

Alphadyne (UK) Holdings Limited

Directors' report and financial statements

For the year ended 31 December 2019



Alphadyne (UK) Holdings Limited

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Alphadyne (UK) Holdings Limited

Administrative Information

Directors	Philippe Khuong-Huu Joseph D. Regan
Registered number	07910661
Registered office	4th Floor Reading Bridge House George Street Reading Berkshire RG1 8LS
Independent auditors	PricewaterhouseCoopersLLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
Bankers	Royal Bank of Scotland PLC City of London Office 1 Princes Street London EC2R 88P Citibank, N.A. 153 East 53rd Street, 24th Floor New York, NY 10022
Solicitors	Sidley Austin LLP 787 Seventh Avenue New York, NY 10019

Alphadyne (UK) Holdings Limited

Directors' report For the year ended 31 December 2019

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2019. The group comprises of Alphadyne (UK) Holdings Limited (the "Company") and its subsidiaries, Alphadyne Asset Management (UK) LLP (the "LLP") and Alphadyne (UK) Holdings II Limited (the "LTD II") (collectively the "Group").

Incorporation and commencement

Alphadyne (UK) Holdings Limited was incorporated on 16 January 2012.

Principal activities

The principal activity of the Company in the year was to act as a service company to the LLP.

The principal activity of the Group in the year was providing sub-advisory and administrative services to Alphadyne Asset Management LP (the "LP").

On 23 May 2017 Alphadyne (UK) Holdings Limited subscribed for the entire share capital of Alphadyne (UK) Holdings II Limited (the "LTD II") on its incorporation. The principle activity of the LTD II is to serve as a member to the LLP.

The LLP was authorised to conduct investment business by the Financial Conduct Authority ("FCA") on 1 October 2013.

Results and review of the business

The profit for the year attributable to the parent amounted to £214,641 (2018: £173,798).

As at 31 December 2019, the net assets amounted to £2,238,754 (2018: £1,824,113).

Results and dividends

The Group profit for the year is shown in the consolidated statement of comprehensive income on page 7. The Directors do not propose payment of an ordinary dividend (2018: Nil).

Future developments

There are no plans which will significantly change the activities and risk of the Group or of the Company.

Directors

The Directors who served during the year and up to the date of this report were:

Philippe Khuong-Huu
Joseph D. Regan

Alphadyne (UK) Holdings Limited

Directors' report (continued)
For the year ended 31 December 2019

Key performance indicators ("KPIs")

The Company's activities relate directly to those of its subsidiary, the LLP. The key performance indicators are therefore linked to those of the LLP which relate to the provision of sub-advisory and administrative services to the LP. Given the straightforward 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.

Financial risk management

The key business risks and uncertainties affecting the business relate to the performance of the underlying funds managed by the Group. In addition, there are also a number of financial risk factors which could result in the actual future results differing from that expected. The main associated risk factors can include, though are not limited to, price risk, credit risk, liquidity risk or cash flow risk.

Price risk

Price risk is the risk of a decline in the value of a security or a portfolio. The Group is not exposed to any significant price risk.

Credit risk

Credit risk is the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. As the partnership generates income from the provision of advisory services to another group entity, the associated level of credit risk is minimal. The Group is also exposed to the credit risk of the banks at which cash is held but the level of risk is low as all cash is held at major financial institutions.

Liquidity and financial solvency risk

Liquidity risk is the risk that the Group may be unable to meet short term financial demands. The Group's solvency is monitored and assured within the framework of the regulations laid down by the FCA. The Group has always had sufficient liquidity within the business to meet its obligations as they fall due and there are no perceived threats to this. The senior management's policy is to maintain sufficient liquid funds to meet obligations as they fall due, or as needed in the event of an orderly wind down.

Cash flow risk

Cash flow risk is the risk that a company's available cash will not be sufficient to meet its financial obligations. The Group is not exposed to any significant cash flow risk.

Strategic review

The Company is exempt from the requirement to prepare a strategic report as it is entitled to prepare financial statements for the year ended 31 December 2019 in accordance with the small companies regime of Companies Act 2006.

