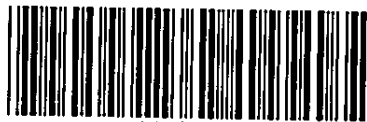


Registered Number 07280005

**Report of the Directors and**  
**Financial Statements for the Period 1 April 2012 to 31 December 2012**  
**for**  
**Delta Financial Markets Limited**

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**Delta Financial Markets Limited**

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**for the Period 1 April 2012 to 31 December 2012**

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**Delta Financial Markets Limited**

**Company Information**

**for the Period 1 April 2012 to 31 December 2012**

**DIRECTORS:**

T Clein  
V Kisyov  
N Nedkov

**REGISTERED OFFICE.**

3 Floor, Fairgate House  
78 New Oxford Street  
London  
WC1A 1HB

**REGISTERED NUMBER.**

07280005 (England and Wales)

**AUDITORS:**

S H Landes LLP  
Statutory Auditors  
3rd Floor  
Fairgate House  
78 New Oxford Street  
London  
WC1A 1HB

## **Delta Financial Markets Limited**

### **Report of the Directors**

#### **for the Period 1 April 2012 to 31 December 2012**

The directors present their report with the financial statements of the company for the period 1 April 2012 to 31 December 2012

#### **PRINCIPAL ACTIVITY**

The Company's principal activity is that of market making and brokerage services in rolling spot foreign exchange contracts and financial contracts for differences on individual shares, stock indices, commodity and financial futures - all being offered as OTC products

#### **REVIEW OF BUSINESS**

DF Markets LTD issues the following trading update relating to the 9 months ended 31st of December 2012

In a retrospective business overview, the company started accepting clients in the beginning of November 2011 when dfmarkets.co.uk website was launched. The main focus in the early months of company's operations was market-making of CFD's in Forex, Gold and Silver through the Meta Trader 4 online trading platform. Early in 2012 DF Markets introduced CFD's in major stock indices, commodities, financial futures and individual equities in more than a thousand companies and exchange traded funds. Those instruments were offered through company's proprietary trading platform - DFTrader, which was initially launched in January 2012. In the overviewed period that was accepted very well from clients and showed steady growth.

An entirely new web based platform was introduced in the middle of 2012. The DF Web Trader is an advanced user-friendly, modern looking web-based system that enhances client's experience. It gained popularity and started attracting new clients very quickly. Directors are glad to confirm that substantial increase in the number of clients has been achieved due to the expanded range of asset classes, the high quality of customer service provided, as well as the constant improvement of the trading platforms and resources made available to clients.

The main part of DF Markets' marketing strategy was establishing our presence in the marketplace, by implementing various online advertising campaigns. These included banner advertising in major investment and Forex websites and portals, Google adwords and display network advertising.

Another area where we managed to achieve growth is the increasing number of introducing partners which contributed as well to the increase of our client base.

Management considers the investment in IT and marketing a significant factor for the recruitment of active clients and improved revenue per client. Therefore continued investment is planned in order to drive long term growth.

In 2013 a major upgrade of DF Trader platform is due to become available to client. Also, a brand new mobile platform - DFMobile - is under development and is planned to be released early in 2013. Further improvement for the mobile users' experience is expected with the upcoming launch of new applications for Android, Apple and Windows Mobile enabled smart phones and tablets.

The company is looking to expand its services portfolio. We have successfully varied the company's scope of permissions to include spread betting. Our IT team has started developing a spread betting platform which we anticipate to see live in the mid 2013.

