
VALUTRADES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



VALUTRADES LIMITED

COMPANY INFORMATION

Directors

A. K. M. Bahirwani
L. A. Bonfield
H. Campbell-Lamerton
G. Foster (resigned 16 May 2019)
J. B. P. Ng (resigned 10 July 2019)
J. P. Thwaytes (resigned 16 May 2019)
G. A. Watkins
N. Whitehead

Registered number

07939901

Registered office

51 Eastcheap
London
EC3M 1JP

Independent auditors

Hillier Hopkins LLP
Chartered Accountants & Statutory Auditor
Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

VALUTRADES LIMITED

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VALUTRADES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

This document sets out the Strategic Report of Valutrades Limited (hereinafter referred to as "the Firm").

The financial statements of the company are drawn up for the year ended 31 December 2019. Except where otherwise indicated, all financial information is presented in GBP.

The company is a United Kingdom company limited by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is 51 Eastcheap, London, England, EC3M 1JP.

Business review

Our Business

Valutrades Limited is an online financial services business that offers clients trading of forex, CFDs and commodities via the Metatrader4 platform and FIX API connectivity. The firm has a full scope IFPRU €730K regulatory licence status, a higher regulatory prudential category, with the Financial Conduct Authority ("FCA").

Business Model

Valutrades business model maximises use of the extensive experience the management team has within the industry to deliver competitive products supported by high levels of customer service and relevant content encouraging client engagement.

Geographical Reach

Valutrades accepts clients from all regions of the world, where the firm is allowed to operate.

Our Objectives

Client Services: Clients are at the core of our business. We aim to provide high levels of customer service, as well as delivering educational content, to enhance our clients financial knowledge. Our ideology is to be a broker which people can trust and regularly communicate with, creating a loyal client base.

Pricing: Valutrades understand that one of the key considerations for our clients is the cost of trading. We look to always provide a competitively priced service, so our clients can focus on their trading strategies rather than cost.

Innovation: We continually look to improve our clients trading experience by improving our systems to support the trading solutions offered. This includes building additions to our CRM system, onboarding additional payment solutions & supplying our clients with option to multiple trading indicators.

Achieving our Objectives

People: Valutrades is committed to the recruitment of skilled and experienced people who have the determination and vision to help us build our firm into a market leader. We provide ongoing training to help the continuous development of our staff and value all staff's ideas and input.

Risk Management: Risk appetite is controlled via strong governance and oversight within defined risk parameters, approved by the board.

Financial strength: Valutrades maintains a capital and liquidity structure that is appropriate for the current size of the firm and for the future growth of the business. We have committed shareholders experienced in this industry willing to support the business

VALUTRADES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Business environment

Market Overview

Our market is a highly competitive market with numerous established companies. Our strategy for acquiring clients and retaining clients is to focus on excellent client service, competitive pricing and innovative technology. We believe in providing a personal experience tailored to an individual needs and engaging content. This helps engage with clients while keeping our marketing costs below industry averages.

Our People

We recognise that developing people's skills and expertise is the right thing for them, for us and for our clients. We believe that with the right environment and motivation, all employees will reach their full potential with us. Each employee is treated the same and we encourage free speech where everyone can voice their ideas, this enables us to keep on improving our service to our clients.

Equality and Diversity

The Firm is committed to promoting and developing equality opportunity in all areas. We are an equal opportunities employer and do not discriminate on the grounds of gender, sexual orientation, marital or civil or partner status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age.

Employee Gender Diversity

	Female	Male
Employees	47%	53%

Principal risks and uncertainties

IFPRU 2.2.7 (2) of the FCA handbook refers to the identification and management of major sources of risk in specific categories where they are relevant to the Firm given the nature and scale of its business:

- Credit and Counterparty Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Concentration Risk
- Residual Risk
- Business Risk

In terms of the remaining risk categories listed in IFPRU 2.2.7 (2):

- Residual Risk, Securitisation Risk, Interest Rate risk, Group Risk and Risk of excessive leverage: Do not apply given the nature of Valutrades business model.

Credit and Counterparty Risk: The Firm has a credit exposure to the banks with which it deposits funds and the counterparties with which it hedges its market positions. The Firm mitigates this risk by ensuring diversification of counterparties and setting minimum levels of creditworthiness for the Firm's counterparties.

Valutrades fully understands the impact of Credit and Counterparty Credit Risk on its business and therefore have put in place adequate controls and procedures to monitor these risks on a continuous basis. These would be monitored through use of technology through which reports would be generated for management review, real time identification of problem accounts, monitoring of exposure, and client margins.

VALUTRADES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Market Risk: Market risk is the vulnerability of firms to movements in the value of financial instruments held either by themselves, or by their clients. Valutrades is exposed to trading risk on any client positions which are not hedged, this risk is managed is minimised by being monitored and managed dynamically. When Valutrades hedges a position, the firm is not exposed to market risk as orders are matched.

