 December 2017	<u>2,275,108</u>
<b>Net book value</b>	
At 31 December 2017	<u>2,275,108</u>
At 31 December 2016	<u>275,108</u>

During the year the company purchased 2,000,000 £1 shares in TTG Capital Ltd.

**11. Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Tower Broking Limited	Ordinary	60 %	Broking
Tower Metals Limited	Ordinary	100 %	Dormant
Tsquared Trading Limited	Ordinary	75 %	Dormant
TTG Capital Limited	Ordinary	100 %	Proprietary trading



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2017**
**12. Debtors**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
<b>Due after more than one year</b>				
Other debtors	173,959	166,372	173,959	166,372
	<u>173,959</u>	<u>166,372</u>	<u>173,959</u>	<u>166,372</u>
<b>Due within one year</b>				
Trade debtors	376,089	296,346	375,858	273,184
Amounts owed by related undertakings	46,042	71,210	45,934	81,343
Balances held at financial intermediary	23,095,742	24,494,152	23,095,742	24,494,152
Other debtors	459,002	244,928	424,992	73,893
Called up share capital not paid	37,250	37,250	37,248	37,248
Prepayments and accrued income	857,592	821,252	849,029	820,985
Financial instruments	289,660	414,158	289,660	414,158
	<u>25,335,336</u>	<u>26,545,668</u>	<u>25,292,422</u>	<u>26,361,335</u>

**13. Creditors: Amounts falling due within one year**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Trade creditors	388,716	176,247	387,760	126,209
Amounts owed to related undertakings	-	-	2,416,360	-
Amounts advanced by traders	23,095,742	24,493,960	23,095,742	24,493,960
Corporation tax	150,788	445,000	150,788	445,000
Other taxation and social security	97,975	90,594	97,975	90,594
Other creditors	287,553	460,188	287,545	460,188
Accruals and deferred income	277,679	324,391	266,179	299,232
	<u>24,298,453</u>	<u>25,990,380</u>	<u>26,702,349</u>	<u>25,915,183</u>

**14. Creditors: Amounts falling due after more than one year**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Other creditors	-	80,556	-	80,556
	<u>-</u>	<u>80,556</u>	<u>-</u>	<u>80,556</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2017

**15. Share capital**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
9,786 (2016 - 9,786) Ordinary shares of £1 each	9,786	9,786
	<u>9,786</u>	<u>9,786</u>
<b>Allotted, called up and partly paid</b>		
2,000 (2016 - 2,000) Ordinary shares of £1 each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

**16. 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 (2016 - £nil) were payable to the fund at the balance sheet date.

**17. Commitments under operating leases**

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	46,497	399,571
Later than 1 year and not later than 5 years	1,198,553	1,494,287
	<u>1,245,050</u>	<u>1,893,858</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2017**

**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
- TTG Capital Limited (Registered in the United Kingdom) a subsidiary of Tower Trading Group Limited acquired during 2017.
- 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 £57,925 (2016 - £12,741) was owed to Tower Broking Limited at 31 December 2017.

TTG Capital Limited (a company registered with the Financial Conduct Authority) is authorised as a principal dealing on own account firm. A balance of £358,435 (2016 - £Nil) was owed to TTG Capital Limited at 31 December 2017.

The Trading Room Limited is a Gibraltar based company which provides services to its clients in the same manner as the company. A balance of £25,680 (2016 - £56,907) was owed to the company by The Trading Room Limited at 31 December 2017.

Ostro Capital Management Limited operates as developer of software for use amongst the trading community. A balance of £nil (2016 - £nil) was owed to the company by Ostro Capital Management Limited at 31 December 2017.

A balance of £20,254 (2016 - £10,298) was owed to the company by Tower Spreads Limited at 31 December 2017.

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.

Subsequent to M G Finnegan becoming director, the Group was charged fees of £106,113 from Causeway Law Limited, a company of which M G Finnegan is also a director.

**19. Controlling party**

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