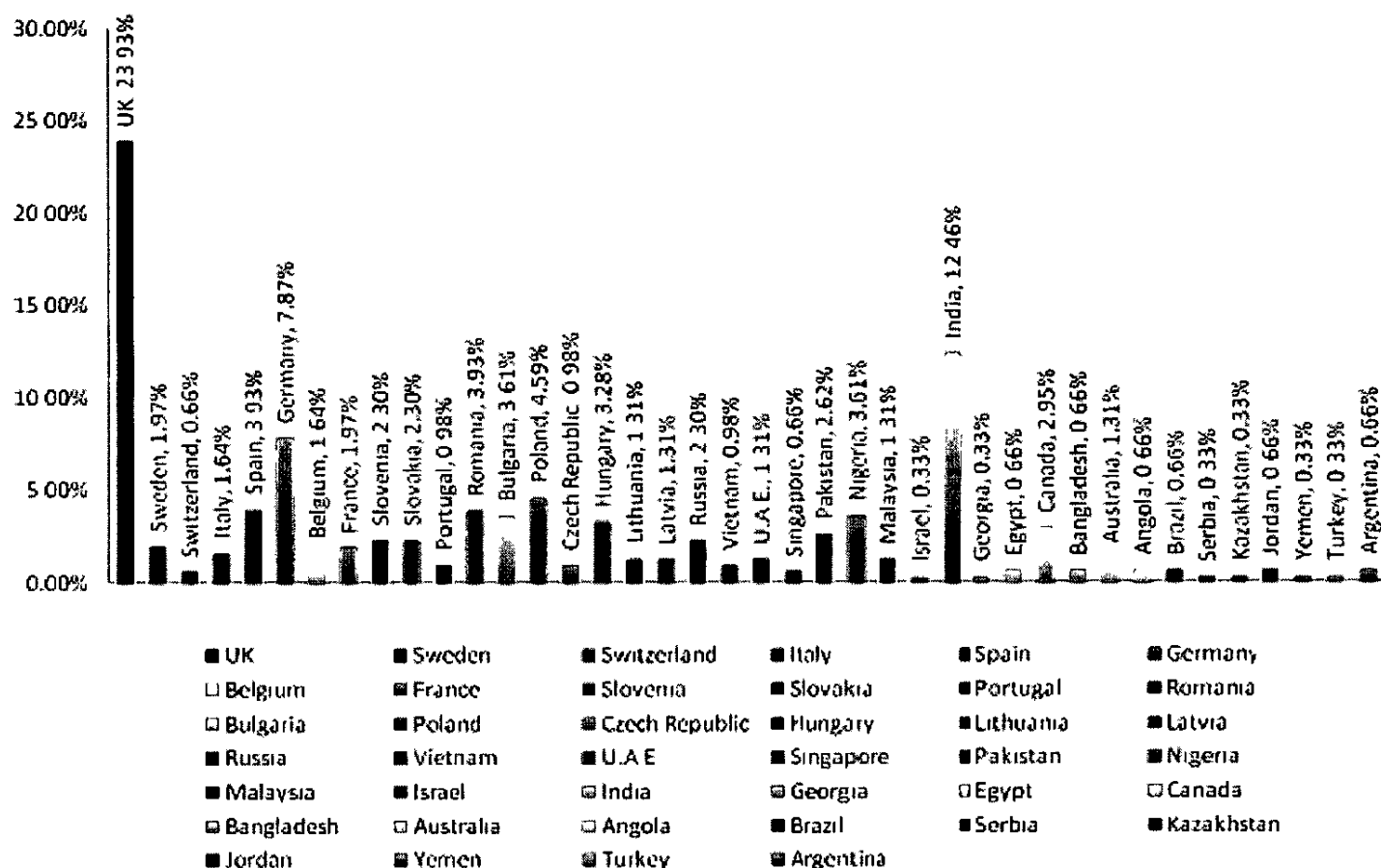
For the period, the firm's underlying performance featured a substantial growth in all aspects of our business, such as number of clients, solicited client funds, traded volumes, revenue.

For the reviewed period DF Markets has signed up clients from 40 countries. The local UK market provides for 24% of all clients. Europe and rest of the world share 45% and 31%, respectively.

## Delta Financial Markets Limited

### Report of the Directors

for the Period 1 April 2012 to 31 December 2012



The firm continues to explore opportunities for geographic expansion in key markets, as well as further extend its trading platforms and product range. The focus on technology and high quality customer service are seen as key factors in firm's strategic approach which, together with DF Markets' growing international presence, will continue to drive client recruitment.

