

**SCB & Associates Limited**

**Annual report and audited financial statements**

for the year ended 31 December 2019

Registered number: 07859997

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**Company Information**

<b>Directors</b>	J Emanuelsson K C McGeeney B Castelnuevo
<b>Company secretary</b>	B Castelnuevo
<b>Registered number</b>	07859997
<b>Registered office</b>	Unit C, 2nd Floor 16 Dufferin Street London EC1Y 8PD
<b>Independent auditors</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Barclays Bank PLC 114 Fenchurch Street London EC3M 5LT

## **Contents**

	<b>Page</b>
<b>Directors' report</b>	<b>1 - 2</b>
<b>Group strategic report</b>	<b>3 - 5</b>
<b>Independent auditor's report</b>	<b>6 - 8</b>
<b>Consolidated statement of comprehensive income</b>	<b>9</b>
<b>Consolidated statement of financial position</b>	<b>10 - 11</b>
<b>Company statement of financial position</b>	<b>12 - 13</b>
<b>Consolidated statement of changes in equity</b>	<b>14</b>
<b>Company statement of changes in equity</b>	<b>15</b>
<b>Consolidated statement of cash flows</b>	<b>16</b>
<b>Notes to the consolidated financial statements</b>	<b>17 - 36</b>
<b>The following pages do not form part of the statutory financial statements:</b>	
<b>FCA Pillar 3 disclosures</b>	<b>37 - 42</b>

## Directors' report

for the year ended 31 December 2019

The directors present their annual report together with the Group strategic report and the consolidated financial statements of the SCB & Associates Limited Group ('the Group'), which consists of SCB & Associates Limited ('the Company') and its subsidiaries, SCB & Associates PTE Limited and D1 Oils Trading Limited ('the Subsidiaries'), for the year ended 31 December 2019.

### General information

The Company is a private limited company incorporated in England and Wales under the Companies Act 2006 with registration number 07859997. The address of the registered office and principal place of trading of the Company is Unit C, 2nd Floor, 16 Dufferin Street, London, EC1Y 8PD. The principal activity of the Company is described in the Group strategic report.

### Results and dividends

The profit for the year, after taxation, amounted to £213,001 (2018 - £1,512,025).

The directors did not recommend a dividend during the year (2018: £nil).

### Directors

The directors who served during the year were:

J Emanuelsson  
K C McGeeney

B Castelnovo was appointed director on 17 February 2020.

### Directors' responsibilities statement

The directors are responsible for preparing the Directors' report, the Group strategic report 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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 Group and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, 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 the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

**Directors' report (continued)**

for the year ended 31 December 2019

**Strategic report**

The Company has chosen in accordance with s414C(11) Companies Act 2006 to set out in the Group's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained on the Directors' report. It has done so in respect of discussion of risk exposure and future developments. The directors have also included in the Group's strategic report consideration of the effects of COVID-19.

**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.

This report was approved by the board on 23 April 2020 and signed on its behalf.

  
K C McGeeney  
Director

## Group strategic report

for the year ended 31 December 2019

The directors present the Group strategic report for the year ended 31 December 2019.

### Principal activity

SCB & Associates Limited ('the Company') is a leading global commodity brokerage with a specialty in renewable energy and sustainable commodities. The principal activity of the Company and SCB & Associates PTE Limited is that of commodities broking, and the principal activity of D1 Oils Trading Limited is that of monetising and marketing biofuels intelligence related to the refining and trading of bio-diesel.

The Company and its Subsidiaries engage with the business activities of the Company's Parent company in Switzerland, SCB Brokers SA, and together are part of the SCB Group of companies. SCB Group's mission is to promote the adoption of a low carbon future. SCB Group promotes the adoption of low carbon alternatives by reducing the frictional cost of low carbon practices. Working with our clients and partners, we create markets, develop hedging tools and provide price transparency.

### Business review and future developments

The directors are satisfied with the results for the year and are confident of growth in the future.

### Principal risks and uncertainties

#### *Business risk*

The Group's revenue is dependent on its ability to access trading and hedging orders in the markets in which it operates; it is exposed to the existence and volume of the trade flows themselves. The size of the trading activity or volumes is a result of the supply-demand economics inherent in the underlying commodities, economic growth and development of the countries and industries in which the commodities are used as inputs. The price volatility exhibited by the markets is a direct effect of the imbalance of such supply-demand equilibria, a healthy price volatility is generally good for hedging and trading volumes. The energy derivatives brokerage desk, accordingly, may be exposed to such business cycles. For our physical desk, the primary (though non-exclusive) business risks are of a governmental and regulatory nature, with high sensitivity to changes in government subsidies, trade barriers and legislation.

Due to COVID, it is possible that trading volumes will decrease in 2020, which will adversely impact revenue and profitability. Due to the Company's variable compensation model and strong capital base, the Company is well-positioned to weather any temporary revenue declines.

#### *Market risk*

The Group takes no principal market risk. SCB & Associates Limited maintains a limited licence as a matched principal broker by the Financial Conduct Authority ("the FCA"), allowing it to execute give-up transactions. Such transactions are immediately, and always, given-up to customers, and the firm never takes a position in the marketplace as a result. The firm has no market risk.

#### *Regulatory Capital*

Capital requirements for SCB & Associates Limited have been determined according to the relevant statutes. The Group monitors its expenditure on a monthly basis and takes into account any material fluctuations in order to determine whether the Financial Resources Requirement (as required by the FCA), remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year.

#### *Operational risk*

The Group relies on the operational procedures and controls that it has in place in order to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect.

The Group makes note of a key operational risk related to the potential existence of errors from order executions that may, from time to time, occur. The Group has an explicit process for ensuring that any such risks are corrected as soon as employees are aware of it, mitigating the loss for the Group.

## **Group strategic report (continued)**

for the year ended 31 December 2019

### **Impact of COVID-19**

The directors have considered the impact of the current COVID-19 pandemic on the Group's and Company's operations, with a particular focus on its effect on the Group's and Company's customers, suppliers, directors and employees.

