

REGISTERED NUMBER: 07280005 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2018
for
Delta Financial Markets Limited

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for the Year Ended 31 December 2018

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Delta Financial Markets Limited

Company Information
for the Year Ended 31 December 2018

DIRECTORS:

V A Kisyov
N Nedkov

REGISTERED OFFICE:

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

REGISTERED NUMBER:

07280005 (England and Wales)

AUDITORS:

S H LANDES LLP
3rd Floor, Fairgate House
78 New Oxford Street
London
WC1A 1HB

Strategic Report
for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

Delta Financial Markets Limited (DF Markets) issues the following trading update relating to the 12 months ended on the 31st of December 2018.

The year 2018 featured some significant changes to the environment of the business. The most remarkable of these, being regulatory in nature, was the exercise by the European Securities and Markets Authority (ESMA) of product intervention measures under Article 40 of the Markets in Financial Instrument Regulation (MiFIR) in relation to the introduction of temporary restriction on the marketing, distribution or sale of Contracts for Differences (CFDs) to Retail Clients. The measures, effective from 1 August 2018 applied as followed:

- Leverage limits on the opening of a position by a retail client from 30:1 to 2:1, which vary according to the volatility of the underlying financial instrument;
 - A margin close out rule on a per account basis. This standardised the percentage of margin (at 50% of minimum required margin) at which providers are required to close out one or more retail client's open positions in CFDs;
 - Negative balance protection on a per account basis. This provided an overall guaranteed limit on retail client losses;
 - A restriction on the monetary and non-monetary incentives (i.e. marketing activities) offered to retail clients to trade CFDs; and
 - A standardised risk warning, including the percentage of losses on a CFD provider's retail investor accounts.
- The Financial Conduct Authority confirmed these measures would become part of domestic law upon the UK's withdrawal from the EU.

These regulatory changes had a negative impact on the business in terms of revenue and client growth potential, considering that most of the firm's customers are retail clients.

The other considerable change to the environment of the business has been attributed to the ever growing uncertainty around the UK's departure from the EU and its implications on the financial services passporting rights. The business has taken a "wait-and-see" approach, withholding some decisions regarding expansion plans and spending.

Despite these challenging conditions, the Directors have taken the view that the business will be able to adapt and look forward to continuing the firm's successful development.

Plans are being put in place to advance DF Markets' CFD and financial spread betting service offerings. One of the measures implemented in 2018 has been the launch of non-leveraged CFD accounts which feature a number of advantages for the self-directed investor in terms of lower risk, as compared to leveraged products, cost and tax efficiency, flexibility of access to the markets, to name a few.

In the overviewed period DF Markets continued investing considerable resources in innovation and platform development. A number of new upgrades to the company's flagship Spread Betting and CFD trading platforms - DF Trader (SB), DF Trader Web (SB) and DF Trader Mobile (SB) - were released in the course of the year. Major updates covered, among others, quotes, charts and orders management functionalities and design, sound alerts and voice quote features, as well as trading performance statistics and account access security. It is the adopted approach to innovation and continuous product improvement that underlies the ability of the company to better position itself to meet client expectations as well as to enhance their experience with DF Markets' services.

Strategic Report
for the Year Ended 31 December 2018

The company continued to focus its efforts on expanding its market presence in the UK for its financial spread betting services and in the EU area for its CFD business in 2018. Relevant to the online nature of the services which are being provided on an execution-only basis, a variety of digital marketing campaigns were implemented in an attempt to drive growth in the number of new customers as well as to build DF Markets brand awareness and brand visibility in the marketplace.

The channels used included Google advertising platform, both Search and Display, as well as social media, such as Facebook and Twitter. Apart from engagement and distribution of valuable market and company products information on social media, the advertising options of these networks were utilised to reach target audiences in a more comprehensive way and in their preferred connected environment. Advertising on leading niche comparison websites was also part of the mix of marketing activities carried out in 2018.

In November, DF Markets took part in the largest investment show in the Netherlands - the 2018 BeleggersFair which was held in Amsterdam. The event proved an excellent opportunity for the firm to showcase its products and services to prospective customers as well as to meet existing clients and discuss with them their valuable feedback. The firm launched its new website in the first quarter of 2018. The new website boasts a clean and modern design, intuitive and consistent site-wide navigation system with improved menu functionality, designed to direct the visitor to the information most relevant to them. It is also fully responsive with mobile devices.