Liquidity Risk: Liquidity risk is the risk that the Firm will encounter difficulty in meeting its financial obligations as they fall due. The Firm has established policies and a liquidity risk management framework to manage its liquidity risk, including daily production of liquidity reports that summarise current liquidity and liabilities. Liquidity is monitored daily by the directors.

Foreign Exchange Risk: The firm incurs market risk in foreign currency movements on its own cash assets & liabilities held in foreign currencies. The Firm monitors its exposure on a day to day basis and hedges its exposure if required.

Operational Risk: Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. The Firm can count on operational support from the Directors should the need arise. However, as an independent firm, Valutrade's approach to mitigating operational risk is as follows:

- We have adequate working capital to cover expenses, savings would be held in highly rated bank deposit
- The recruitment, retention and motivation of high quality professionals
- Appropriate apportionment of responsibilities amongst senior management
- A risk based monitoring plan, the outcomes of which are reported to the senior partners
- Robust policies and procedures in respect of regulatory compliance, anti-money laundering and finance
- Regular maintenance and update of IT systems
- Continual reviewing and upgrading of internal controls and procedures

Concentration Risk: Concentration Risk is the probability of loss arising from heavily lopsided exposure to a particular group of counterparties. Valutrades mitigates this risk by using multiple liquidity providers and placing the Firm's cash with more than one bank.

Business Risk: Business Risk is the exposure of Valutrade's business to risk caused by uncertainty in the macroeconomic environment, with specific consideration of earnings volatility and cost overruns in severely adverse conditions.

Business Risk is managed with a mid-term focus and is assisted by careful development of business plans, appropriate management oversight and an embedded corporate governance framework. Strategic Risk can be a manifestation of business risk as it is any diversion away from the business plan/risk appetite statement, due to changes in the environment or because management is unable to deliver the strategy as intended.

Pension Obligation Risk: Pension obligation risk is the risk to a firm caused by its contractual or other liabilities to, or with respect to, a pension scheme (whether established for its employees or those of a related company or otherwise). It also means the risk that the firm will make payments or other contribution to, or with respect to, a pension scheme because of a moral obligation or because the firm considers that it needs to do so for some other reason.

Valutrades operate a pension scheme in line with Government expectations via a reputable pension provider. The pension contributions are calculated by an external payroll company and are processed alongside salary payments.

VALUTRADES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Financial key performance indicators

Valutrades uses the following key performance indicators to measure its financial and operational performance on delivering the strategic goals of the business.

- Revenue
- Gross Profit
- Profit before tax
- Retail client funds held

The following information shows the key performance indicators at 31 December 2019 against the same period in the prior year.

KPI	2019	2018	Change
Revenue	£3,291,640	£2,323,609	+42%
Gross Profit	£2,404,831	£1,515,496	+59%
Profit/ (Loss) before Tax	(£90,867)	(£511,982)	+82%
Retail client funds held	£1,782,587	£2,325,769	-23%

Looking forward

2020 looks to be a good year for Valutrades with Covid-19 causing increased volatility in financial markets that has a net positive effect on client volumes and commission incomes. Valutrades is uniquely positioned to benefit from uncertain times and is proud to be able to support all staff and potentially increase hiring in such times.

Valutrades is in a solid financial position with narrowing losses and continued shareholder support. Despite the drastic ESMA regulation changes in 2018, the firm was able to maintain revenues in 2019 and is seeing an increase of revenues at the start of 2020.

The current business strategy has been in place since 2016 with results consistent with expectations. The firm will continue this strategy, with further investments in technology, staff and business relationships expected in 2020 which will enhance Valutrades expected profitability. Investments in the Client Area and Quarch systems are of particular importance allowing Valutrades to scale efficiently with automation and reduced costs.

Valutrades continues to operate as a principal dealer classed as an IFPRU730K firm and has seen the benefits of increasing its regulatory standing in 2018 which has helped improve customer trade execution and Valutrades profitability.

The shareholders continue to be supportive of the business which has been demonstrated through injection of additional capital, business expertise and infrastructural investment. The shareholders fully support the firms plans for 2020 and are excited for the future.

VALUTRADES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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

The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) 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.

(the "s.172(1) Matters")

Induction materials provided on appointment include an explanation of Directors' duties, and the Board is regularly reminded of the s.172(1) Matters, including as a rolling agenda item at every Board meeting.

S172(1) (A) "The likely consequences of any decision in the long term"

The directors understand the business and the evolving environment in which the firm operates. The Board of Directors has extensive experience in the Forex Industry across management finance, operations and risk. Using this experience, the firm has strategies in place which look to strengthen the firm's position in the Industry. The board meet regularly and such strategies are refreshed to further focus on developing the firm's business.