The directors do not consider this to be cause for material uncertainty in respect of the Group's ability to continue as a going concern. The Group has adapted well, successfully employing contingency plans, and the directors consider that the Group has sufficient financial resources to continue for the foreseeable future, despite the current crisis.

### **Financial key performance indicators ("KPIs")**

Given the nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### **Directors' statement of compliance with duty to promote the success of the company**

As directors, we have a responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to the likely consequences of any decision in the long term, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of the Company.

Our key stakeholders and the way in which we engage with them are as follows:

#### **Employees**

We continue to rely on our skilled team members' relentless energy and unparalleled expertise to maintain our position as world-leading experts in the environmental products markets. Our employees have participated in hundreds of conferences, presentations and events throughout the world. We operate a relatively flat structure to ensure that information flows to the executive management from all parts of the organisation. Our employees can participate in team-building events, as well as volunteer missions with colleagues from around the globe.

#### **Customers**

We help our customers by reducing the frictional cost of low carbon practices through price discovery and by creating liquidity for the markets in which we operate. Our business is always conducted with integrity; ensuring our relationships with our partners and clients are based on trust and respect.

#### **Suppliers**

We value the work our suppliers perform for us, and we act fairly in all our business relationships. It is our policy to pay our suppliers on time to ensure a mutually beneficial relationship.

#### **Regulators**

We commit to transparent and timely communication with all regulators and governmental authorities. We know that to be successful in the long-term we must continue to invest in robust compliance tools and technology to ensure we are able to efficiently carry out our civic duties.

**Group strategic report (continued)**

for the year ended 31 December 2019

**Community**

Our corporate social responsibility is centred on experience and volunteering, as this gives greater purpose to our mission and values. In 2019, ten SCB Group colleagues joined buildOn, assisting a community in building a primary school in rural Senegal. We also sponsored a women's adventure event in the mountains to build confidence and connections amongst our female staff. The weekend was run by a female entrepreneur and we are proud to have supported her inaugural event. SCB also once again signed up to participate in Bike Texas MS 150, an annual charity bike riding event for multiple sclerosis and Drive for a Child, an annual golf charity event benefiting Texas Children's hospital.

**Environment**

Everything we do centres on our mission to promote a low carbon future. SCB Group has helped to abate over 300 million metric tonnes of CO2 through transactions brokered globally. By helping our clients' businesses grow, we influence opinion and advance towards a low carbon future.

This report was approved by the board on 23 April 2020 and signed on its behalf.

  
K C McGeeney  
Director



## **Independent auditor's report to the members of SCB & Associates Limited**

### **Opinion**

We have audited the financial statements of SCB & Associates Limited for the year ended 31 December 2019 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statement of changes in equity, the Consolidated 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

### **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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following information in the Annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

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

## **Independent auditor's report to the members of SCB & Associates Limited**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **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 Directors' report and the Group strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and the Group strategic 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report or the Group strategic 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, 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 directors' responsibilities statement, 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 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 to cease operations, or have no realistic alternative but to do so.

## Independent auditor's report to the members of SCB & Associates Limited

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's 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.



Peter Chapman (Senior statutory auditor)  
for and on behalf of  
**Buzzacott LLP**  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

23 April 2020

# Consolidated statement of comprehensive income

for the year ended 31 December 2019

	Note	2019 £	2018 £
Revenue	3	4,549,865	4,828,382
Gross profit		4,549,865	4,828,382
Other operating income		644,312	986,791
Administrative expenses		(4,933,097)	(3,991,140)
Profit from operations		261,080	1,824,033
Profit before tax		261,080	1,824,033
Tax expense	8	(48,079)	(312,008)
Profit for the year		213,001	1,512,025
Profit for the year attributable to:			
Owners of the parent		213,001	1,512,025
		<u>213,001</u>	<u>1,512,025</u>
Total comprehensive income attributable to:			
Owners of the parent		213,001	1,512,025
		<u>213,001</u>	<u>1,512,025</u>

All amounts relate to continuing operations.

There was no other comprehensive income for 2019 or 2018.

The notes on pages 17 to 36 form part of these financial statements.

## Consolidated statement of financial position

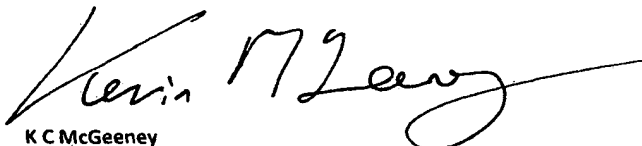
as at 31 December 2019

	Note	2019 £	2018 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	47,171	59,014
Intangible assets	9	50,000	32,384
Right-of-use assets	11	116,441	-
Trade and other receivables	13	58,812	58,812
		<b>272,424</b>	150,210
<b>Current assets</b>			
Trade and other receivables	13	1,216,778	1,037,003
Cash and cash equivalents		2,561,325	2,650,798
		<b>3,778,103</b>	3,687,801
Financial assets at fair value through profit or loss		56,818	29,528
<b>Total assets</b>		<b>4,107,345</b>	3,867,539

**Consolidated statement of financial position (continued)**  
as at 31 December 2019

	Note	2019 £	2018 £
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	15	32,360	-
Provisions	16	16,644	16,644
		<u>49,004</u>	<u>16,644</u>
<b>Current liabilities</b>			
Trade and other liabilities	15	1,230,466	1,329,154
Short term liabilities	11	94,136	-
		<u>1,373,606</u>	<u>1,345,798</u>
<b>Total liabilities</b>		<u>1,373,606</u>	<u>1,345,798</u>
<b>Net assets</b>		<u>2,733,739</u>	<u>2,521,741</u>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital		1	1
Share premium reserve		1,598,304	1,598,304
Foreign exchange reserve		5,200	6,203
Retained earnings		1,130,234	917,233
		<u>2,733,739</u>	<u>2,521,741</u>
<b>TOTAL EQUITY</b>		<u>2,733,739</u>	<u>2,521,741</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 April 2020

  
**K C McGeeney**  
Director

The notes on pages 17 to 36 form part of these financial statements.