Alphadyne (UK) Holdings Limited

Directors' report (continued)
For the year ended 31 December 2019

Statement of Directors' responsibilities in respect to the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Directors in office at the date the Directors Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A resolution will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved by the board on 8 April 2020 and signed on its behalf by:


Philippe Khuong-Huu
Director

Alphadyne (UK) Holdings Limited

Independent auditors' report to the members of Alphadyne (UK) Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Alphadyne (UK) Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2019; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Alphadyne (UK) Holdings Limited

Independent auditors' report to the shareholders of Alphadyne (UK) Holdings Limited (continued)

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect to the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

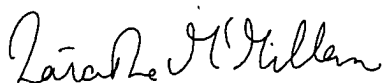
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Natasha McMillan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 April 2020

Alphadyne (UK) Holdings Limited

Consolidated Statement of Comprehensive Income For the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	20,130,710	5,957,062
Administrative expenses		(19,861,492)	(5,743,198)
Operating profit before tax	5	269,218	213,864
Tax on profit	8	(54,577)	(40,066)
Profit for the financial year		214,641	173,798
Profit for the year attributable to:			
Owners of the parent company		214,641	173,798
		214,641	173,798
Total comprehensive income for the year attributable to:			
Owners of the parent company		214,641	173,798
		214,641	173,798

All amounts relate to continuing operations.

There is no material difference between the retained profit for the financial year stated above and its historical cost equivalent.

There were no other items of comprehensive income for the current or prior year other than those included in the statement of comprehensive income shown above.

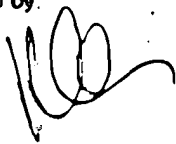
The notes on pages 13 to 26 form an integral part of these financial statements.

Alphadyne (UK) Holdings Limited
Registered number: 07910661

Consolidated Statement of Financial Position
As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	9		571,019		674,659
Current assets					
Debtors	12	18,624,453		4,320,058	
Cash at bank and in hand	13	1,683,403		1,262,498	
		20,307,856		5,582,556	
Creditors: amounts falling due within one year	15	(16,196,450)		(3,950,448)	
Net current assets			4,111,406		1,632,108
Total assets less current liabilities			4,682,425		2,306,767
Creditors: amounts falling due after more than one year	16		(2,443,671)		(482,654)
Net assets			2,238,754		1,824,113
Capital and reserves					
Called up share capital	17		1,130,000		930,000
Retained earnings			1,108,754		894,113
Total Equity			2,238,754		1,824,113

The financial statements on pages 7 to 26 were approved and authorised for issue by the board and were signed on its behalf on 8 April 2020 by:



Philippe Khuong-Huu
Director

The notes on pages 13 to 26 form an integral part of these financial statements.

Alphadyne (UK) Holdings Limited
Registered number: 07910661

Company Statement of Financial Position
As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	10		1,095,001		895,001
Current assets					
Debtors	12	1,371,861		754,983	
Cash at bank and in hand	13	27,190		22,349	
		<u>1,399,051</u>		<u>777,332</u>	
Creditors: amounts falling due within one year	15	<u>(491,895)</u>		<u>(114,733)</u>	
Net current assets			<u>906,956</u>		<u>682,599</u>
Total assets less current liabilities			<u>2,001,957</u>		<u>1,557,600</u>
Creditors: amounts falling due after more than one year	16		-		-
Net assets			<u>2,001,957</u>		<u>1,557,600</u>
Capital and reserves					
Called up share capital	17		1,130,000		930,000
Retained earnings			<u>871,957</u>		<u>627,600</u>
Total equity			<u>2,001,957</u>		<u>1,557,600</u>

The financial statements on pages 7 to 26 were approved and authorised for issue by the board and were signed on its behalf on 8 April 2020 by:



Philippe Khuong-Huu
Director

The notes on pages 13 to 26 form an integral part of these financial statements.

Alphadyne (UK) Holdings Limited

Consolidated Statement of Changes in Equity For the year ended 31 December 2019

	<i>Called up share capital</i>	<i>Retained earnings</i>	<i>Equity attributable to owners of Parent Company</i>	<i>Total equity</i>
	£	£	£	£
At 1 January 2018	930,000	720,315	1,650,315	1,650,315
Profit for the financial year	-	173,798	173,798	173,798
Total comprehensive income for the year	-	173,798	173,798	173,798
Issue of share capital	-	-	-	-
Total transactions with owners	-	-	-	-
At 31 December 2018	930,000	894,113	1,824,113	1,824,113
Profit for the financial year	-	214,641	214,641	214,641
Total comprehensive income for the year	-	214,641	214,641	214,641
Issue of share capital	200,000	-	200,000	200,000
Total transactions with owners	200,000	-	200,000	200,000
At 31 December 2019	1,130,000	1,108,754	2,238,754	2,238,754

The notes on pages 13 to 26 form an integral part of these financial statements.