All of management's decisions are made with the objective to increase long term value for shareholders. This long term success is dependent on all of our stakeholders. Some decisions made now may not always align with stakeholder interests but the Directors have taken the decisions they believe support Valutrades ambitions.

S172(1) (B) "The interest of the company's employees"

The directors recognise that Valutrades employees are fundamental and core to our business. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and wider workforce, where relevant and feasible.

S172(1) (c) "The need to foster the company's business relationships with suppliers, customer and others"

Delivering our strategy requires strong mutually beneficial relationships with suppliers, clients, Payment providers, Liquidity Providers and Regulators. Valutrades views all relationships as partnerships and seeks that our partners share the same values as the firm. The Board have set out policies to ensure that the right relationships are formed so that the firm can achieve the goals and targets which are set. Once relationships are formed, the firm continuously assess the priorities related to clients and those with who we do business, and the Board engages with the Businesses on these topics, for example, within the context of Business strategy.

S172(1) (D) "The impact of the company's operations on the community and the environment"

Given the nature of its activities, there is limited scope for the company to have a major impact on environmental matters. Nevertheless, the Directors are mindful of their responsibilities in this regard and strive to seek opportunities where improvements may be made; these are generally concentrated in areas of energy conservation, recycling and waste control.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The firm adopts the FCA Principles of business and sets out all principles as foundations for how the firm conducts business and treats their customers. The FCA sets out these principles in simple terms the high-level standards that all regulated firms must meet. The Board ensures the firm implements these principles in its operations and continually reviews that these standards are being maintained.

VALUTRADES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

S172 (1) (F) "The need to act fairly as between members of the company"

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of the firm's strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly as between the Firm's members but are not required to balance the Firm's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

How we engage and foster strong relationships with some of our key stakeholders

Customers:

- Content marketing – includes online webinars and training
- Strong customer service – customer support available in an array of languages, willing to assist via phone, email or live chat
- Customer tracking

Employees:

- Town halls
- Employee surveys
- Employee Assessments

Shareholders:

- Quarterly board meetings
- Shareholders sit on various committees
- Partners and suppliers
- Supplier workshops and training
- Industry events
- Regular meetings

Regulators:

- Monthly, quarterly & annual reporting
- Regulator events & seminars

Principal decisions

In the section below, we outline some of the principal decisions made by the Board over the year, explain how the Directors have engaged with, or in relation to, the different key stakeholder groups and how stakeholder interests were considered over the course of decision making.

As outlined in the FRC guidance on the strategic report, we include decisions related to capital allocation.

How were stakeholders considered

We describe how regard was given to likely long-term consequences of the decision including how stakeholders were considered during the decision-making process.

Allotment of shares

Over the course of the year, the board discussed and agreed with the shareholders the requirement for additional share capital to be allocated to the firm. There were 3 share allotments during 2019 as detailed below:

- 27th March 2019 - Allotment of 200,000 additional Ordinary A shares to an aggregate nominal amount of £200,000
- 23rd April 2019 - Allotment of 600,000 additional Ordinary A shares to an aggregate nominal amount of £600,000

VALUTRADES LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

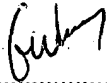
- 5th December 2019 - Allotment of 759,925 additional Ordinary A shares to an aggregate nominal amount of £759,925

Allotment of shares - how were stakeholders considered

Management review the financial position of the firm on a daily basis, analysing the capital adequacy position of the firm to ensure the firm has sufficient capital to support the firms operations. The capital adequacy assessment assesses the firms risks, the types and amounts of financial and capital resources, and whether or not these are adequate to cover the nature and level of the risks to which the Firm is exposed.

In these assessments, the interests of the shareholders are considered ensuring the company can continue operating within limits, guaranteeing the firm meets its regulatory requirements and has the ability to meet its liabilities as they fall due.

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



.....
G. A. Watkins
Director

Date: 21/04/2020

VALUTRADES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Results and dividends

The loss for the year, after taxation, amounted to £78,924 (2018 - loss £511,982).

No dividends were paid or proposed during the year (2018 - £Nil).

Directors

The Directors who served during the year were:

A. K. M. Bahirwani
L. A. Bonfield
H. Campbell-Lamerton
G. Foster (resigned 16 May 2019)
J. B. P. Ng (resigned 10 July 2019)
J. P. Thwaytes (resigned 16 May 2019)
G. A. Watkins
N. Whitehead

VALUTRADES LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Future developments

The company expects to continue with its present activities.

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.


Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

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

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


.....
G. A. Watkins
Director

Date: 21/04/2020

VALUTRADES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALUTRADES LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Valutrades Limited (the 'Company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish law and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the accompanying financial statements:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2019 and of its loss for the year then ended;
- the Company Balance Sheet gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019;
- have been properly prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISA (Ireland) 570 requires 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 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.