## Company statement of financial position

as at 31 December 2019

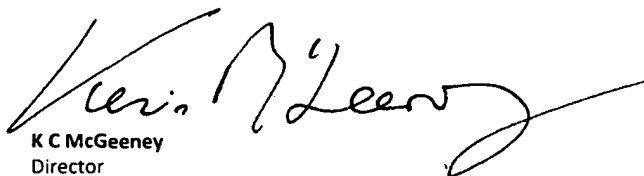
	Note	2019 £	2018 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	44,251	52,744
Other non-current investments	12	76,625	76,625
Right-of-use assets	11	116,441	-
Trade and other receivables	13	58,812	58,812
		<u>296,129</u>	<u>188,181</u>
<b>Current assets</b>			
Trade and other receivables	13	1,037,433	923,160
Cash and cash equivalents		2,020,884	2,162,441
		<u>3,058,317</u>	<u>3,085,601</u>
<b>Total assets</b>		<u>3,354,446</u>	<u>3,273,782</u>

**Company statement of financial position (continued)**

as at 31 December 2019

	Note	2019 £	2018 £
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	15	32,360	-
Provisions	16	16,644	16,644
		<u>49,004</u>	<u>16,644</u>
<b>Current liabilities</b>			
Trade and other liabilities	15	1,070,573	1,234,779
Short term liabilities	11	94,136	-
		<u>1,164,709</u>	<u>1,234,779</u>
<b>Total liabilities</b>		<u>1,213,713</u>	<u>1,251,423</u>
<b>Net assets</b>		<u>2,140,733</u>	<u>2,022,359</u>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital		1	1
Capital contributions		1,598,304	1,598,304
Retained earnings		542,428	424,054
<b>TOTAL EQUITY</b>		<u>2,140,733</u>	<u>2,022,359</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 April 2020

  
**K C McGeeney**  
 Director

The notes on pages 17 to 36 form part of these financial statements.



**Consolidated statement of changes in equity**

for the year ended 31 December 2019

	Share capital	Capital contributions	Foreign exchange reserve	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£	£
<b>At 1 January 2018</b>	<b>1</b>	<b>1,598,304</b>	<b>4,342</b>	<b>(594,792)</b>	<b>1,007,855</b>	<b>1,007,855</b>
Profit for the year	-	-	-	1,512,025	1,512,025	1,512,025
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,512,025</b>	<b>1,512,025</b>	<b>1,512,025</b>
Foreign exchange movement	-	-	1,861	-	1,861	1,861
<b>Total other movements</b>	<b>-</b>	<b>-</b>	<b>1,861</b>	<b>-</b>	<b>1,861</b>	<b>1,861</b>
<b>At 31 December 2018</b>	<b>1</b>	<b>1,598,304</b>	<b>6,203</b>	<b>917,233</b>	<b>2,521,741</b>	<b>2,521,741</b>
<b>At 1 January 2019</b>	<b>1</b>	<b>1,598,304</b>	<b>6,203</b>	<b>917,233</b>	<b>2,521,741</b>	<b>2,521,741</b>
Profit for the year	-	-	-	213,001	213,001	213,001
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213,001</b>	<b>213,001</b>	<b>213,001</b>
Foreign exchange movement	-	-	(1,003)	-	(1,003)	(1,003)
<b>Total other movements</b>	<b>-</b>	<b>-</b>	<b>(1,003)</b>	<b>-</b>	<b>(1,003)</b>	<b>(1,003)</b>
<b>At 31 December 2019</b>	<b>1</b>	<b>1,598,304</b>	<b>5,200</b>	<b>1,130,234</b>	<b>2,733,739</b>	<b>2,733,739</b>

The notes on pages 17 to 36 form part of these financial statements.

## Company statement of changes in equity

for the year ended 31 December 2019

	Share capital	Capital contributions	Retained earnings	Total equity
	£	£	£	£
<b>At 1 January 2018</b>	<b>1</b>	<b>1,598,304</b>	<b>(984,806)</b>	<b>613,499</b>
Profit for the year	-	-	1,408,860	1,408,860
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,408,860</b>	<b>1,408,860</b>
<b>At 31 December 2018</b>	<b>1</b>	<b>1,598,304</b>	<b>424,054</b>	<b>2,022,359</b>
<b>At 1 January 2019</b>	<b>1</b>	<b>1,598,304</b>	<b>424,054</b>	<b>2,022,359</b>
Profit for the year	-	-	130,974	130,974
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>130,974</b>	<b>130,974</b>
Retained earnings lease accounting adjustment	-	-	(12,600)	(12,600)
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>(12,600)</b>	<b>(12,600)</b>
<b>At 31 December 2019</b>	<b>1</b>	<b>1,598,304</b>	<b>542,428</b>	<b>2,140,733</b>

The notes on pages 17 to 36 form part of these financial statements.

## Consolidated statement of cash flows

for the year ended 31 December 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the year	213,001	1,512,025
<b>Adjustments for</b>		
Depreciation of property, plant and equipment	33,227	42,999
Impairment of goodwill	-	10,000
Decrease in deferred taxation	-	170,553
Finance lease interest	(3,270)	-
Reversal of impairment on goodwill	(17,616)	-
	<b>225,342</b>	<b>1,735,577</b>
<b>Movements in working capital:</b>		
(Increase) in trade and other receivables	(207,064)	(572,357)
Increase in trade and other payables	27,808	783,194
(Decrease)/Increase in foreign exchange reserve	(1,003)	1,861
Finance lease application	(12,800)	-
<b>Net cash from operating activities</b>	<b>32,283</b>	<b>1,948,275</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(23,734)	(16,650)
<b>Net cash used in investing activities</b>	<b>(23,734)</b>	<b>(16,650)</b>
Lease liability payments	(98,020)	-
<b>Net cash (used in)/from financing activities</b>	<b>(98,020)</b>	<b>-</b>
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	<b>(89,471)</b>	<b>1,931,625</b>
Cash and cash equivalents at the beginning of year	2,650,798	719,173
<b>Cash and cash equivalents at the end of the year</b>	<b>2,561,327</b>	<b>2,650,798</b>

The notes on pages 17 to 36 form part of these financial statements.