Management considers that the strict regulation and proper client money protection, robust systems and controls, financial strength, as well as the high standards of business conduct, will strengthen a favourable company image which will support further growth.

### DIVIDENDS

No dividends will be distributed for the period ended 31 December 2012.

### EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

## **Delta Financial Markets Limited**

### **Report of the Directors** **for the Period 1 April 2012 to 31 December 2012**

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2012 to the date of this report

T Clein  
V Kisiov  
N Nedkov

#### **COMPANY'S POLICY ON PAYMENT OF CREDITORS**

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. There were no trade creditors outstanding at the period end.

#### **FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to financial risks including market risk, credit risk, cash flow risk, liquidity risk and currency risk.

##### **Market risk**

Market risk is the risk of potential loss due to change in market prices. The Company takes positions and these give rise to market risk in the event of price movement. Such risks are monitored and controlled by the setting of limits and the use of hedging where appropriate.

##### **Credit risk**

Credit risk is derived from the potential inability of customers to settle amounts owing to the Company when due. The company regularly reviews its credit risk and will take appropriate action should excessive risk be determined. The Company does not currently offer credit terms to any of its customers.

##### **Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its cash flow obligations as they become due because of an inability to obtain funding. It is the Company's policy to ensure that it will always have sufficient liquidity to meet its commitments. The Company has increased its liquidity during the period by increasing its paid up capital and plans to do so for the forthcoming future.

The Company is reliant on its ultimate parent company to provide financing in the event of a liquidity shortfall.

##### **Currency risk**

The Company is exposed to currency risk in respect of balances in currencies other than sterling. If deemed appropriate the Company will hedge exposure to minimise the risks.

##### **Operational risk**

The Company has in place procedures to minimise the risk of financial loss due to errors, systems failures or failures in internal controls.

##### **Regulation risk**

The Company is authorised and regulated by the Financial Conduct Authority (FCA). The company dedicates adequate resources to meet its regulatory commitments and continually works to improve its internal procedures to meet the challenges set by the changing regulatory environment.

## **Delta Financial Markets Limited**

### **Report of the Directors** **for the Period 1 April 2012 to 31 December 2012**

#### **GOING CONCERN**

After making enquiries, the directors have a reasonable expectation that the Company will continue to receive financial support from the parent company to enable it to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **REMUNERATION POLICY**

##### **Overview**

Given the size and nature of the Company, the directors consider that it does not need to maintain a separate remuneration committee. This decision will be reviewed by in the event of any material changes in the business.

Remuneration of all directors and employees is directly overseen by the CEO in conjunction with the board of directors.

##### **General Requirements**

The Company is required to implement and maintain a remuneration policy, procedures and practices for all directors and employees that are consistent with and promote sound effective risk management and are in accordance with the FCA's code of practice.

The policy is intended to cover all aspects of remuneration and is subject to the Company's general organisation requirements under the FCA's Senior Management Arrangements, systems and controls ("SYSC"). The Company is a full scope BIPRU 730K investment firm. The Company seeks to avoid creating any incentive for individuals to take inappropriate risk.

The remuneration policy is in line with the business strategy, objectives, values and long term interest of the firm, and incorporates measures to avoid conflicts of interest.

The Company's business strategy is to provide clients an electronic trading platform in order to trade CFD's in Forex and other financial products.

The Company will seek to attract appropriate talent by offering some flexibility and retain confidentiality in respect of some of the terms it introduces. However, these terms will be appropriate and respect the principles of this policy.

##### **Conflicts of Interest**

The Company regularly reviews potential conflicts and where appropriate updates its conflict of interest policy.

The remuneration structure discourages directors and staff from acting unfairly towards clients.

The Company ensures fair treatment of clients by ensuring that its client take-on policy complies with the Financial Services and Markets Act 2000.

The Company has an anti-bribery policy which prohibits the offering, the giving, the solicitation or acceptance of any bribe whether cash or inducement.