DF Markets continues to explore opportunities for expansion in key markets, as well as to further improve its trading platforms and product range. The focus on technology and high-quality personalised customer service are recognised as key factors in the firm's strategic approach to retain high-value experienced premium clients, who understand the products they are trading, and to continue driving client recruitment.

Strategic Report
for the Year Ended 31 December 2018

PRINCIPAL RISKS AND UNCERTAINTIES

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 settling 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 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.

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.

Strategic Report
for the Year Ended 31 December 2018

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 IFPRU €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 and spread bets 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.

Private Medical Insurance

The company does not have a Medical Insurance Scheme.

Remuneration Structures

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

Strategic Report
for the Year Ended 31 December 2018

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.

ON BEHALF OF THE BOARD:

V A Kisyov - Director

10 April 2019

Report of the Directors
for the Year Ended 31 December 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

Delta Financial Markets Limited is a company incorporated and domiciled in England and has its registered office at 3rd Floor, Fairgate House, 78 New Oxford Street, WC1A 1HB. Its principal place of business is 5 Harbour Exchange Square, London, E14 9GE.

PRINCIPAL ACTIVITY

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

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of £0.4224 per share for year ended 31 December 2017.

The total distribution of dividends made is £633, 680.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

V A Kisiov

N Nedkov

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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.

Report of the Directors
for the Year Ended 31 December 2018

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.

ON BEHALF OF THE BOARD:

V A Kisyov - Director

10 April 2019

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

Opinion

We have audited the financial statements of Delta Financial Markets Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, 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 company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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 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 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 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 a Report of the Auditors 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. This description forms part of our Report of the Auditors.

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 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.

Filip Lyapov (Senior Statutory Auditor)
for and on behalf of S H LANDES LLP
3rd Floor, Fairgate House
78 New Oxford Street
London
WC1A 1HB

11 April 2019

Income Statement
for the Year Ended 31 December 2018

	Notes	31.12.18 £	31.12.17 £
TURNOVER		747,034	2,648,241
Cost of sales		<u>6,077</u>	<u>1,020,575</u>
GROSS PROFIT		<u>740,957</u>	<u>1,627,666</u>
Administrative expenses		<u>794,685</u> (53,728)	<u>1,035,068</u> 592,598
Other operating income		<u>1,204</u>	<u>-</u>
OPERATING (LOSS)/PROFIT	4	<u>(52,524)</u>	<u>592,598</u>
Interest receivable and similar income		<u>966</u>	<u>191</u>
(LOSS)/PROFIT BEFORE TAXATION		<u>(51,558)</u>	<u>592,789</u>
Tax on (loss)/profit	5	<u>-</u>	<u>114,630</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u><u>(51,558)</u></u>	<u><u>478,159</u></u>

The notes form part of these financial statements

Other Comprehensive Income
for the Year Ended 31 December 2018

	Notes	31.12.18 £	31.12.17 £
(LOSS)/PROFIT FOR THE YEAR		(51,558)	478,159
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(51,558)</u>	<u>478,159</u>

Delta Financial Markets Limited (Registered number: 07280005)**Balance Sheet**
31 December 2018

	Notes	31.12.18 £	£	31.12.17 £	£
FIXED ASSETS					
Tangible assets	7		3,599		4,799
CURRENT ASSETS					
Debtors	8	436,347		527,048	
Cash at bank		<u>1,281,245</u>		<u>2,199,350</u>	
		1,717,592		2,726,398	
CREDITORS					
Amounts falling due within one year	9	<u>272,749</u>		<u>597,517</u>	
NET CURRENT ASSETS			<u>1,444,843</u>		<u>2,128,881</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,448,442</u>		<u>2,133,680</u>
CAPITAL AND RESERVES					
Called up share capital	13		1,500,000		1,500,000
Retained earnings	14		<u>(51,558)</u>		<u>633,680</u>
SHAREHOLDERS' FUNDS			<u>1,448,442</u>		<u>2,133,680</u>

The financial statements were approved by the Board of Directors on 10 April 2019 and were signed on its behalf by:

V A Kisyov - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	1,500,000	155,521	1,655,521
Changes in equity			
Total comprehensive income	-	478,159	478,159
Balance at 31 December 2017	<u>1,500,000</u>	<u>633,680</u>	<u>2,133,680</u>
Changes in equity			
Dividends	-	(633,680)	(633,680)
Total comprehensive income	-	(51,558)	(51,558)
Balance at 31 December 2018	<u>1,500,000</u>	<u>(51,558)</u>	<u>1,448,442</u>

Cash Flow Statement
for the Year Ended 31 December 2018

	Notes	31.12.18 £	31.12.17 £
Cash flows from operating activities			
Cash generated from operations	1	(176,296)	62,121
Tax paid		<u>(114,653)</u>	<u>(22,838)</u>
Net cash from operating activities		<u>(290,949)</u>	<u>39,283</u>
Cash flows from investing activities			
Interest received		<u>966</u>	<u>191</u>
Net cash from investing activities		<u>966</u>	<u>191</u>
Cash flows from financing activities			
Equity dividends paid		<u>(633,680)</u>	<u>-</u>
Net cash from financing activities		<u>(633,680)</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		<u>(923,663)</u>	<u>39,474</u>
Cash and cash equivalents at beginning of year	2	2,199,350	2,159,876
Cash and cash equivalents at end of year	2	<u><u>1,275,687</u></u>	<u><u>2,199,350</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2018**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.18	31.12.17
	£	£
(Loss)/profit before taxation	(51,558)	592,789
Depreciation charges	1,200	1,600
Finance income	(966)	(191)
	(51,324)	594,198
Decrease in trade and other debtors	90,701	27,212
Decrease in trade and other creditors	(215,673)	(559,289)
Cash generated from operations	(176,296)	62,121

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	1,281,245	2,199,350
Bank overdrafts	(5,558)	-
	<u>1,275,687</u>	<u>2,199,350</u>

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>2,199,350</u>	<u>2,159,876</u>

Notes to the Financial Statements
for the Year Ended 31 December 2018

1. STATUTORY INFORMATION

Delta Financial Markets Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified for certain financial instruments measured at fair value in accordance with the accounting policies set out below.

These financial statements have been prepared in compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

After reviewing the forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The Company does not have any estimates which could have significant effect on the financial statements.

Turnover

Turnover represents gains and losses on foreign currency, CFD (Contracts for Difference), precious metals and spread betting trading on a trade date basis and any commissions earned on individual trades. Gains and losses are recognised on closed positions as they occur and on open positions using a mark-to-market valuation. Commission or any fees paid to brokers or referring parties relating to the trades is recorded within cost of sales. Costs relating to promotional incentives from credit campaigns which are eligible for conversion into a client balance are offset against trading revenue.

Provisions are made against client loss when amounts are not deemed recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost include the purchase cost and all other costs necessary to bring it in present location and conditions.

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

Plant & Machinery - 25% on NBV

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

The financial statements are presented in GBP, which is also the functional currency of the company. Transactions in currencies, other than the functional currency of the company, are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. Exchange differences are recognised in profit or loss in the period in which they arise. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Trade and other debtors

Trade and other debtors comprise amounts due from clients, brokers and the parent undertaking arising from trading activities and open positions. All debtors except for trading positions are categorised as loans and receivables and initially measured at cost and are subsequently measured at amortised cost using the effective interest rate method where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts. 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 and are classified as at Fair Value Through Profit and Loss (FVTPL). A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank, market deposits and other 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 at bank and in hand.

Trade and other creditors

Trade and other 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 and are classified at FVTPL. Trade and other creditors except for trading positions are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Trading positions are measured at fair value subsequent to initial measurement.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

3. EMPLOYEES AND DIRECTORS

	31.12.18	31.12.17
	£	£
Wages and salaries	228,382	233,165
Social security costs	20,208	20,963
Other pension costs	5,861	5,861
	<u>254,451</u>	<u>259,989</u>

The average number of employees during the year was as follows:

	31.12.18	31.12.17
Settlement, back office & administration	2	2
Sales and customer support	3	3
	<u>5</u>	<u>5</u>

	31.12.18	31.12.17
	£	£
Directors' remuneration	<u>108,000</u>	<u>108,000</u>

4. OPERATING (LOSS)/PROFIT

The operating loss (2017 - operating profit) is stated after charging/(crediting):