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### Accounting policies

#### 1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, IFRIC Interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

#### 1.2 Basis of preparation of financial statements

The financial statements are prepared on the historical cost basis except for certain financial instruments that are measured at fair value, and the accounting policies set out below have been applied. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The significant accounting policies of the Group have remained unchanged from the previous year, except for in respect of lease accounting based on the requirements of IFRS 16, and are set out below.

#### 1.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its Subsidiary as if they formed a single entity. Intercompany transactions and balances between these entities are therefore eliminated in full.

#### 1.4 Going concern

The directors have considered the impact of the current COVID-19 pandemic on the Group's and Company's operations, with a particular focus on its effect on the Group's and Company's customers, suppliers, directors and employees.

The directors do not consider this to be cause for material uncertainty in respect of the Group's ability to continue as a going concern. The Group has adapted well, successfully employing contingency plans, and the directors consider that the Group has sufficient financial resources to continue for the foreseeable future, despite the current crisis. Therefore the financial statements have been prepared on a going concern basis.

#### 1.5 Revenue recognition

Revenue represents commissions earned on commodity trades and is recognised on a trade date basis exclusive of sales taxes, except for trading in physical commodities, commission on which is not recognised until delivery has taken place.

##### *Rendering of services*

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### Accounting policies (continued)

#### 1.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### 1.7 Trade receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

#### 1.8 Trade payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

#### 1.9 Financial instruments

##### *Recognition, initial instruments and derecognition*

Financial assets and financial liabilities are recognised when the Company or its Subsidiaries become a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted for transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### *Classification and subsequent measurement of financial assets*

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified in to the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value

Financial assets measured at amortised cost are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. Different criteria are applied for each category of financial assets to determine impairment.

##### *Financial assets at fair value through profit or loss*

Derivatives that are not designated and effective as hedging instruments are classified as held for trading and are categorised as financial assets at fair value through profit or loss. These are initially recognised at fair value on trade date and are carried at fair value with changes in fair value recognised in profit or loss (in the Consolidated statement of comprehensive income).

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### Accounting policies (continued)

#### 1.9 Financial instruments (continued)

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities are carried at fair value with changes in fair value recognised in profit or loss. These are financial instruments held for short term trading and are initially recognised at fair value on trade date. Gains or losses arising from changes in the fair value of the financial liabilities at fair value through profit or loss category are presented in the consolidated statement of comprehensive income.

##### *Fair value measurement*

Fair value measurements are categorised into Level 1, 2 or 3, based on the degree to which inputs to the fair value measurements are observable. These are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 1.10 Finance leases

At inception of the contract, the Group assesses whether a contract is, or contains, a finance lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements, that are determined to be finance leases, in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Group have chosen to account for the finance lease in a separate line item and to post the cumulative impact of prior periods on the date of application. The asset will be depreciated over the term of the rental contract.

#### 1.11 Operating leases

Rentals applicable to leases that are deemed to be operating leases are charged against profit on a straight line basis over the period of the lease.

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### Accounting policies (continued)

#### 1.12 Foreign currency

##### a) *Functional and presentational currency*

These financial statements are presented in Pounds Sterling, which is the Company's functional currency.

##### b) *Transactions and balances*

Transactions in foreign currencies are translated into Pounds Sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the reporting date. Any gains or losses arising from a change in exchange rates subsequent to the transaction date are included as an exchange gain or loss in the consolidated statement of comprehensive income.

#### 1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and all other cash amounts with maturities of three months or less.

#### 1.14 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Leasehold improvements	over the remaining term of the lease
Fixtures and fittings	33.33%
Computer equipment	33.33%

#### 1.15 Investment in subsidiaries

Investments in the Subsidiaries are carried at historic cost and reviewed for impairment annually.

#### 1.16 Current and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### Accounting policies (continued)

#### 1.16 Current and deferred taxation (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### 1.17 Share capital

Ordinary shares are classified as equity. Any incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### 1.18 Capital contributions

Capital contributions are classified as equity and represent funds provided by the Group's sole shareholder, and are repayable by the Company at its sole discretion.

#### 1.19 Adoption of new and revised standards

##### a) New and amended standards adopted by the Group:

IFRS 16 Leases – requiring most leases to be recognised on the balance sheet as assets and liabilities.

There are no other new or amended IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning 1 January 2019 that would be expected to have a material impact on the Group.

There are no other new or amended IFRSs or IFRIC interpretations that have been issued but are not yet effective that would be expected to have a material impact on the Group.

## 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be any critical judgements or any areas of significant estimation uncertainty in respect of the year except for the potential deferred tax asset in the subsidiary D1 Oils Trading Limited and lease liability interest in respect of the right-of-use asset.



## Notes to the consolidated financial statements

for the year ended 31 December 2019

### 3. Revenue

Revenue is wholly attributable to the Group's principal activity.

	2019 £	2018 £
Sale of services	4,549,865	4,828,382
	<u>4,549,865</u>	<u>4,828,382</u>

Analysis of revenue by country of destination:

	2019 £	2018 £
United Kingdom	1,256,103	735,396
Rest of the world	3,293,762	4,092,986
	<u>4,549,865</u>	<u>4,828,382</u>

### 4. Other operating income

Other operating income consists of intercompany recharges, the sale of data and refunds in relation to bank charges previously paid by D1 Oils Trading Limited.

### 5. Operating profit

	2019 £	2018 £
<b>Operating profit is stated after charging/(crediting)</b>		
Depreciation of property plant and equipment	36,577	42,999
Operating lease rentals	29,384	123,206
Difference on foreign exchange	126,203	(75,940)
	<u>192,164</u>	<u>90,265</u>

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### 6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group auditor for the audit of the groups annual accounts	<b>10,500</b>	10,500
	<b>2019 £</b>	<b>2018 £</b>
<b>Fees payable to the Group auditor in respect of:</b>		
- the auditing of accounts of association of the Group pursuant to legislation	<b>3,000</b>	3,000
- audit-related assurance services	<b>2,750</b>	1,750
- taxation compliance services	<b>3,500</b>	3,500
- all other non-audit services not included above	<b>4,000</b>	4,000
	<b>13,250</b>	12,250

### 7. Staff costs and average number of employees

Staff costs during the year, excluding director's remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	<b>2,457,678</b>	2,444,828
Social security costs	<b>267,844</b>	263,290
Pension contribution	<b>27,393</b>	27,685
	<b>2,752,915</b>	2,735,803

## Notes to the consolidated financial statements

for the year ended 31 December 2019

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

	2019 £	2018 £
Professional	14	13
Administration	9	11
	<u>23</u>	<u>24</u>

Directors' remuneration in the year was £nil (2018 - £nil).