VALUTRADES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALUTRADES LIMITED (CONTINUED)

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 Auditors' 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

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited, and the Company Balance Sheet are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group's and the parent Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

VALUTRADES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALUTRADES LIMITED (CONTINUED)

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or the parent Company or to cease operations, or has 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 (Ireland) 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 IAASA's website at: [https://www.iaasa.ie/Publications/ISA-700-\(Ireland\)](https://www.iaasa.ie/Publications/ISA-700-(Ireland)). This description forms part of our Auditors' Report.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members in accordance with Section 391 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.



Simon Speller FCA

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: 22/02/20

VALUTRADES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	3,291,640	2,323,609
Cost of sales		(886,809)	(808,113)
Gross profit		2,404,831	1,515,496
Administrative expenses		(2,495,698)	(2,038,267)
Operating loss	5	(90,867)	(522,771)
Interest receivable and similar income	9	11,943	10,789
Loss before tax		(78,924)	(511,982)
Loss for the financial year		(78,924)	(511,982)
Loss for the year attributable to:			
Owners of the parent company		(78,924)	(511,982)

There was no other comprehensive income for 2019 (2018: £NIL).


The notes on pages 19 to 31 form part of these financial statements.

VALUTRADES LIMITED
REGISTERED NUMBER: 07939901

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	19,853	44,893
Tangible assets	12	13,373	16,191
		<u>33,226</u>	<u>61,084</u>
Current assets			
Debtors: amounts falling due within one year	14	7,398,147	7,748,493
Cash at bank and in hand	15	2,723,430	2,106,781
		<u>10,121,577</u>	<u>9,855,274</u>
Creditors: amounts falling due within one year	16	(6,870,486)	(8,113,042)
Net current assets		<u>3,251,091</u>	<u>1,742,232</u>
Total assets less current liabilities		<u>3,284,317</u>	<u>1,803,316</u>
Net assets		<u><u>3,284,317</u></u>	<u><u>1,803,316</u></u>
Capital and reserves			
Called up share capital	17	7,396,501	5,836,576
Profit and loss account	18	(4,112,184)	(4,033,260)
		<u>3,284,317</u>	<u>1,803,316</u>

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



G. A. Watkins
 Director

Date: 21/04/2020

The notes on pages 19 to 31 form part of these financial statements:

VALUTRADES LIMITED
REGISTERED NUMBER: 07939901

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	19,853	44,893
Tangible assets	12	13,373	16,191
Investments	13	100	100
		<u>33,326</u>	<u>61,184</u>
Current assets			
Debtors: amounts falling due within one year	14	7,486,768	7,768,990
Cash at bank and in hand	15	2,711,031	2,086,209
		<u>10,197,799</u>	<u>9,855,199</u>
Creditors: amounts falling due within one year	16	(6,860,170)	(8,110,642)
Net current assets		<u>3,337,629</u>	<u>1,744,557</u>
Total assets less current liabilities		<u>3,370,955</u>	<u>1,805,741</u>
Net assets		<u>3,370,955</u>	<u>1,805,741</u>
Capital and reserves			
Called up share capital	17	7,396,501	5,836,576
Profit and loss account brought forward		(4,030,835)	(3,521,278)
Profit/(loss) for the year		5,289	(509,557)
Profit and loss account carried forward		(4,025,546)	(4,030,835)
		<u>3,370,955</u>	<u>1,805,741</u>

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


.....
G. A. Watkins
Director

21/04/20

The notes on pages 19 to 31 form part of these financial statements.

VALUTRADES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2018	4,408,005	(3,521,278)	886,727	886,727
Loss for the year	-	(511,982)	(511,982)	(511,982)
Shares issued during the year	1,428,571	-	1,428,571	1,428,571
At 1 January 2019	5,836,576	(4,033,260)	1,803,316	1,803,316
Loss for the year	-	(78,924)	(78,924)	(78,924)
Shares issued during the year	1,559,925	-	1,559,925	1,559,925
At 31 December 2019	7,396,501	(4,112,184)	3,284,317	3,284,317

The notes on pages 19 to 31 form part of these financial statements.

VALUTRADES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	4,408,005	(3,521,278)	886,727
Loss for the year	-	(509,557)	(509,557)
Contributions by and distributions to owners			
Shares issued during the year	1,428,571	-	1,428,571
At 1 January 2019	5,836,576	(4,030,835)	1,805,741
Profit for the year	-	5,289	5,289
Shares issued during the year	1,559,925	-	1,559,925
At 31 December 2019	7,396,501	(4,025,546)	3,370,955

The notes on pages 19 to 31 form part of these financial statements.