##### **Governance**

This policy will be reviewed by the board of directors on an annual basis.

##### **Pensions**

The Company does not have a staff pension scheme.

##### **Private Medical Insurance**

The Company does not have a Medical Insurance Scheme.

**Delta Financial Markets Limited**

**Report of the Directors**  
**for the Period 1 April 2012 to 31 December 2012**

**Remuneration Structures**

Directors and Staff receive an annual salary paid monthly on or around the last day of each month

**Benefits**

Certain members of staff have been transferred to London from the Bulgarian parent company. In such cases the Company provides them with an apartment.

**Discretionary Bonuses**

The Company runs a discretionary bonus scheme that is based on individual performance as well as Company's profitability. The bonus does not form part of the employees contractual remuneration.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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


**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, S H Landes LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



T Klein - Director

Date 22/04/2013

**Report of the Independent Auditors to the Members of  
Delta Financial Markets Limited**

We have audited the financial statements of Delta Financial Markets Limited for the period ended 31 December 2012 on pages eight to eighteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Steven Landes (Senior Statutory Auditor)  
for and on behalf of S H Landes LLP  
Statutory Auditors  
3rd Floor  
Fairgate House  
78 New Oxford Street  
London  
WC1A 1HB

Date 23 / 4 / 13

**Delta Financial Markets Limited****Profit and Loss Account****for the Period 1 April 2012 to 31 December 2012**

	Notes	Period 1 4 12 to 31 12 12 £	Year Ended 31 3 12 £
<b>TURNOVER</b>		107,029	4,739
Cost of sales		<u>5,233</u>	<u>1,785</u>
<b>GROSS PROFIT</b>		101,796	2,954
Administrative expenses		<u>279,059</u>	<u>166,521</u>
		(177,263)	(163,567)
Other operating income		<u>-</u>	<u>6</u>
<b>OPERATING LOSS</b>	3	(177,263)	(163,561)
Interest receivable and similar income		<u>104</u>	<u>140</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(177,159)	(163,421)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<u>(177,159)</u>	<u>(163,421)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current period or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current period or previous year

The notes form part of these financial statements

**Delta Financial Markets Limited (Registered number: 07280005)**

**Balance Sheet**

**31 December 2012**

	Notes	31 12 12 £	£	31 12 11 £	£
<b>FIXED ASSETS</b>					
Tangible assets	5		1,652		1,892
<b>CURRENT ASSETS</b>					
Debtors	6	324,269		318,662	
Cash at bank		<u>361,657</u>		<u>539,424</u>	
		685,926		858,086	
<b>CREDITORS</b>					
Amounts falling due within one year	7	<u>28,158</u>		<u>23,399</u>	
<b>NET CURRENT ASSETS</b>			<u>657,768</u>		<u>834,687</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>659,420</u>		<u>836,579</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	8		1,000,000		1,000,000
Profit and loss account	9		<u>(340,580)</u>		<u>(163,421)</u>
<b>SHAREHOLDERS' FUNDS</b>	13		<u>659,420</u>		<u>836,579</u>

The financial statements were approved by the Board of Directors on  
by

22/04/2013

and were signed on its behalf

Trechev

T Clein - Director

Thanas

V Kisiov - Director

The notes form part of these financial statements

**Delta Financial Markets Limited****Cash Flow Statement**  
**for the Period 1 April 2012 to 31 December 2012**

		Period 1 4 12 to 31 12 12 £	Year Ended 31 3 12 £
Net cash outflow from operating activities	Notes 1	(177,560)	(458,193)
Returns on investments and servicing of finance	2	104	140
Capital expenditure	2	<u>(311)</u>	<u>(2,523)</u>
		(177,767)	(460,576)
Financing	2	<u>-</u>	<u>1,000,000</u>
(Decrease)/increase in cash in the period		<u>(177,767)</u>	<u>539,424</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/increase in cash in the period		<u>(177,767)</u>	<u>539,424</u>
Change in net funds resulting from cash flows		<u>(177,767)</u>	<u>539,424</u>
Movement in net funds in the period		<u>(177,767)</u>	<u>539,424</u>
Net funds at 1 April		<u>539,424</u>	<u>-</u>
Net funds at 31 December		<u>361,657</u>	<u>539,424</u>