### 8. Tax expense

#### 8.1 Income tax recognised in profit or loss

	2019 £	2018 £
<b>Current tax</b>		
Current tax on profits for the year	40,642	344,006
Adjustments in respect of prior years	7,437	(31,351)
<b>Total current tax</b>	<u>48,079</u>	<u>312,655</u>
<b>Deferred tax expense</b>		
Origination and reversal of timing differences	-	(647)
<b>Total deferred tax</b>	<u>-</u>	<u>(647)</u>
<b>Total tax expense</b>		
Tax expense	48,079	312,008
	<u>48,079</u>	<u>312,008</u>

**Notes to the consolidated financial statements**

for the year ended 31 December 2019

**8. Tax expense (continued)****8.1 Income tax recognised in profit or loss (continued)**

Factors affecting the tax charge for the year

	2019 £	2018 £
Profit for the year	261,080	1,824,033
Profit on ordinary activities before taxation multiplied by standard average rate of corporation tax in the UK of 19% (2018 - 19%)	49,605	346,566
Fixed asset differences	438	764
Expenses not deductible for tax purposes	4,087	1,832
Adjustments to deferred tax due to lower applicable rates	818	(637)
Adjustments to tax charge in respect of prior periods	7,437	(31,351)
Subsidiary profit not subject to UK corporation tax	(14,306)	(5,166)
<b>Total tax expense</b>	<b>48,079</b>	<b>312,008</b>

**Changes in tax rates and factors affecting the future tax charges**

The government has enacted legislation to keep the corporation tax rate at 19% until 31 March 2020 and to reduce it to 17% from 1 April 2020. However, the government's 2020 budget statement proposes legislation to maintain the corporation tax rate at 19%.

At 31 December 2019, D1 Oils Trading Limited had net trading tax losses of £15.986 million (2018: £16.012 million) available to set off against future trading profits of the Company from the same trade. A deferred tax asset has not been recognised in respect of these losses as there is currently insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £2.718 million (2018: £2.722 million).

**9. Intangible assets****Group**

	Goodwill £
<b>Cost</b>	
At 1 January 2018	50,000
<b>At 31 December 2018</b>	<b>50,000</b>
<b>At 31 December 2019</b>	<b>50,000</b>

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### 9. Intangible assets (continued)

	Goodwill
	£
<b>Accumulated impairment</b>	
At 1 January 2018	7,616
Charge for the year	10,000
<b>At 31 December 2018</b>	<u>17,616</u>
Impairment reversal	(17,616)
<b>Net book value</b>	
At 1 January 2018	42,384
At 31 December 2018	32,384
At 31 December 2019	<u><u>50,000</u></u>

### 10. Property, plant and equipment

#### Group

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 January 2018	66,719	39,701	151,262	257,682
Additions	-	-	16,650	16,650
Disposals	-	-	(1,625)	(1,625)
<b>At 31 December 2018</b>	<u>66,719</u>	<u>39,701</u>	<u>166,287</u>	<u>272,707</u>
Additions	-	6,556	18,178	24,734
<b>At 31 December 2019</b>	<u><u>66,719</u></u>	<u><u>46,257</u></u>	<u><u>184,465</u></u>	<u><u>297,441</u></u>

# Notes to the consolidated financial statements

for the year ended 31 December 2019

## 10. Property, plant and equipment (continued)

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
<b>Accumulated depreciation and impairment</b>				
At 1 January 2018	22,239	20,680	128,723	171,642
Charge for the year	13,344	12,151	17,504	42,999
Disposals	-	-	(948)	(948)
<b>At 31 December 2018</b>	<b>35,583</b>	<b>32,831</b>	<b>145,279</b>	<b>213,693</b>
Charge for the year	13,344	7,838	15,395	36,577
<b>At 31 December 2019</b>	<b>48,927</b>	<b>40,669</b>	<b>160,674</b>	<b>250,270</b>
<b>Net book value</b>				
At 31 December 2018	31,136	6,870	21,008	59,014
At 31 December 2019	17,792	5,588	23,791	47,171

## Company

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 January 2018	66,719	35,311	125,742	227,772
Additions	-	-	10,581	10,581
Disposals	-	-	(1,625)	(1,625)
<b>At 31 December 2018</b>	<b>66,719</b>	<b>35,311</b>	<b>134,698</b>	<b>236,728</b>
Additions	-	6,556	18,178	24,734
<b>At 31 December 2019</b>	<b>66,719</b>	<b>41,867</b>	<b>152,876</b>	<b>261,462</b>

# Notes to the consolidated financial statements

for the year ended 31 December 2019

## 10. Property, plant and equipment (continued)

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
<b>Accumulated depreciation and impairment</b>				
At 1 January 2018	22,239	17,377	107,483	147,099
Charge for the year	13,344	11,141	13,348	37,833
Disposals	-	-	(948)	(948)
<b>At 31 December 2018</b>	<b>35,583</b>	<b>28,518</b>	<b>119,883</b>	<b>183,984</b>
Charge for the year	13,344	7,761	12,122	33,227
<b>At 31 December 2019</b>	<b>48,927</b>	<b>36,279</b>	<b>132,005</b>	<b>217,211</b>
<b>Net book value</b>				
At 31 December 2018	31,136	6,793	14,815	52,744
At 31 December 2019	17,792	5,588	20,871	44,251

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### 11. Finance lease

On 1 January 2019, the Group and Company recognised a right-of-use asset in respect of its office lease. The cost at 1 January 2019 represents the cumulated cost of the office lease since inception of the lease on 6 May 2016 to 31 December 2018.