	31.12.18	31.12.17
	£	£
Other operating leases	40,800	38,146
Depreciation - owned assets	1,200	1,600
Auditors' remuneration	16,200	16,200
Auditors' remuneration for non audit work	4,350	29,640
Taxation advisory services	3,000	-
Foreign exchange differences	<u>(15,584)</u>	<u>(74,236)</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	31.12.18	31.12.17
	£	£
Current tax:		
UK corporation tax	-	114,630
Tax on (loss)/profit	<u>-</u>	<u>114,630</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

5. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.18	31.12.17
	£	£
(Loss)/profit before tax	<u>(51,558)</u>	<u>592,789</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.246%)	(9,796)	114,088
Effects of:		
Expenses not deductible for tax purposes	-	232
Depreciation in excess of capital allowances	228	310
Losses carried forward	<u>9,568</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>114,630</u>

6. DIVIDENDS

	31.12.18	31.12.17
	£	£
Ordinary shares of £1 each		
Final	<u>633,680</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1 January 2018	
and 31 December 2018	<u>11,238</u>
DEPRECIATION	
At 1 January 2018	6,439
Charge for year	<u>1,200</u>
At 31 December 2018	<u>7,639</u>
NET BOOK VALUE	
At 31 December 2018	<u>3,599</u>
At 31 December 2017	<u>4,799</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Amounts owed by group undertakings	185,093	214,156
Other debtors	238,577	293,912
Prepayments	12,677	18,980
	<u>436,347</u>	<u>527,048</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Bank loans and overdrafts (see note 10)	5,558	-
Trade creditors	212,370	442,400
Corporation tax	-	114,653
Social security and other taxes	8,293	9,973
Other creditors	10,300	12,491
Accrued expenses	36,228	18,000
	<u>272,749</u>	<u>597,517</u>

10. LOANS

An analysis of the maturity of loans is given below:

	31.12.18	31.12.17
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>5,558</u>	<u>-</u>

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.18	31.12.17
	£	£
Within one year	41,983	40,800
Between one and five years	<u>7,027</u>	<u>6,847</u>
	<u>49,010</u>	<u>47,647</u>

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

12. FINANCIAL INSTRUMENTS

The table below sets out the classification of each class of financial assets and liabilities.

'Cash at bank and in hand' represents cash held on demand and on deposit with the financial institutions.

'Trade and other receivables' represents balances owed to the company by brokers and clients, Open positions with client and brokers that are neither past due nor impaired are disclosed as Fair Value Through Profit and Loss (FVTPL). Closed positions with client and brokers are disclosed as loans and receivables.

'Trade and other payables' represents balances where the combination of client's cash held on account and the valuation of financial derivatives open positions results in amounts payable by the company.

Financial assets	31.12.18	31.12.17
£	£	
At amortised cost:		
Cash at bank and in hand	1,281,245	2,199,350
Non-financial assets	12,677	18,980
Other Deposit	4,986	9,750
At Fair Value Through Profit and Loss:		
Amounts due from parent undertaking (Trading balance)	185,093	214,156
Amounts due from third parties - Brokers	197,099	204,115
Amounts due from clients	36,492	80,047
Total assets	1,717,592	2,726,398
	=====	=====
Financial liabilities		
Amortised cost		
Trade creditors and accruals	272,749	597,517
Total liabilities	272,749	597,517
	=====	=====

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 and repayable on demand.

The company's derivatives are level two financial instruments and are derived directly from market foreign exchange rates, indices and share prices.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.18	31.12.17
		£1	£	£
1,500,000	Ordinary		<u>1,500,000</u>	<u>1,500,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

14. RESERVES

	Retained earnings £
At 1 January 2018	633,680
Deficit for the year	(51,558)
Dividends	<u>(633,680)</u>
At 31 December 2018	<u>(51,558)</u>

15. RELATED PARTY DISCLOSURES

As at 31 December 2018, £185,093 (2017: £214,156) of company's funds were held in a trading account with the parent company, Deltastock AD Bulgaria.

During the period, the company was charged £196,262 (2017: £433,481) by the parent company, Deltastock AD Bulgaria in respect of outsourcing of the trading platform. At the year end £189,062 is payable to Deltastock AD Bulgaria.