VALUTRADES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Loss for the financial year	(78,924)	(511,982)
Adjustments for:		
Amortisation of intangible assets	25,040	23,212
Depreciation of tangible assets	9,557	6,737
Interest received	(11,943)	(10,789)
Decrease/(increase) in debtors	350,346	(6,194,456)
(Decrease)/increase in creditors	(1,244,564)	6,207,747
Net cash generated from operating activities	<u>(950,488)</u>	<u>(479,531)</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(26,186)
Purchase of tangible fixed assets	(6,739)	(15,527)
Interest received	11,943	10,789
Net cash from investing activities	<u>5,204</u>	<u>(30,924)</u>
Cash flows from financing activities		
Issue of ordinary shares	1,559,925	1,428,571
Net cash used in financing activities	<u>1,559,925</u>	<u>1,428,571</u>
Net increase in cash and cash equivalents	614,641	918,116
Cash and cash equivalents at beginning of year	2,104,320	1,186,204
Cash and cash equivalents at the end of year	<u><u>2,718,961</u></u>	<u><u>2,104,320</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,723,430	2,106,781
Bank overdrafts	(4,469)	(2,461)
	<u><u>2,718,961</u></u>	<u><u>2,104,320</u></u>

The notes on pages 19 to 31 form part of these financial statements.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Valutrades Limited is a limited company incorporated in the England and Wales, limited by share capital. Its registered office and principal place of business is 51 Eastcheap, London, EC3M 1JP.

The principal activity of the company is that of an online financial services business that offers clients trading of forex, CFDs and commodities via the Metatrader4 platform and FIX API connectivity.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for a period of at least 12 months from following the approval of these financial statements.

Despite the group making a loss of £78,924 (2018 - £511,982), the Directors consider it appropriate to prepare the financial statements on the going concern basis on the basis of its strong balance sheet at year end.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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.

Revenue represents the difference between the total value of profitable trades and the total value of loss making trades including closed trades, open market positions, net brokerage costs and hedging gains or losses as at the balance sheet date.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.7 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. It is estimated that the useful life of the company's intangible assets are 3 years.

2.10 Tangible fixed assets

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.

Depreciation is provided on the following basis:

Office equipment	- Straight line over 3 years
Computer equipment	- Straight line over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Debtors

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

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.14 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.

2.15 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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 Client bank accounts

The company operates designated client bank accounts in accordance with the Client Money regulations of the Financial Conduct Authority (FCA). These accounts do not represent funds of the Company and so the deposits are not recognised in the company's statement of financial position. See note 21 for details of the balances held.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgments or estimations are necessarily applied are summarised below.

Depreciation and Intangible Assets

The Directors have reviewed the asset lives and associated residual values of all fixed and intangible assets, and have concluded that asset lives and residual values are appropriate.

4. Turnover

Turnover is attributable to multiple income streams, including: Margins, Rebates, Swaps, Hedging and Rental Income.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	3,291,640	1,614,925
Rest of the world	-	708,684
	<u>3,291,640</u>	<u>2,323,609</u>

5. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	9,557	6,737
Amortisation of intangible assets	25,040	23,212
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	9,795	9,000
Exchange differences	195,111	(285,067)
Other operating lease rentals	101,194	100,943
Defined contribution pension cost	<u>11,099</u>	<u>9,402</u>

VALUTRADES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>9,795</u>	<u>9,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	<u>8,055</u>	<u>6,400</u>
	<u>8,055</u>	<u>6,400</u>

7. Employees

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	730,273	733,130	657,795	733,130
Social security costs	58,044	85,802	58,044	85,802
Cost of defined contribution scheme	11,099	9,402	11,099	9,402
	<u>799,416</u>	<u>828,334</u>	<u>726,938</u>	<u>828,334</u>

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

	2019 No.	2018 No.
Management	5	3
Sales & marketing	2	6
Operations	10	7
	<u>17</u>	<u>16</u>

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	386,699	313,246
Company contributions to defined contribution pension schemes	6,473	2,186

During the year retirement benefits were accruing to 4 Directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £109,304 (2018 - £111,146).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £1,618 (2018 - £1,005).

9. Interest receivable

	2019 £	2018 £
Other interest receivable	11,943	10,789

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Taxation

Due to losses in the current and prior period, no taxation charge is due.

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(78,924)</u>	<u>(511,982)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(14,996)	(97,277)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	8,066
Capital allowances for year in excess of depreciation	-	(1,708)
Changes in provisions leading to an increase (decrease) in the tax charge	-	88
Unrelieved tax losses carried forward	<u>14,996</u>	<u>90,831</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The group has carried forward losses of £3,878,419 (2018 - £3,907,021) to be utilised against future trading profits.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Intangible assets

Group and Company

	Computer software £
Cost	
At 1 January 2019	75,120
At 31 December 2019	<u>75,120</u>
Amortisation	
At 1 January 2019	30,227
Charge for the year on owned assets	25,040
At 31 December 2019	<u>55,267</u>
Net book value	
At 31 December 2019	<u>19,853</u>
At 31 December 2018	<u>44,893</u>

All of the Group's intangible fixed assets are held in the Parent company.