	Office £	Total £
<b>Cost</b>		
At 1 January 2019	436,652	436,652
Additions	-	-
<b>At 31 December 2019</b>	<b>436,652</b>	<b>436,652</b>
<b>Accumulated depreciation</b>		
At 1 January 2019	232,881	232,881
Charge for the year	87,330	87,330
<b>At 31 December 2019</b>	<b>320,211</b>	<b>320,211</b>
<b>Carrying amount</b>		
At 31 December 2019	116,441	116,441
At 31 December 2018	203,771	203,771

### Lease liabilities

At 31 December 2019, the Group and Company is committed to paying £126,496 (2018: £216,371) in future lease payments, none of which relates to short-term leases. The carrying amount of the lease liabilities approximates the fair value.

The Group and Company's obligations are secured by the lessors's title to the leased office which has a carrying value of £116,441 (2018: £203,771). The Group and Company does not face a significant liquidity risk with regard to its lease liabilities and these are monitored as part of the overall process of managing cash flows.

The following table outlines the future lease payments:

	2019 £
Due within one year	94,136
Due in more than one year	32,360
<b>Total lease commitments</b>	<b>126,496</b>



## Notes to the consolidated financial statements

for the year ended 31 December 2019

### 12. Fixed asset investment

	Investment in subsidiary undertakings £
<b>Cost and net book value</b>	
At 1 January 2019	76,625
<b>31 December 2019</b>	<b>76,625</b>

The Company owns 100% of the ordinary share capital in SCB & Associates PTE. Ltd, a company incorporated in Singapore, which represents 100% of the voting rights. The principal activity of SCB & Associates PTE. Ltd is that of commodities broking.

The Company owns 100% of the ordinary share capital in D1 Oils Trading Limited, a company incorporated in the United Kingdom, which represents 100% of the voting rights. The principal activity of D1 Oils Trading Limited is that of marketing biofuels intelligence.

### 13. Trade and other receivables

#### Group

	2019 £	2018 £
Trade receivables	1,065,262	924,441
<b>Trade receivables - net</b>	<b>1,065,262</b>	<b>924,441</b>
Receivables from participating interests	22,687	5,476
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>1,087,949</b>	<b>929,917</b>
Prepayments and accrued income	34,691	33,757
Other receivables	152,950	132,141
<b>Total trade and other receivables</b>	<b>1,275,590</b>	<b>1,095,815</b>
Less: current portion - trade receivables	(1,065,262)	(924,441)
Less: current portion - prepayments and accrued income	(34,691)	(33,757)
Less: current portion - other receivables	(94,138)	(73,329)
Less: current portion - receivables from participating interests	(22,687)	(5,476)
<b>Total current portion</b>	<b>(1,216,778)</b>	<b>(1,037,003)</b>
<b>Total non-current portion</b>	<b>58,812</b>	<b>58,812</b>

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### 13. Trade and other receivables (continued)

#### Company

	2019 £	2018 £
Trade receivables	900,769	827,461
Receivables from related parties	4,666	-
Receivables from participating interests	21,925	5,476
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>927,360</b>	<b>832,937</b>
Prepayments and accrued income	22,483	22,789
Other receivables	146,402	126,246
<b>Total trade and other receivables</b>	<b>1,096,245</b>	<b>981,972</b>
Less: current portion - trade receivables	(900,769)	(827,461)
Less: current portion - prepayments and accrued income	(22,483)	(22,789)
Less: current portion - other receivables	(87,590)	(67,434)
Less: current portion - receivables from related parties	(4,666)	-
Less: current portion - receivables from participating interests	(21,925)	(5,476)
<b>Total current portion</b>	<b>(1,037,433)</b>	<b>(923,160)</b>
<b>Total non-current portion</b>	<b>58,812</b>	<b>58,812</b>

### 14. Financial assets

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial asset measured at fair value through profit or loss	56,818	29,528	-	-
	<b>56,818</b>	<b>29,528</b>	<b>-</b>	<b>-</b>

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### 15. Trade and other payables

#### Group

	2019 £	2018 £
Trade payables	29,610	15,616
Payables to participating interests	1,738	10,011
Other payables	71,351	19,681
Accruals	988,850	871,726
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>1,091,549</b>	<b>917,034</b>
Other payables - tax and social security payments	81,243	193,250
Deferred income	90,034	218,870
<b>Total trade and other payables</b>	<b>1,262,826</b>	<b>1,329,154</b>
Less: current portion - trade payables	(29,610)	(15,616)
Less: current portion - payables to participating interests	(1,738)	(10,011)
Less: current portion - other payables	(120,234)	(212,931)
Less: current portion - accruals	(988,850)	(871,726)
Less: current portion - deferred income	(90,034)	(218,870)
<b>Total current portion</b>	<b>(1,230,466)</b>	<b>(1,329,154)</b>
<b>Total non-current position</b>	<b>32,360</b>	<b>-</b>

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### 15. Trade and other payables (continued)

#### Company

	2019 £	2018 £
Trade payables	28,734	11,904
Payables to participating interests	-	7,390
Other payables	67,922	9,466
Accruals	835,000	793,899
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>931,656</b>	<b>822,659</b>
Other payables - tax and social security payments	81,243	193,250
Deferred income	90,034	218,870
<b>Total trade and other payables</b>	<b>1,102,933</b>	<b>1,234,779</b>
Less: current portion - trade payables	(28,734)	(11,904)
Less: current portion - payables to participating interests	-	(7,390)
Less: current portion - other payables	(116,805)	(202,716)
Less: current portion - accruals	(835,000)	(793,899)
Less: current portion - deferred income	(90,034)	(218,870)
<b>Total current portion</b>	<b>(1,070,573)</b>	<b>(1,234,779)</b>
<b>Total non-current position</b>	<b>32,360</b>	<b>-</b>

### 16. Provisions

	2019 Group £	2018 Group £	2019 Company £	2018 Company £
Dilapidation provision	16,644	16,644	16,644	16,644
	<b>16,644</b>	<b>16,644</b>	<b>16,644</b>	<b>16,644</b>

### 17. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	1	1

## Notes to the consolidated financial statements

for the year ended 31 December 2019

### 18. Reconciliation of movement in shareholder's funds

	2019 £	2018 £
<b>Group</b>		
Opening shareholder's funds	2,521,741	1,007,855
Profit for the financial year	213,001	1,512,025
Foreign exchange reserve	(1,003)	1,861
<b>Closing shareholder's funds</b>	<b>2,733,739</b>	<b>2,521,741</b>
	2019 £	2018 £
<b>Company</b>		
Opening shareholder's funds	2,022,359	613,500
Profit for the financial year	130,974	1,408,859
Retained earnings lease recognition adjustment	(12,600)	-
<b>Closing shareholder's funds</b>	<b>2,140,733</b>	<b>2,022,359</b>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt within the accounts of the Company was £130,974 (2018: £1,408,859).