Alphadyne (UK) Holdings Limited

Company Statement of Changes in Equity For the year ended 31 December 2019

	<i>Called up share capital</i>	<i>Retained earnings</i>	<i>Total equity</i>
	£	£	£
At 1 January 2018	930,000	300,245	1,230,245
Comprehensive income for the year			
Profit for the financial year	-	327,355	327,355
Total comprehensive income for the year	-	327,355	327,355
Contributions by and distributions to owners	-	-	-
At 31 December 2018	930,000	627,600	1,557,600
Comprehensive income for the year			
Profit for the financial year	-	244,357	244,357
Total comprehensive income for the year	-	244,357	244,357
Issue of share capital	200,000	-	200,000
Contributions by and distributions to owners	200,000	-	200,000
At 31 December 2019	1,130,000	871,957	2,001,957

The notes on pages 13 to 26 form an integral part of these financial statements.

Alphadyne (UK) Holdings Limited

Consolidated Statement of Cash Flows For the year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the financial year		214,641	173,798
Adjustments for:			
Depreciation of tangible assets	9	126,762	126,787
Taxation	8	54,577	40,066
(Increase)/decrease in debtors	12	(472,129)	155,046
Increase in amounts owed by groups	12	(13,832,266)	(1,175,401)
Increase in creditors	15	14,242,541	1,525,495
Corporation tax		(90,099)	(132,436)
Net cash generated from operating activities		<u>244,027</u>	<u>713,355</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	9	(23,122)	(38,667)
Net cash used in investing activities		<u>(23,122)</u>	<u>(38,667)</u>
Cash flows from financing activities			
Issue of share capital		200,000	-
Net cash provided by financing activities		<u>200,000</u>	<u>-</u>
Net increase in cash and cash equivalents		420,905	674,688
Cash and cash equivalents at beginning of year		1,262,498	587,810
Cash and cash equivalents at the end of year	13	<u>1,683,403</u>	<u>1,262,498</u>
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		<u>1,683,403</u>	<u>1,262,498</u>

The notes on pages 13 to 26 form part of these financial statements.

The Group has no borrowings and therefore no debt reconciliation has been presented.

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

1. General information

The Company is a private limited company incorporated in England and Wales, limited by shares under the Companies Act 2006. The Registered Office is 4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared using the going concern basis, under the historical costs convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. All intercompany transactions and balances have been eliminated in the consolidated financial statements. Consistent accounting policies have been applied throughout the Group.

2.3 Disclosure exemptions

In preparing the separate financial statements of the Company, advantage has been taken of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit for the financial year of the Company was £244,357 (2018: £327,355).

2.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

- The amount of revenue can be measured reliably;
- It is probable that the company will receive the consideration under the contract.

2.5 Expenses

Expenses incurred have been recognised on an accruals basis.

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures and fittings:	3 years straight-line
Computer equipment:	3 years straight-line
Leasehold improvements:	Over the remaining life of lease

Artwork held by the LLP has been included within fixtures and fittings but has not been depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the consolidated statement of comprehensive income.

2.7 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Any incentives to enter into an operating lease are credited to the consolidated statement of comprehensive income as a reduction of the rental expense on a straight-line basis over the term of the lease.

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pound sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the month average exchange rate for the P&L transactions and month end rate of the balance sheet transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.9 Taxation

Tax is recognised in the consolidated statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

2.10 Valuation of fixed asset investments

Investments in subsidiaries are held at cost less accumulated losses.

Investments for which the fair value cannot be reliably measured are held at cost less provision for any permanent diminution in value. Investments for which the fair value can be reliably measured are re-measured to fair value at each statement of financial position date. Gains and losses on re measurement are recognised in the statement of comprehensive income for the period.

Details of fixed asset investments are disclosed in note 10.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans and receivables are measured initially at fair value, net of any transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.13 Employee benefits

The Group provides a range of benefits to employees, including holiday pay, annual bonus arrangements and defined contribution pension plans.

- i) Short term benefits - Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.
- ii) Defined contribution pension plans - The Group operates a defined plan for all of its employees. This is a pension plan under which the Group pays fixed contributions on behalf of the employee. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position.
- iii) Annual bonus plans - The Group operates annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payment under the plans as a result of past events and a reliable estimate of the obligation can be made.

2.14 Related parties

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors a separate disclosure is necessary to understand the effect of the transactions on the Group's consolidated statement of financial position.

2.15 Financial Instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.15 Financial Instruments (continued)

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

Critical judgements in applying the entity's accounting policies

The Directors have not been required to apply any significant judgements in preparing the financial statements.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Deferred Bonuses

Staff costs include bonus amounts payable to employees with a deferred vesting period of up to two years, subject to continuing employment with the Group. Where an employee leaves before the end of the vesting period, any outstanding deferred bonuses may be forfeited or paid at the Group discretion, resulting in the acceleration of the accounting expense. It is also subject to clawback if a loss is generated in a portfolio manager's strategy. Deferred bonuses may be forfeited up to the amount of the loss. Deferred bonuses may track the investment performance of a fund managed by the Parent Company and the estimates will be adjusted to reflect such performance gains or losses. The Group estimates the amount of deferred bonuses expected to vest; and reviews these estimates regularly to ensure the charge to the income statement is adjusted appropriately (at the end of the relevant scheme as a minimum).