VALUTRADES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Tangible fixed assets

Group and Company

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2019	988	24,946	25,934
Additions	382	6,357	6,739
At 31 December 2019	<u>1,370</u>	<u>31,303</u>	<u>32,673</u>
Depreciation			
At 1 January 2019	336	9,407	9,743
Charge for the year on owned assets	383	9,174	9,557
At 31 December 2019	<u>719</u>	<u>18,581</u>	<u>19,300</u>
Net book value			
At 31 December 2019	<u>651</u>	<u>12,722</u>	<u>13,373</u>
At 31 December 2018	<u>652</u>	<u>15,539</u>	<u>16,191</u>

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	100
At 31 December 2019	<u>100</u>

VALUTRADES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Content (UK) Business Consulting Limited	Ordinary	100%
Shanghai Yuxuan Business Consulting Limited (subsidiary of Content (UK) Business Consulting Limited)	Ordinary	100%

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

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Content (UK) Business Consulting Limited	(88,299)	(85,974)
Shanghai Yuxuan Business Consulting Limited (subsidiary of Content (UK) Business Consulting Limited)	1,161	1,161

Under the wholly owed foreign entity statute and on the establishment of Shanghai Yuxuan Business Consulting Limited, its parent company Content (UK) Business Consulting Limited is committed to subscribe to \$50,000 of share capital and invest a total of \$70,000 in the form of currency by 20 May 2048.

14. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	60,331	62,714	60,331	62,714
Amounts owed by group undertakings	-	-	89,830	20,497
Other debtors	136,220	178,737	135,011	178,737
Prepayments and accrued income	41,962	35,479	41,962	35,479
Broker debtors	7,159,634	7,471,563	7,159,634	7,471,563
	<u>7,398,147</u>	<u>7,748,493</u>	<u>7,486,768</u>	<u>7,768,990</u>

VALUTRADES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	2,723,430	2,106,781	2,711,031	2,086,209
Less: bank overdrafts	(4,469)	(2,461)	(4,469)	(2,461)
	<u>2,718,961</u>	<u>2,104,320</u>	<u>2,706,562</u>	<u>2,083,748</u>

16. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	4,469	2,461	4,469	2,461
Trade creditors	47,972	81,779	47,756	81,779
Other taxation and social security	17,060	35,419	17,060	35,419
Other creditors	218,070	479,054	214,650	479,054
Accruals and deferred income	35,346	42,892	28,666	40,492
Professional client balances	6,547,569	7,471,437	6,547,569	7,471,437
	<u>6,870,486</u>	<u>8,113,042</u>	<u>6,860,170</u>	<u>8,110,642</u>

17. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
5,192,499 (2018 - 3,632,574) Ordinary A shares shares of £1.00 each	5,192,499	3,632,574
1,785,443 (2018 - 1,785,443) Ordinary B shares shares of £1.00 each	1,785,443	1,785,443
418,559 (2018 - 418,559) Ordinary C shares shares of £1.00 each	418,559	418,559
	<u>7,396,501</u>	<u>5,836,576</u>

During the year, the company allotted £1,559,925 ordinary A shares with a nominal value of £1.

18. Reserves

Profit and loss account

Profit and loss account includes all the current and prior period retained profits and losses.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

19. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £11,099 (2018 - £9,402). Contributions totalling £nil (2018 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

20. Commitments under operating leases

At 31 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

Group	2019 £	2018 £
Not later than 1 year	<u>30,685</u>	<u>46,882</u>

21. Client Bank Accounts

The Group operates 17 client money bank accounts. At the reporting date the total balance of these accounts was £1,782,587 (2018 - £2,325,769)

22. Related party transactions

During the year the Company provided no services to a Company under common control, amounting to £NIL (2018: £1,386,509).

As at the year end, the Group was owed £30,378 (2018: £259,974 owed to) by a Company with common directors.

The key management personnel of the Group are deemed to Group's directors, their remuneration is disclosed in note 8.

23. Controlling party

The controlling party is A. K. M. Bahirwani, the majority shareholder of the Company.



VALUTRADES
UK

Pillar 3 Disclosures

2019

Capital Requirements Directive - Pillar 3 Disclosure

Introduction

Pillar 3 complements the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The requirements of the CRD have been outlined by Financial Conduct Authority (FCA) rules and guidance within the General Prudential Sourcebook (GENPRU) and the Prudential Sourcebook for Investment Firms (IFPRU). Pillar 3 also incorporates the provisions of Systems and Controls (SYSC 19) related to remuneration.

On 26 June 2013 the European Parliament and Council approved the Capital Requirements Regulation ("CRR") and Capital Requirements Directive ("CRD"), which together comprised CRD IV. This came in to force from 1 January 2015 with the CRR directly binding on all EU member states while the CRD needed to be incorporated into national law by the same date. CRD IV replaced the then existing capital requirements for banks, building societies and a number of investment firms and, for firms within its scope, remained applicable at a solo (entity), sub-consolidated and consolidated basis.