### 19. Analysis of change in net funds

An analysis of changes in net debt has not been presented as all of the Group's cash flows relate to movements in cash, and the Group has no items to include in such an analysis other than the cash flows in the Consolidated statement of cash flows

### 20. Contingent liabilities

There were no other contingent liabilities at 31 December 2019 or 31 December 2018.

### 21. Capital commitments

The Group had no capital commitments at 31 December 2019 or 31 December 2018.

## **Notes to the consolidated financial statements**

for the year ended 31 December 2019

### **22. Capital risk management**

The Company manages its capital through continuous review of its total regulatory capital which is reported quarterly to the Board.

The Company's capital resources at 31 December 2019 were £2,143,733 (2018: £2,022,359).

	2019	2018
	£	£
Share capital	1	1
Capital contributions	1,598,304	1,598,304
Audited brought forward retained earnings	424,054	(984,805)
Retained earnings lease recognition adjustment	(12,600)	-
Profit	130,974	1,408,859
	<u>2,140,733</u>	<u>2,022,359</u>

### **23. Externally imposed capital requirements**

The Company is supervised in the UK by the Financial Conduct Authority ('the FCA') on a non-consolidated basis. The Company submits quarterly returns to the FCA on its capital adequacy.

The capital requirements imposed by the FCA have been complied with during the year.

### **24. Related party transactions**

During the year, the Company, provided services and recharged expenses to a subsidiary, SCB & Associates PTE. Ltd totalling £51,858 (2018: £55,958) and was charged £76,454 (2018: £74,395) for services received from SCB & Associates PTE Ltd.

During the year, the Company received revenue totalling £56,604 (2018: £98,944) from SCB & Associates PTE. Ltd.

SCB & Associates PTE. Ltd provided funding to the Company totalling £nil (2018: £170,370).

At 31 December 2019, £4,666 was due from (2018: £nil) SCB Associates PTE. Ltd to SCB & Associates Limited.

During the year, the Group provided services and recharged expenses to entities under common control totalling £449,386 (2018 - £654,638) and was charged expenses from these entities totalling £435,215 (2018: £364,657).

During the year, other income received by the Group from entities under common control totalled £73,957 (2018: £96,896).

The net amount of funding provided by the Group to entities under common control totalled £775,405 (2018: £975,551).

At 31 December 2019, the balance due from entities under common control totalled £26,592 (2018: balance due to totalled £4,534).

**Notes to the consolidated financial statements**

for the year ended 31 December 2019

**25. Immediate and ultimate controlling party**

The immediate and ultimate parent undertaking of the Company, SCB Brokers SA, is an entity established in Switzerland.

The ultimate controlling party is SCB Brokers SA.

## **Pillar 3 disclosure requirements**

for the year ended 31 December 2019

The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain.

In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU').

The FCA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk capital requirement;
- Pillar 2 requires the firm to assess whether its capital reserves, processes, strategies and systems are adequate to meet pillar 1 requirements and further determine whether it should apply additional capital, processes, strategies or systems to cover any other risks that it may be exposed to; and
- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position to encourage market discipline.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 obligations.

The Pillar 3 disclosure document has been prepared by SCB & Associates Limited ("The Firm") in accordance with the requirements of BIPRU 11 and is verified by a senior manager. Unless otherwise stated, all figures are as at the 31st December 2019 financial year-end.

Pillar 3 disclosures will be issued on an annual basis after the year end and published as soon as practical, usually in accordance with the firms' submission of the annual accounts.

Under proper rule, the firm retains the right to omit required disclosures if it believes that the information is immaterial and that such omission would be unlikely to change or influence the decision of a reader relying on that information for the purpose of making economic decisions about the firm.

In addition, the firm retains the right to omit required disclosures where it believes that the information is regarded as proprietary or confidential. In its view, proprietary information is that which, if it were shared, would undermine the firm's competitive position. Information is considered to be confidential where there are obligations binding it to confidentiality with our customers, suppliers and counterparties.

Nonetheless, the firm maintains that it has made no omissions on the grounds that it is immaterial, proprietary or confidential.

### **Scope and application of the requirements**

The Firm is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised as an "Exempt BIPRU Commodities Firm" by the FCA for capital purposes and is (1) a brokerage firm with no trading exposure, nor proprietary transactions, and (2) a firm that does not hold customer capital.



### **Pillar 3 disclosure requirements**

for the year ended 31 December 2019

The Firm is not a member of an FCA regulated group and so is not required to prepare consolidated reporting for prudential purposes.

#### **Risk Management**

The Firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen cooperatively by the Firm's Senior Management Team, including the Firm's directors and the Firm's Chief Financial Officer, who take overall responsibility for these processes and the fundamental risk appetite of the firm. These parties have joint responsibility for the enforcement of the Firm's risk principles.

Senior Management meets on a regular basis and discusses, generally, current projections for profitability, cash flow, regulatory capital management, and business planning and risk management. Senior Management reviews the Firm's risks through a framework of policy and procedures having regard to the relevant laws, standards, principles and rules (including FCA principles and rules); the firm aims to operate a defined and transparent risk management framework. These policies and procedures may be updated as required.

The Senior Management team has identified two main risks to which the Firm is exposed: business risks & operational risks. The Senior Management team may, from time to time, formally or informally review risks, controls and other risk mitigation arrangements and assess their effectiveness.

Operational issues are disclosed to the Senior Management team on an ongoing basis.

