

Registered number: 06733944

Tower Trading Group Limited

Report And Financial Statements

31 December 2020



Tower Trading Group Limited

COMPANY INFORMATION

Directors	J R Taylor M G Finnegan J B G MacLeod
Company secretary	C H J Browne
Registered number	06733944
Registered office	3rd Floor Tower 42 25 Old Broad Street London EC2N 1HQ
Independent auditors	Blick Rothenberg Audit LLP 16 Great Queen Street London WC2B 5AH
Bankers	National Westminster Bank plc 135 Bishopsgate London EC2M 3UR

GROUP STRATEGIC REPORT
For the Year Ended 31 December 2020

Introduction

The primary activity of the Group is dealing on its own account in a principal capacity on international futures and options exchanges, through its FCA authorised and regulated subsidiary TTG Capital Limited.

Business review

The Board are satisfied with the performance of the Group through 2020. A more detailed analysis of the business review is contained in the strategic report of its principal operating subsidiary TTG Capital Limited. The Group's other subsidiaries remained dormant throughout the year, including the Group's Malta based subsidiaries.

Principal risks and uncertainties

The board determine the firm's strategy and risk appetite together with designing and implementing a risk management framework to recognise the risks faced by the Group 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 on the Group's own account. The risk associated with this is managed and mitigated through real time risk monitoring and management together with 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 the risk of effect of default by ensuring assets are divided across more than one counterparty and that those institutions are well capitalised institutions.

Operational Risk:

The Group is exposed to operation risk and this could result in losses through failure of personnel, technology platforms, infrastructure or any external forces impacting these. The Group mitigates these possibilities through its risk framework, Business Continuity Plan and Disaster Recovery Plan.

Liquidity Risk:

The Group is exposed to liquidity risk through having insufficient liquid resources to meet margin calls and/or operational liabilities as they fall due. The Group actively manages its liquidity and the liquidity of its assets to ensure it mitigates against the risk of insufficient liquidity. Assets held are predominantly held in cash and are liquid in nature, and the Group additionally manages where it holds those assets in order to ensure it can meet margin obligations as required in addition to ensuring it can meet its operational liabilities as they fall due and all operational cash flow requirements. The Group's liquidity and liquidity requirements are actively monitored on a continuous basis.

Covid-19:

During the early stages of 2020 the Group undertook to invoke part of its Business Continuity Plan in anticipation of the effect of the global pandemic and realistic prospect of lockdown. As the lockdown came into reality, the Group had already taken steps to ensure that its critical business operations could continue and the risks of the firm could be robustly managed particularly at a time of extreme volatility in global financial markets. The Group's plan and its implementation were designed to ensure the continued wellbeing of the Group's personnel. The Group faces additional risk from extreme market volatility and possible decrease in market liquidity, the Group pre-empted this possibility as far as possible with reviews of product exposures and product risk limits.

GROUP STRATEGIC REPORT (CONTINUED)
For the Year Ended 31 December 2020

Principal risks and uncertainties (continued)

Foreign Exchange Risk:

The Group utilises 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.

Brexit:

The Group does face risk from Brexit, centred around financial services regulation, market access, its own operational continuity and general impact on the market and its liquidity. The Group has a plan to mitigate the impact on its operations and ensure continuity of business. The impact on the wider market and liquidity remains unknown.

Financial key performance indicators

The Board report a profit after tax for the year of £1,102,218 (2019: £1,064,372). Operating profit was £802,852 (2019: £1,330,395) a 13.7% (2019: 27.6%) return on shareholders' funds. Operating profit as a percentage of turnover was 1.0% (2019: 6.1%).

Directors' statement of compliance with duty to promote the success of the Group

The directors are aware of their duties under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole, and in doing to have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

In carrying out their duties, the directors seek effective engagement with key stakeholders, including clients, employees and shareholders, and recognise the importance of their interests to the long term commercial success of the group.

This report was approved by the board on 29 October 2021 and signed on its behalf.



J R Taylor
Director

DIRECTORS' REPORT
For the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Results

The profit for the year, after taxation, amounted to £1,102,218 (2019 - £1,064,372).

Subsequent to the year end the board approved the payment of a dividend of £3,000,000 to the company's shareholders.

Directors

The directors who served during the year were:

J R Taylor
M G Finnegan
J B G MacLeod

Tower Trading Group Limited

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 December 2020

Disclosure of information to auditors

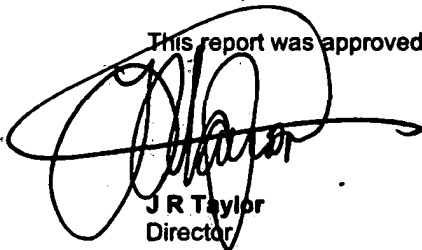
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- 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.