4. Turnover

Turnover, which is stated net of any value added tax, represents sub-advisory and administrative fees arising from continuing activities in the United Kingdom charged to the LP (a related entity domiciled in the USA) on a revenue share basis with a cost-plus floor. These fees are accounted for on an accruals basis.

5. Operating profit before tax

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

	2019 £	2018 £
Depreciation of tangible fixed assets	126,762	126,787
Rent - operating lease	192,605	189,468
Foreign exchange losses / (gains)	12,183	(3,416)
Fees payable to the Group's auditors and its associates for other services to the group:		
- audit of the financial statements	36,440	33,870
- audit related assurance services	3,000	1,100

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

6. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages, salaries and discretionary bonuses	16,106,692	4,020,814
Social security costs	2,232,554	527,341
Pension costs	23,002	19,653
	<u>18,362,248</u>	<u>4,567,808</u>

Key management personnel comprise the Directors of the Company and the members of the LLP. No remuneration was paid to the Directors for their services to the Company or the LLP (2018 : £nil)

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

	2019 Number	2018 Number
Administration	<u>9</u>	<u>8</u>

7. Directors' emoluments

During the year, no Director received any emoluments (2018: £Nil).

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

8. Tax on profit

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	468,478	90,099
Adjustment in respect of previous periods	-	(621)
Total current tax	<u>468,478</u>	<u>89,478</u>
Deferred tax		
Origination and reversal of timing differences	(413,901)	(49,412)
Effect of change in tax rates	-	-
Total deferred tax	<u>(413,901)</u>	<u>(49,412)</u>
Taxation on profit on ordinary activities	<u>54,577</u>	<u>40,066</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	269,218	213,864
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	51,152	40,634
Effects of:		
Adjustments in respect of previous periods	-	(621)
Permanent differences	589	160
Other timing differences	2,837	(107)
Change in rate of tax / Deferred tax	-	-
Total tax charge for the year	<u>54,577</u>	<u>40,066</u>

Factors that may affect future tax charges

All material deferred tax has been provided for and deferred tax liabilities have not been discounted.

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

9. Tangible fixed assets

	Leasehold Improvements £	Computer equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2019	628,957	157,106	124,765	910,828
Additions	6,484	16,638	-	23,122
At 31 December 2019	635,441	173,744	124,765	933,950
Depreciation				
At 1 January 2019	69,261	117,304	49,604	236,169
Charge for the year	65,278	23,816	37,668	126,762
At 31 December 2019	134,539	141,120	87,272	362,931
Net book value				
At 31 December 2019	500,902	32,624	37,493	571,019
At 31 December 2018	559,696	39,802	75,161	674,659

10. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of Share	Holding	Principal activity
Alphadyne Asset Management (UK) LLP	United Kingdom	Ordinary	100%	Investment management
Alphadyne (UK) Holdings II Limited	United Kingdom	Ordinary	100%	Holding Company

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

10. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2019 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<i>Aggregate of share capital and reserves</i> £	<i>Profit</i> £
Alphadyne Asset Management (UK) LLP	1,387,532	292,532
Alphadyne (UK) Holdings II Limited	1	-
	<u>1,387,533</u>	<u>292,532</u>

Company

	<i>Investments in subsidiary companies</i> £
Cost	
At 1 January 2019	895,001
Additions	200,000
At 31 December 2019	<u>1,095,001</u>
Net book value	
At 31 December 2019	<u>1,095,001</u>
At 31 December 2018	<u>895,001</u>

The registered address of the subsidiary undertakings is the same as that of the Company.

11. Subsidiary claiming audit exemption

Alphadyne (UK) Holdings II Limited ("LTD II"), a company registered in the UK, registered number 10785196, is a wholly owned subsidiary of the Company and is exempt from the requirement to have an audit of its individual accounts under section 479A of the Companies Act 2006.

In order for this exemption to be granted, the Company has guaranteed the liabilities of Alphadyne (UK) Holdings II Limited and would be liable for the debt in the event of a default. This guarantee will be in place until the liabilities of LTD II are fully satisfied.