Appropriate action is taken where risks are identified which fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the firm's mitigating controls.

The firm takes no positions in any regulated marketplace.

Commissions are settled promptly at the conclusion of a transaction, and all bank accounts are held with large international credit institutions.

#### **Market Risk**

The Firm takes no principal market risk. The firm maintains a limited license as a matched principal broker by the FCA, allowing it to execute give-up transactions. Such transactions are immediately, and always, given-up to customers, and the firm never takes a position in the marketplace as a result. Thus, the firm has no market risk, and this is therefore excluded on the basis of applicability.

#### **Business risk**

The firm's revenue is dependent on its ability to access trading and hedging orders in the markets in which it operates; it is exposed to the existence and volume of the trade flows themselves. The size of the trading activity or volumes is a result of the supply-demand economics inherent in the underlying commodities, economic growth and development of the countries and industries in which the commodities are used as inputs. The price volatility exhibited by the markets is a direct effect of the imbalance of such supply-demand equilibriums, a healthy price volatility is generally good for hedging and trading volumes. The energy derivatives brokerage desk, accordingly, may be exposed to such business cycles. For our Physical desk, the primary (though non-exclusive) business risks are of a governmental and regulatory nature, with high sensitivity to changes in government subsidies, trade barriers and legislation.

## Pillar 3 disclosure requirements

for the year ended 31 December 2019

### Operational risk

The Firm relies on the operational procedures and controls that it has in place in order to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect.

#### i. Dealing errors

The Firm makes note of a key operational risk related to the potential existence of errors from order executions that may, from time to time, occur. All execution brokers employed have significant experience and knowledge of the business and products traded and are certified by the firm as fit and proper to perform the client dealing function. The firm has an explicit process for ensuring that any such risks are corrected as soon as employees are aware of it, mitigating the loss for the company and client. All errors are reviewed by Senior Management. Where necessary, the Firm will review processes and training requirements to address any issues and minimize re-occurrence.

### Regulatory capital

The Firm is a Limited Liability Company. The Firm's capital requirements have been determined according to the relevant statutes. Please see below for a breakdown of the regulatory capital requirements. The Firm monitors its expenditure on a monthly basis and takes into account any material fluctuations in order to determine whether the FRR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year. The main features of the Firm's capital resources for regulatory purposes are as follows:

	31.12.2019 £000
Tier 1 capital*	2,144
Tier 2 capital	0
Tier 3 capital**	0
Deductions from Tiers 1 and 2	0
<b>Total capital resources</b>	<b>2,144</b>
*No hybrid tier one capital is held	
**Note: Tier 3 capital is to be removed under the CRD IV	

The figures above are taken from the Firm's FCA Balance Sheet filing on 12.02.2020.

The Firm is small and maintains a simple operational infrastructure.

As discussed above, the firm is an "Exempt BIPRU Commodities Firm" and as such its capital requirements are the sum of:

- Base requirement, which is the higher of the Absolute minimum requirement, Expenditure requirement or Volume of business requirement;
- Total Liquidity Adjustment
- Charged Assets
- Contingent Liabilities
- Deficiencies in subsidiaries
- Total Position Risk Requirement
- Total Credit Risk Requirement

The Financial Resources Requirement is calculated in accordance with FCA rules for Exempt BIPRU Commodities Firms which require it to comply with the Interim Prudential Sourcebook for Investment Businesses ("IPRU-INV").

## Pillar 3 disclosure requirements

for the year ended 31 December 2019

### Capital requirement

The Firm's Pillar 1 capital requirement has been determined by reference to the Firm's Financial Resources Requirement FRR and calculated in accordance with the FCA's rules for Exempt BIPRU Commodities Firms, which require it to comply with IPRU-INV.

The Base Requirement is based on the Relevant Annual Expenditure computed to be 6/52nds of annual expenses net of variable costs deducted, which include licence fees, execution fees and bonuses, which have been deducted. The Firm monitors its expenditure on a regular basis and takes into account any material fluctuations in order to determine whether the FRR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year.

This is monitored by the Accountant and reported to senior management on a regular basis.

### Remuneration code disclosure

The Firm is authorised and regulated by the Financial Conduct Authority as "Exempt BIPRU Commodities Firm" and so it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA's Handbook. The Remuneration Code ("the RemCode") covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two.

The Firm's business is to provide services related to arranging transactions for clients, commonly referred to as a "broker".

The Firm's compensation arrangements:

1. are consistent with and promote sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest; and
4. are in line with the Firm's business strategy, objectives, values and long-term interests.

Summary of information on the decision-making process used for determining the firm's remuneration policy, including use of external benchmarking consultants where relevant.

- The Firm's policy will be reviewed from time to time or following a significant change to the business requiring an update to its internal capital adequacy assessment.
- The Firm's ability to pay discretionary bonus is based on the performance of the Firm overall and derived after appropriate profit has been calculated under the Firm's valuation policy, which is reviewed on an annual basis.
- Further, Broker commission payment rates are fixed and set out in the individual contracts and are directly linked to revenue generating ability of the individual brokers.

Summary of how the firm links between pay and performance.

- Individuals are rewarded based on their contribution to the overall strategy of the business.

**Pillar 3 disclosure requirements**  
for the year ended 31 December 2019

- Other factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior/operational staff responsible for the infrastructure of the firm.
- Aggregate quantitative information on remuneration broken down by significant business division.

Business Area	Aggregate compensation expense for prior fiscal year
Brokerage	£1,675,548
Corporate	£547,909

We may omit required disclosures where we believe that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

We have made no omissions on the grounds of data protection.

**A note on Materiality**

A firm must regard information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions.

A firm must regard information as proprietary information if the sharing of that information with the public would undermine its competitive position.

Proprietary information may include information on products or systems which, if shared with competitors, would render the firm's investment in them less valuable.

A firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the firm to confidentiality.

CEBS has stated that it is unlikely that the disclosure of information relating to remuneration would be confidential or proprietary for firms that have been allowed to aggregate the information due to proportionality. Where there is a limited number of Code Staff then the firm may consider such omissions.

SEE FCA Templates on Remuneration Code and FAQ for further consideration.