Auditors

The auditors, Blick Rothenberg Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 October 2021 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 2020, which comprise the Group statement of comprehensive income, the Group and Company balance sheets, the Group and Company statement of changes in equity, the Group statement of cash flows, 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 2020 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

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

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

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

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

Other information

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

We have nothing to report in this regard.

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 set out on page 3, 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities,

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

including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, and noncompliance with laws and regulations, our procedures included the following: enquiring of management concerning the Company's policies with regards identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; enquiring of management concerning the Company's policies detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; enquiring of management concerning the Company's policies in relation to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations; discussing among the engagement team where fraud might occur in the financial statements and any potential indicators of fraud; and obtaining an understanding of the legal and regulatory framework that the Company operates in and focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act and applicable tax legislation.

A particular focus area included the risk of fraud through management override of controls. Our procedures to respond to risks identified included the following: performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; reviewing the bank statements of the Company for evidence of any large or unusual activity which may be indicative of fraud; enquiring of management in relation to any potential litigation and claims; and testing the appropriateness of journal entries and other adjustments.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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. This description forms part of our auditors' report.

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

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.

Alexander Macpherson (senior statutory auditor)
for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants

Statutory Auditor

16 Great Queen Street

London

WC2B 5AH

12 November 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	2	82,359,218	21,865,625
Cost of sales		(72,830,519)	(13,262,126)
Gross profit		9,528,699	8,603,499
Administrative expenses		(8,725,847)	(7,273,104)
Operating profit	3	802,852	1,330,395
Interest receivable and similar income		81,984	94,076
Interest payable and similar expenses		(165,988)	(83,816)
Profit before taxation		718,848	1,340,655
Tax on profit	6	383,370	(276,283)
Profit for the financial year		1,102,218	1,064,372
Profit for the year attributable to:			
Owners of the parent Company		1,102,218	1,064,372
		1,102,218	1,064,372

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2020 (2019: £NIL).

The notes on pages 15 to 26 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	8	218,319	133,156
Current assets			
Debtors	10	49,765,819	30,704,878
Cash at bank and in hand		4,411,908	2,837,997
		<u>54,177,727</u>	<u>33,542,875</u>
Creditors: amounts falling due within one year	11	(47,413,162)	(27,796,035)
Net current assets		<u>6,764,565</u>	<u>5,746,840</u>
Total assets less current liabilities		<u>6,982,884</u>	<u>5,879,996</u>
Net assets		<u>6,982,884</u>	<u>5,879,996</u>
Capital and reserves			
Called up share capital	12	12,456	11,786
Share premium account		164,660	164,660
Profit and loss account		6,805,768	5,703,550
Equity attributable to owners of the parent Company		<u>6,982,884</u>	<u>5,879,996</u>
		<u>6,982,884</u>	<u>5,879,996</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 October 2021.



J R Taylor
Director

The notes on pages 15 to 26 form part of these financial statements.

COMPANY BALANCE SHEET
As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	9	2,052,416	2,277,244
Current assets			
Debtors	10	1,419,407	1,468,088
Cash at bank and in hand		442,413	240,133
		<u>1,861,820</u>	<u>1,708,221</u>
Creditors: amounts falling due within one year	11	(270,032)	(502,377)
Net current assets		<u>1,591,788</u>	<u>1,205,844</u>
Total assets less current liabilities		<u>3,644,204</u>	<u>3,483,088</u>
Net assets		<u>3,644,204</u>	<u>3,483,088</u>
Capital and reserves			
Called up share capital	12	12,456	11,786
Share premium account		164,660	164,660
Profit and loss account brought forward		3,306,642	3,257,032
Profit for the year		160,446	49,610
		<u>3,467,088</u>	<u>3,306,642</u>
Profit and loss account carried forward		<u>3,644,204</u>	<u>3,483,088</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 October 2021.


J R Taylor
Director

The notes on pages 15 to 26 form part of these financial statements.