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

12. Debtors

	<i>Group 2019 £</i>	<i>Group 2018 £</i>	<i>Company 2019 £</i>	<i>Company 2018 £</i>
Amounts owed by group undertakings	17,928,042	4,095,776	826,415	710,185
VAT receivable	59,428	51,819	80	-
Other debtors	40,110	33,649	-	-
Prepayments	107,442	63,284	-	-
Deferred taxation	489,431	75,530	545,166	44,798
	<u>18,624,453</u>	<u>4,320,058</u>	<u>1,371,661</u>	<u>754,983</u>

All amounts due from group entities and members are interest free and are repayable on demand.

13. Cash at bank and in hand

	<i>Group 2019 £</i>	<i>Group 2018 £</i>	<i>Company 2019 £</i>	<i>Company 2018 £</i>
Cash at bank and in hand	1,683,403	1,262,498	27,190	22,349
	<u>1,683,403</u>	<u>1,262,498</u>	<u>27,190</u>	<u>22,349</u>

Included in Cash at bank and in hand is restricted cash of £250,000 (2018: £250,000).

14. Deferred taxation

	<i>Group 2019 £</i>
At beginning of year	75,530
Charged to profit or loss	413,901
At end of year	<u>489,431</u>

The deferred tax asset is made up as follows:

	<i>Group 2019 £</i>
At beginning of year	75,530
Origination and reversal of timing differences	413,901
	<u>489,431</u>

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

15. Creditors: Amounts falling due within one year

	<i>Group</i> 2019 £	<i>Group</i> 2018 £	<i>Company</i> 2019 £	<i>Company</i> 2018 £
Amounts owed to group undertakings	-	-	1	1
Trade creditors	66,596	118,598	-	-
Social Security and other taxes	40,110	33,649	-	-
Other creditors	13,137	8,654	-	-
Accruals	15,608,129	3,699,448	23,416	24,633
Corporation tax	468,478	90,099	468,478	90,099
	<u>16,196,450</u>	<u>3,950,448</u>	<u>491,895</u>	<u>114,733</u>

16. Creditors: Amounts falling due after more than one year

	<i>Group</i> 2019 £	<i>Group</i> 2018 £	<i>Company</i> 2019 £	<i>Company</i> 2018 £
Accruals	2,443,671	482,654	-	-
	<u>2,443,671</u>	<u>482,654</u>	<u>-</u>	<u>-</u>

17. Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid.		
1,130,000 (2018: 930,000) Ordinary shares of £1 each	<u>1,130,000</u>	<u>930,000</u>

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

18. Operating Lease commitments

Future minimum lease payments under non-cancellable operating leases as follows:

	<i>Group 2019 £</i>	<i>Group 2018 £</i>
Within 1 year	231,600	135,100
1 – 5 years	926,400	926,400
Over 5 years	607,950	829,900
Total	<u>1,765,950</u>	<u>1,891,400</u>

The above analysis represents future cash flow obligations arising from the property lease, which commenced on 15 August 2017, which differs from the amounts expensed in the statement of comprehensive income due to an amount equivalent to a 19-month rent-free period and 6-month half-rent period being amortised over the duration of the lease.

19. Related party transactions

The Company is the managing member of the LLP. During the year the Company received a profit allocation of £235,781 (2018: £486,374) from the LLP.

As at 31 December 2019 £826,415 (2018: £710,185) was due from the LLP to the Company.

During the year, the Group charged fees of £20,130,710 (2018: £5,957,062) to the LP.

As at 31 December 2019 £17,928,042 (2018: £4,095,776) was owed to the Group by the LP.

LTD II is a wholly owned subsidiary of the Company.

As at 31 December 2019 the Company owed £1 of unpaid share capital to the LTD II.

20. Controlling party

The LP is the parent company and ultimate controlling party of the Company. The LP is incorporated in the U.S.

Group financial statements can be obtained from the parent company.

Alphadyne Asset Management LP is the largest group of the undertakings for which consolidated financial statements are prepared which includes the Company. Alphadyne (UK) Holdings Limited is the smallest group of undertakings for which consolidated financial statements are prepared which includes the Company.

The financial statements of the LP can be obtained by writing to:
Alphadyne Asset Management LP
Attn: Management Company Finance Team
17 State Street, 30th Floor
New York, NY 10004

Alphadyne (UK) Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

21. Subsequent events

Subsequent to 31 December 2019, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. Given the emergence and spread of COVID-19 is not considered to provide more information about conditions that existed at the balance sheet date, this is considered to be a non-adjusting post balance sheet event and so the measurement of assets and liabilities in the accounts have not been adjusted for its potential impact. The effects of COVID-19 have and may continue to adversely affect the global economy and the economies of certain nations, including those that the Funds invest and the Group operates in. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Group or to provide a quantitative estimate of this impact.