The notes form part of these financial statements

**Delta Financial Markets Limited**

**Notes to the Cash Flow Statement**  
**for the Period 1 April 2012 to 31 December 2012**

**1 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	Period 1 4 12 to 31 12 12 £	Year Ended 31 3 12 £
Operating loss	(177,263)	(163,561)
Depreciation charges	551	631
Increase in debtors	(5,607)	(318,662)
Increase in creditors	<u>4,759</u>	<u>23,399</u>
<b>Net cash outflow from operating activities</b>	<b><u>(177,560)</u></b>	<b><u>(458,193)</u></b>

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	Period 1 4 12 to 31 12 12 £	Year Ended 31 3 12 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>104</u>	<u>140</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b><u>104</u></b>	<b><u>140</u></b>
 <b>Capital expenditure</b>		
Purchase of tangible fixed assets	<u>(311)</u>	<u>(2,523)</u>
<b>Net cash outflow for capital expenditure</b>	<b><u>(311)</u></b>	<b><u>(2,523)</u></b>
 <b>Financing</b>		
Share issue	<u>-</u>	<u>1,000,000</u>
<b>Net cash inflow from financing</b>	<b><u>-</u></b>	<b><u>1,000,000</u></b>

**3 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 4 12 £	Cash flow £	At 31 12 12 £
Net cash			
Cash at bank	<u>539,424</u>	<u>(177,767)</u>	<u>361,657</u>
	<u>539,424</u>	<u>(177,767)</u>	<u>361,657</u>
 Total	<b><u>539,424</u></b>	<b><u>(177,767)</u></b>	<b><u>361,657</u></b>

The notes form part of these financial statements

## **Delta Financial Markets Limited**

### **Notes to the Financial Statements** **for the Period 1 April 2012 to 31 December 2012**

#### **1 ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable United Kingdom accounting standards. The particular accounting policies are described below.

The Company's business activities, together with the factors likely to affect its future development, performance and position together with its cash flows and liquidity position are described in the Directors' Report. In addition, note 14 to the financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit risk and liquidity risk.

The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company will continue to receive financial support from the parent company to enable it to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

##### **Accounting convention**

The financial statements are prepared under the historical cost convention as modified for the revaluation of open trading positions as described below and all amounts are stated in sterling.

##### **Turnover**

Turnover is made up of market-making profits earned from trading in spot foreign exchange and contracts for difference together with commissions and financing income derived from these instruments. Gains and losses are recognised on closed positions as they occur and on open positions using a mark-to-market valuation.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable, and therefore, recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Hire purchase and leasing commitments**

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

Trade creditors comprise amounts due to clients and brokers from trading activities and open positions. Trading positions are stated at the market bid or offer price. Trade creditors except for trading positions are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method. Trading positions are measured at fair value subsequent to initial measurement.

## **Delta Financial Markets Limited**

### **Notes to the Financial Statements - continued** **for the Period 1 April 2012 to 31 December 2012**

#### **1 ACCOUNTING POLICIES - continued**

##### **Cost of sales**

Cost of sales is made up of commissions payable to brokers and referring parties. Commissions are recognised on the day trades are executed.

##### **Debtors**

Trade debtors comprise amounts due from brokers and the parent undertaking arising from trading activities and open positions. All debtors except for trading position are initially measured at cost and are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Trading positions are stated at the market bid or offer price. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss when there is objective evidence that the asset is impaired. The allowance recognised is measured between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

##### **Cash and cash equivalents**

Cash and cash equivalents consist of the Company's cash on hand and on short-term bank deposits with an original maturity of three months or less and therefore are subject to an insignificant risk of changes in value. Client monies are segregated from the Company's own monies and are excluded from cash and cash equivalents.