Tower Trading Group Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2019	11,786	164,660	4,639,178	4,815,624	4,815,624
Profit for the year	-	-	1,064,372	1,064,372	1,064,372
At 1 January 2020	11,786	164,660	5,703,550	5,879,996	5,879,996
Profit for the year	-	-	1,102,218	1,102,218	1,102,218
Shares issued during the year	670	-	-	670	670
At 31 December 2020	12,456	164,660	6,805,768	6,982,884	6,982,884

The notes on pages 15 to 26 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	11,786	164,660	3,257,032	3,433,478
Profit for the year	-	-	49,610	49,610
At 1 January 2020	11,786	164,660	3,306,642	3,483,088
Profit for the year	-	-	160,446	160,446
Shares issued during the year	670	-	-	670
At 31 December 2020	12,456	164,660	3,467,088	3,644,204

The notes on pages 15 to 26 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	1,102,218	1,064,372
Adjustments for:		
Depreciation of tangible assets	110,282	91,341
Interest payable	165,988	83,816
Interest receivable	(81,984)	(94,076)
Taxation charge	(383,370)	276,283
Decrease/(increase) in debtors	564,724	(3,356,786)
Increase in creditors	566,554	1,961,237
Corporation tax (paid)	(277,093)	(355,191)
Net cash generated from operating activities	1,767,319	(329,004)
Cash flows from investing activities		
Purchase of tangible fixed assets	(195,445)	(43,349)
Interest received	7,505	3,293
New loans made	-	(1,508,011)
Loan repayments received	160,520	338,755
Net cash from investing activities	(27,420)	(1,209,312)
Cash flows from financing activities		
Interest paid	(165,988)	(83,816)
Net cash used in financing activities	(165,988)	(83,816)
Net increase/(decrease) in cash and cash equivalents	1,573,911	(1,622,132)
Cash and cash equivalents at beginning of year	2,837,997	4,460,129
Cash and cash equivalents at the end of year	4,411,908	2,837,997
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,411,908	2,837,997

The notes on pages 15 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

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. Details of its principal activity are given in the Strategic Report.

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.

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 Cash flow statement

The parent Company, being a qualifying entity according to section 1 of FRS 102, is exempt from the requirement to draw up a cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

1. Accounting policies (continued)

1.5 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of value added tax. Turnover 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 related trade takes place.
- With respect to trading profits shared with traders:
 - where the company is directly exposed to significant risks giving rise to those profits, the profits are recognised as revenue as they arise. Profit shares payable to traders relating to these revenues are included as a cost of sale;
 - where the significant risks giving rise to those profits are borne by traders, any related share of profits due to the company is recognised as revenue as the profits arise.

1.6 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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1.7 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 profit or loss.

1.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.9 Financial instruments

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

1. Accounting policies (continued)

1.9 Financial instruments (continued)

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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

1.10 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.

1.11 Operating leases

Rentals paid under operating leases are charged to profit or loss 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 2020

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 profit or loss 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 profit or loss 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. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	110,282	91,341
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	52,800	52,800
Fees payable to the Group's auditor for non-audit services	13,000	13,000
Exchange differences	(53,482)	87,446
Operating lease rentals	554,134	551,098

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

4. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	2,008,360	1,892,864	-	-
Social security costs	226,275	221,702	-	-
Cost of defined contribution pension scheme	54,689	47,954	-	-
	2,289,324	2,162,520	-	-

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Administrative staff	19	17	3	3
Compliance and risk	9	9	-	-
Information Technology	4	5	-	-
	32	31	3	3

5. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	267,000	268,100
Company contributions to defined contribution pension schemes	8,010	4,043
	275,010	272,143

The highest paid director received remuneration of £165,000 (2019 - £166,100).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,950 (2019 - £1,238).

The total amounts paid to key management personnel of the group, inclusive of the amounts disclosed above was £692,781 (2019: £646,853) in respect of emoluments £19,434 (2019: £14,446) in respect of defined contribution pension schemes of which £nil (2019: £nil) was paid by the company.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020
6. Taxation

	2020 £	2019 £
Current tax		
UK Corporation tax on profits for the year	125,968	276,184
Adjustments in respect of previous periods	(509,338)	99
	<u>(383,370)</u>	<u>276,283</u>
Total current tax	<u>(383,370)</u>	<u>276,283</u>
Total deferred tax	-	-
Taxation on (loss)/profit on ordinary activities	<u>(383,370)</u>	<u>276,283</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 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>718,848</u>	<u>1,340,655</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	136,581	254,724
Effects of:		
Expenses not deductible for tax purposes	8,260	15,299
Deferred tax not provided	(18,873)	6,161
Adjustments to tax charge in respect of prior periods	-	99
Adjustments to tax charge in respect of prior periods	(509,338)	-
Total tax charge for the year	<u>(383,370)</u>	<u>276,283</u>

Adjustments to prior year tax charges in 2020 represent the net effect of research and development claims made against expenditure incurred in prior years.

Factors that may affect future tax charges

The Group has not recognised a deferred tax provision of £25,825 (2019: £8,105) on the grounds that it is immaterial.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020
7. Dividends

On 4 January 2021 the board approved the payment of a dividend of £3,000,000 to the company's shareholders. The dividend has not been accounted for within the current year financial statements as it had not been approved at 31 December 2020.