Under CRD IV, Valutrades Limited ("the firm") was classed an IFPRU €730k firm (as defined by the FCA) as at 31 December 2019 and complied with the EU CRR and the FCA's IFPRU handbook. CRD IV introduced a stricter definition of capital resources, increased capital requirements, increased reporting obligations (COREP), binding liquidity ratios and new requirements on remuneration.

As at 31 December 2019, the Firm remained comfortably in excess of its minimum capital requirements under CRD IV. This document has been developed and published by Valutrades Limited ("the Firm") in order to provide material information for market participants to assess key information about the Company's risk management objectives and controls, its remuneration policies and its capital position.

Overview

The Capital Requirements Directive IV ("CRD") of the European Union created a revised regulatory capital framework across Europe governing how much capital financial services firms must retain. The rules are set out in the CRD under three pillars:

- Pillar 1 sets out the minimum capital resource requirement firms are required to maintain to meet credit & counterparty credit, market and operational risks.
- Pillar 2 requires firms to assess firm-specific risks not covered by Pillar 1 and, where necessary, maintain additional capital.
- Pillar 3 requires firms to disclose information regarding their risk assessment process and capital resources with the aim to encourage market discipline by allowing market participants to assess key information on risk exposure and the risk assessment process.

The rules in the PRA and FCA Prudential Sourcebook for Investment Firms ("IFPRU") set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 disclosure obligations.

Frequency

The Firm will make Pillar 3 disclosures annually. The disclosures will be as at the Accounting Reference Date ("ARD") which is currently 31 December.

Media and Location

The disclosure is published within the Company's annual accounts and on the Company's website.

Verification

The information contained in this document has not been audited by the Firm's external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgment on Valutrades Limited.

Materiality and Confidentiality

The rules provide that we may omit one or more of the required disclosures if we believe that the information is immaterial. Materiality is based on the criterion that the omission or misstatement of any information would be likely to change or influence the decision of a reader relying on that information. Where the Firm has considered a disclosure to be immaterial. We have stated this in the document.

In addition, we may also omit one or more of the required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

Corporate Background

The Firm

The Firm is incorporated in the UK and is authorised and regulated by the FCA to provide execution only trading services and to deal on its own account. Valutrades Limited is permitted to deal with all customer types - retail, professional and eligible counterparties. The firm may hold and control client money. The Firm's activities give it the prudential categorisation of an IFPRU €730k "Full Scope" firm as at 31 December 2019.

The Firm is considered a Proportionality level three firm for the purposes of the FCA's Remuneration Code. This allows it to disapply many of the technical requirements of the Code and proportionately applies the Code's rules and principles in establishing its Remuneration Policy.

Scope of Disclosure

The scope of this Pillar 3 disclosure applies to Valutrades Limited; the disclosure is produced on an individual basis.

Risk Management and Risk Categories

Risk Management

The Firm's Chief Risk Officer ('CRO') is ultimately responsible for the overall risk management approach of the Firm and for approving and monitoring risk strategies, setting limits, applying principles and ensuring appropriate risk reduction strategies and procedures are coordinated and implemented.

The Firm had exposure to the following risks as at 31 December 2019:

- Market Risk
- Credit Risk
- Liquidity Risk
- Operational Risk
- Foreign Exchange Risk

Risk Management by Category as at 31 December 2019

Market Risk –Trading

Market risk is the vulnerability of firms to movements in the value of financial instruments held either by themselves, or by their clients. Valutrades is exposed to trading risk on any client positions which are not hedged, this risk is managed and is minimised by being monitored and managed dynamically. When Valutrades hedges a position, the firm is not exposed to market risk as orders are matched.

Credit Risk

The Firm has credit risk with banks with which it deposits funds and market counterparties. The firm sets limits as to the maximum exposure for each counterparty and where possible requests for its funds to receive client money protection to reduce exposure to credit risk. The Firm's credit risk is also the risk that clients will cause a financial loss for the Firm by failing to discharge their financial obligations to it.

The Firm has negligible client credit risk as it requires clients to place a margin or deposit in their account for all trades before they are permitted to deal with the Firm. The Firm has a formal margin policy and clients must top up their margin to pre-set levels if they fall below these, or the Firm may enforce the liquidation of one or more of their open positions.

The Firm does not extend credit over and above clients being permitted to trade at the Firm's pre-set margin levels, nor does it accept financial instruments other than cash by way of collateral. This further mitigates any credit risk to the Firm.

Liquidity Risk

Liquidity risk is the risk that the Firm will encounter difficulty in meeting its financial obligations. The Firm's approach to liquidity is to ensure that as far as possible it will always have sufficient liquidity to meet its clients' and brokers' margin requirements and liabilities when they fall due. This is achieved by ongoing monitoring of the Firm's available working capital as compared with the amounts due to clients and counterparties, as settled daily to their respective P&Ls.