During the year remuneration of £108,000 was paid to key management personnel.

16. 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.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

17. FINANCIAL RISK MANAGEMENT

The company's principal business activities result in exposure to market, foreign currency and credit risks. Effective identification, assessment and management of these risks is critical to the success and stability of the company. As a result, risk management procedures have been established to identify, monitor and control each of these major risks.

The board of directors are responsible for monitoring and oversight of activities and risk exposure of the company.

Market risk

Market risk is the risk of potential loss due to changes in market prices. The company takes positions and these gives 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. The company therefore has exposure to market risk to the extent that it has a residual un-hedged position. No sensitivity analysis has been performed as the net market risk is the sum of unconnected positions across a range of different markets.

In the directors' opinion, as a result of hedging undertaken by the company, Market risk is not significant and no sensitivity analysis is presented as the impact of reasonably possible market movements is immaterial.

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:

Foreign currency risk	31.12.18	31.12.17
£ £		
USD	190,502	153,820
Euro	702,082	1,888,022

The company did not have any foreign currency denominated monetary liabilities as at the year 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. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

Management believes that the company has exposure to credit risk in respect of its clients. Company is exposed to default risk arising from the potential that clients or counterparties may fail to satisfy their obligations. The company seeks to control the risks associated with its client margin activities by requiring clients to maintain collateral in compliance with regulatory and internal guidelines. The company operates a real time mark-to-market trading platform with clients' profits and losses being credited and debited automatically to their account. Client credit risk can arise where there are significant sudden movements in the underlying market for the product they are trading. Credit loss mitigation is achieved by ensuring clients collateralise their accounts at an appropriate level and by the utilisation of an automated close out facility which liquidates a client's risk positions appropriately if liquidation thresholds are broken.

Concentrations of credit risk

The company's exposure to credit risk associated with its principal activities is measured on an individual counterparty basis, as well as by groups of counterparties that share similar attributes. Concentration of credit risk can be affected by changes in political, industry, or economic factors. To reduce the potential for risk concentration, credit limits are established and monitored in light of changing counterparty and market conditions. As at 31 December 2018 and 2017, the company did not have material concentrations of credit risk.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. The company has established procedures for measuring funding requirements and identifying potential liquidity mismatches.

The company maintains a highly liquid balance sheet with majority of assets comprising of cash held with banks and clearing houses. Cash and cash equivalents as at 31 December 2018 was £1,281,245 (31 December 2017 - £2,199,350).

18. CAPITAL MANAGEMENT

The company's capital management objectives are:

- To ensure the company's ability to continue as a going concern, and
- To meet regulatory capital requirements at all times.

These objectives are primarily met by managing the market risks that the company faces on a regular basis.

The company is regulated by the Financial Conduct Authority (FCA), and is required to adhere to a minimum capital requirement. Capital is represented by issued share capital and reserves. The capital requirements are derived from credit risk, operational risk, market risk and counterparty risk.

There have been no changes to the capital management objectives, policies and procedures since the prior period.

As at the reporting date capital resources, capital requirements and capital surplus were as follows:

	31.12.18 £('000)	31.12.17 £('000)
Capital reserves	1,448	2,133
Capital requirements	1,242	1,388
Surplus	206	745

The regulatory capital requirements are calculated daily and monitored on an intraday basis. The regulatory capital requirements and resources are reported to the FCA on a quarterly basis.

There have been no changes in the company's management of capital and its capital has been in excess of the capital requirement throughout the period.

The company has surplus cash at the reporting date, and it has adequate forecast financial resources in order to meet its liabilities as they fall due.

In the opinion of the directors the company is a going concern based on the following key indicators:

- Increase in number of trading clients
- Proposed developments in Contract for differences (CFD's) and Financial Spread Betting (SB) service offerings

All of the above have been forecast in line with the company's expansion plans and are adequate to meet the capital requirements.

In light of the above, the going concern basis of accounting is deemed to be appropriate for the company.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

19. CLIENT MONEY

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

At 31 December 2018, amounts held by the firm on behalf of clients amounted to £2,853,284 (31 December 2017: £4,062,878). These amounts are not incorporated in the company's balance sheet.

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