8. Tangible fixed assets**Group**

	Leasehold improvements £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2020	195,571	148,971	18,909	522,796	886,247
Additions	42,063	11,533	19,323	122,526	195,445
At 31 December 2020	<u>237,634</u>	<u>160,504</u>	<u>38,232</u>	<u>645,322</u>	<u>1,081,692</u>
Depreciation					
At 1 January 2020	127,292	141,002	13,458	471,339	753,091
Charge for the year	43,063	-	12,098	55,121	110,282
At 31 December 2020	<u>170,355</u>	<u>141,002</u>	<u>25,556</u>	<u>526,460</u>	<u>863,373</u>
Net book value					
At 31 December 2020	<u>67,279</u>	<u>19,502</u>	<u>12,676</u>	<u>118,862</u>	<u>218,319</u>
At 31 December 2019	<u>68,279</u>	<u>7,969</u>	<u>5,451</u>	<u>51,457</u>	<u>133,156</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

9. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	2,277,244
Disposals	(224,828)
At 31 December 2020	<u>2,052,416</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

9. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Incorporated in	Principal activity	Class of shares	Holding
Tower BC Limited	UK	Dormant	Ordinary	100%
Tower Metals Limited	UK	Dormant	Ordinary	100%
TTG Capital Limited	UK	Proprietary trading	Ordinary	100%
TTG Capital (Europe) Holdings Limited	Malta	Dormant	Ordinary	100%
TTG Capital (Europe) Limited*	Malta	Dormant	Ordinary	100%

* shares held indirectly

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020
10. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due after more than one year				
Other debtors	166,779	168,534	166,779	168,534
	<u>166,779</u>	<u>168,534</u>	<u>166,779</u>	<u>168,534</u>
Due within one year				
Trade debtors	-	138,851	-	-
Amounts owed by related undertakings	25,591	38,899	93,194	25,591
Balances held at financial intermediary	45,703,866	26,502,153	-	-
Other debtors	1,724,315	1,513,926	1,159,434	1,273,963
Prepayments and accrued income	2,145,268	2,342,515	-	-
	<u>49,765,819</u>	<u>30,704,878</u>	<u>1,419,407</u>	<u>1,468,088</u>

11. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	43,743	58,063	-	-
Amounts owed to group undertakings	12,633	-	213,099	459,515
Amounts owed to associates	45,703,851	26,502,153	-	-
Corporation tax	123,630	274,755	29,890	15,819
Other taxation and social security	78,958	108,249	-	-
Other creditors	206,563	210,294	27,043	27,043
Accruals and deferred income	1,243,784	642,521	-	-
	<u>47,413,162</u>	<u>27,796,035</u>	<u>270,032</u>	<u>502,377</u>

12. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
12,456 (2019 - 11,786) Ordinary shares of £1.00 each	<u>12,456</u>	<u>11,786</u>

During the year the group issued 670 shares at par.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

13. 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 (2019 - £nil) were payable to the fund at the balance sheet date.

14. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	<i>Group 2019 £</i>
Not later than 1 year	311,093	<i>484,693</i>
Later than 1 year and not later than 5 years	-	<i>297,378</i>
	<u>311,093</u>	<i><u>782,071</u></i>

15. Analysis of net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	2,837,997	1,573,911	4,411,908
	<u>2,837,997</u>	<u>1,573,911</u>	<u>4,411,908</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

16. 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:

- 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.

The Trading Room Limited is a Gibraltar based company which provides services to its clients in the same manner as the company.

Ostro Capital Management Limited operates as developer of software for use amongst the trading community.

Tower Spreads Limited ceased trading during the year and applied to be struck off from the Register of Companies during the year ended 31 December 2020.

The year end balances with the companies listed above are as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
The Trading Room Limited	25,591	38,799	25,591	25,591
Tower Spreads Limited	-	21,454	-	-
Ostro Capital Management Limited	-	-	-	-

During the year ended 31 December 2020 a debtor balance of £1,260,039 owed to the company ('TTG') by a third party was reassigned to J & G Investments Limited ('J & G'), a company controlled by directors of TTG.

At 31 December 2020 the amount due from J & G as a result of the reassignment was £1,145,937 (2019: £nil) and is included in other debtors (note 10). Interest of £74,479 (2019: £nil) was charged by TTG to J & G during the year.

Subsequent to the year end an amount of £949,890 was repaid by J & G, which discharged the principal debt owed to TTG.

17. Controlling party

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