##### **Trade Creditors**

Trade creditors comprise amounts due to clients and brokers from trading activities and open positions. Trading positions are stated at the market bid or offer price. Trade creditors except for trading positions are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Trading positions are measured at fair value subsequent to initial measurement.

#### **2 STAFF COSTS**

	Period 1 4 12 to 31 12 12 £	Year Ended 31 3 12 £
Wages and salaries	163,800	76,822
Social security costs	<u>19,333</u>	<u>9,380</u>
	<u>183,133</u>	<u>86,202</u>

The average monthly number of employees during the period was as follows

	Period 1 4 12 to 31 12 12	Year Ended 31 3 12
Settlement, back office & administration	3	3
Sales and customer support	<u>2</u>	<u>2</u>
	<u>5</u>	<u>5</u>

**Delta Financial Markets Limited****Notes to the Financial Statements - continued**  
**for the Period 1 April 2012 to 31 December 2012****3 OPERATING LOSS**

The operating loss is stated after charging

	Period 1 4 12 to 31 12 12 £	Year Ended 31 3 12 £
Other operating leases	19,872	14,040
Depreciation - owned assets	551	631
Auditors' remuneration	9,600	7,200
Auditors' remuneration for non audit work	9,529	7,501
Foreign exchange differences	<u>1,854</u>	<u>893</u>
Directors' remuneration	<u>87,300</u>	<u>39,450</u>

**4 TAXATION****Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the period ended 31 December 2012 nor for the year ended 31 March 2012

**5 TANGIBLE FIXED ASSETS**

	Computer equipment £
<b>COST</b>	
At 1 April 2012	2,523
Additions	<u>311</u>
At 31 December 2012	<u>2,834</u>
<b>DEPRECIATION</b>	
At 1 April 2012	631
Charge for period	<u>551</u>
At 31 December 2012	<u>1,182</u>
<b>NET BOOK VALUE</b>	
At 31 December 2012	<u>1,652</u>
At 31 March 2012	<u>1,892</u>

**Delta Financial Markets Limited**

**Notes to the Financial Statements - continued**  
**for the Period 1 April 2012 to 31 December 2012**

**6 DEBTORS· AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 12 12	31 3 12
	£	£
Amounts owed by group undertakings	294,253	300,000
Other debtors	25,284	18,662
Prepayments	<u>4,732</u>	<u>-</u>
	<u>324,269</u>	<u>318,662</u>

**7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 12 12	31 3 12
	£	£
Trade creditors	7,888	2,133
Social security and other taxes	7,901	6,770
Other creditors	522	-
Barclays credit card	357	699
Accrued expenses	<u>11,490</u>	<u>13,797</u>
	<u>28,158</u>	<u>23,399</u>

**8 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid			31 12 12	31 3 12
Number	Class	Nominal value	£	£
1,000,000	Ordinary	£1	<u>1,000,000</u>	<u>1,000,000</u>

**9 RESERVES**

	Profit and loss account £
At 1 April 2012	(163,421)
Deficit for the period	<u>(177,159)</u>
At 31 December 2012	<u>(340,580)</u>

**10 RELATED PARTY DISCLOSURES**

As at 31 December 2012, £294,253 of company's funds were held in a trading account with the parent company, Deltastock AD Bulgaria

During the period, the company was charged £2,400 by the parent company, Deltastock AD Bulgaria in respect of outsourcing of the trading platform. As at 31 December 2012, £600 was owed to the parent company

**Delta Financial Markets Limited****Notes to the Financial Statements - continued**  
**for the Period 1 April 2012 to 31 December 2012****11 POST BALANCE SHEET EVENTS**

On 11 February 2013, 200,000 £1 ordinary shares were allotted to Deltastock AD Bulgaria at £1 each for cash

**12 ULTIMATE CONTROLLING PARTY**

The Company's ultimate controlling entity and immediate parent company is Deltastock AD Bulgaria, a company incorporated in Bulgaria, controlling directly 100% of the issued share capital of the Company. The parent undertaking of the smallest and largest group, which includes the Company and for which group accounts are prepared, is Deltastock AD Bulgaria.