Any failure by the Firm to meet its payment obligations could result in market counterparties closing the Firm's hedging positions or failure to meet client withdrawal requests, either of which would have material adverse consequences for the Firm's business. The cash position of the Firm is therefore monitored closely and contingency plans are always in place to meet unexpected demands.

Operational Risk

The Firm's operational risk is the risk that the Firm will derive losses through inherent failure in its processes, personnel, technology or infrastructure or by external forces impacting on any of these. These risks are countered through regular assessment of the likelihood of these risks as part of the Firm's ongoing internal risk management procedures, including maintaining a fully up-to-date risk register and ICAAP, and contingency planning for how to deal with such risks arising. The Firm's ICAAP also details expected costs which would be associated with risks which cannot be fully mitigated, and these are taken into account when planning the Firm's capital.

Foreign Exchange Risk

The Firm operates globally and uses pounds sterling as its functional currency and is thus exposed to foreign exchange risk on the non-trading book arising from various currency combinations. Foreign currency-denominated assets and liabilities together with expected cash flows give rise to foreign exchange exposures. Due to changes in global markets currency combinations will also change within a financial year.

Capital

Capital Management

The Firm's objectives when managing capital are to safeguard the Firm's ability to continue as a going concern and to ensure there is always adequate capital to meet trading requirements, margin requirements, ongoing working capital requirements and the FCA's capital requirements.

In order to maintain or adjust the capital structure, the Firm may issue new shares to its shareholders.

Capital is managed through budgeting, forecasting and monthly entity and consolidated capital reporting.

Capital Resources

The Firm regards its capital position to include all financial assets and liabilities; therefore the year end capital position was £3,370,955.

Capital Adequacy

Valutrades has a regulatory obligation to ensure that it maintains overall financial resources, including both capital resources and liquidity resources, which are adequate both as to the amount and quality, to ensure there is no significant risk that its liabilities cannot be met as they fall due.

Internal Capital Adequacy Assessment Process (ICAAP)

The ICAAP formally records the assessment as to whether a firm's capital and liquidity resources are sufficient to cover the risks identified in the Risk Management Framework. Valutrades ICAAP is updated and formally approved by the Board on at least an annual basis.

Remuneration

Remuneration Disclosure

Under the FCA's Remuneration Code, Valutrades Limited has determined that it is a Level 3 firm, which allows it to disapply many of the technical requirements of the Code and proportionately apply the Code's rules and principles in establishing its Remuneration Policy.

Decision making Process for Remuneration Policy

Due to the Firm's size and scale, the Remuneration Policy was determined and administered by the Firm's Directors.

The Firm's currently pays discretionary variable remuneration, but only to a limited extent. Not all employees' remuneration is fixed. Variable, discretionary and periodic bonuses are agreed where necessary by the Firm's Directors.

Code Staff Criteria

The following groups of employees have been identified as meeting the FCA's criteria for Code Staff:

- Any employee holding a significant influence function

The Link between Pay and Performance for Code Staff

Code staff remuneration is made up of fixed (basic salary), plus discretionary bonuses.

Aggregate Quantitative Information on Remuneration for Code Staff

For the year ending 31st December 2019, there were four Code Staff employed across the year (as defined above).

All were senior management. Aggregate remuneration expenditure in respect of Code Staff was £360,449.

Remuneration expenditure was divided between fixed and variable remuneration as follows:

- Fixed remuneration: £349,100
- Variable remuneration: £11,349
- Number of beneficiaries: 4

Fixed remuneration consists of basic salaries only while variable remuneration consists of bonus payments.

Technical criteria on disclosure not relevant to The Firm

Risk exposures IRB approach

These disclosures are not required as the Firm has not adopted the Internal Ratings Based (IRB) approach to Credit Risk and therefore is not affected.

Credit risk and dilution risk

This disclosure is not required as the Firm does not make Value Adjustments and Provisions for Impaired exposures that need to be disclosed.

Firms calculating risk weighted exposure amounts In accordance with the standardised approach

This disclosure is not required as the Firm uses the Simplified method of calculating Risk Weights.

Firms calculating Risk Weighted Exposure amounts using the IRB Approach

This disclosure is not required as the Firm has not adopted the Internal Ratings Based approach to Credit and therefore is not affected.

Use of VaR model for calculation of market risk capital requirement

This disclosure is not required as the Firm does not use a VaR model for calculation of Market Risk Capital Requirement.

Non-trading book exposures in equities

This disclosure is not required as the Firm does not have a Non-Trading Book Exposure to Equities.

Exposures to Interest Rate Risk in the Non-Trading Book

Although the Firm has cash balances on its Balance Sheet, there is currently no significant exposure to Interest Rate fluctuations.

Securitisation

This disclosure is not required as the Firm does not securitise its assets.