The directors believe that no one individual has overall control.

**13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.12 £	31.3.12 £
Loss for the financial period	(177,159)	(163,421)
New share capital subscribed	-	200,000
Called up share capital not paid		
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(177,159)</b>	<b>36,579</b>
Opening shareholders' funds	<u>836,579</u>	<u>800,000</u>
<b>Closing shareholders' funds</b>	<b><u>659,420</u></b>	<b><u>836,579</u></b>

**14 REGULATORY DISCLOSURE AND CAPITAL RISK MANAGEMENT**

The firm manages its capital in accordance with the Capital Requirements Directive and FCA rules relating thereto. As a part of the latter, the firm has instituted an Internal Capital Adequacy Assessment Process (ICAAP) by which its capital adequacy is managed.

During the year ended 31 December 2012, capital has been maintained at a level above the FCA requirements.

The Company's regulatory capital position was as follows:

	31.12.2012 £000's	31.03.2012 £000's
<b>Capital Resources</b>		
<b>Tier 1</b>		
Share capital	1,000	1,000
Profit and Loss Account	(341)	(163)
<b>Tier 2</b>	-	
<b>Tier 3</b>	-	
<b>Total Capital Resources</b>	<b>659</b>	<b>837</b>
<b>Capital Requirement</b>	<b>597</b>	<b>609</b>
Excess capital	<u>62</u>	<u>228</u>
<b>Solvency Ratio</b>	<b><u>110%</u></b>	<b><u>137%</u></b>

## **Delta Financial Markets Limited**

### **Notes to the Financial Statements - continued** **for the Period 1 April 2012 to 31 December 2012**

#### **15 FINANCIAL RISK MANAGEMENT**

The Company's financial instruments comprise cash and cash equivalents and items such as trade receivables and trade payables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations. The Company is exposed to variety of financial risks including credit risk, the directors have set policies regarding financial risk management which is in line with size of the company.

<b>Financial assets</b>	<b>31.12.2012</b>	<b>31.03.2012</b>
Loans and receivables	£	£
Amounts due from parent undertaking	294,253	300,000
Other debtors	25,284	18,662
Total assets	<u>324,269</u>	<u>318,662</u>
<b>Financial liabilities</b>		
Amortised cost		
Trade creditors and accruals	20,257	15,808
Non financial liabilities	7,901	6,770
Total liabilities	<u>28,158</u>	<u>22,578</u>

The directors believe that the carrying value of the Company's financial instruments approximates their fair value. All financial assets and liabilities are due to mature within a year.

#### **Foreign currency risk**

The Company undertakes transactions denominated in foreign currencies. Hence, exposure to exchange rates fluctuations arise. At the year end, the carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

<b>Foreign currency risk</b>	<b>31 12 12</b>	<b>31 03 12</b>
	£	£
USD	34,716	6,960
Euro	74,610	17,804

The Company did not have any foreign currency denominated monetary liabilities as at the period end. The directors believe that there is no significant foreign exchange risk exposure.

#### **Interest rate risk**

The Company is not exposed to interest rate risk.

#### **Credit risk**

The Company's principal financial assets are bank balances and other receivables. The company has no significant concentration of credit risk.

Cash and cash equivalents as at 31 December 2012 were £361,657 (31 March 2012 - £539,424).

All the financial assets and liabilities at the year end are repayable on demand.

**Delta Financial Markets Limited**

**Notes to the Financial Statements - continued**  
**for the Period 1 April 2012 to 31 December 2012**

**16 CLIENT MONEY**

The Company holds client money in accordance with client money regulations of the Financial Services Authority. Such money and corresponding liabilities are not shown on the balance sheet as the Company is not beneficially entitled thereto.

At 31 December 2012, amounts held by the firm on behalf of clients amounted to £172,497 (31 March 2012- £54,238). These amounts are not incorporated in the Company's balance sheet.