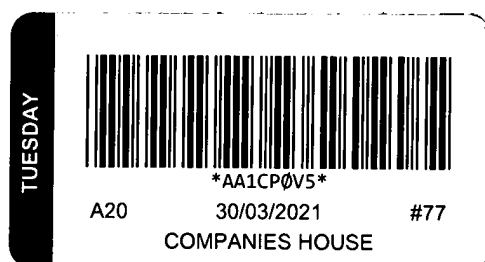

VALUTRADES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



VALUTRADES LIMITED

COMPANY INFORMATION

Directors	A. K. M. Bahirwani L. A. Bonfield H. Campbell-Lamerton 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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The following pages do not form part of the statutory financial statements:

Unaudited Pillar 3 Disclosure	Appendix 1
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VALUTRADES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020. 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 2020

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 company 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	38%	62%

VALUTRADES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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
- Foreign Exchange Risk
- Operational Risk
- Concentration Risk
- Business Risk
- Pension Obligation 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.

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

VALUTRADES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

- 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 2020

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 table shows the key performance indicators of the Group as at 31 December 2020 against the same period in the prior year.

KPI	2020	2019	Change
Revenue	£3,991,114	£3,291,640	+21%
Gross Profit	£3,170,301	£2,404,831	+32%
Operating Profit/ (Loss)	£865,155	(£90,867)	+1052%
Retail client funds held	£2,579,493	£1,782,587	+45%

Looking forward

2021 looks set to be another good year for Valutrades with the same market trends - Covid-19, US political leadership change and Brexit reaction, causing increased volatility in financial markets. This has a net positive effect on client volumes and commission incomes. Valutrades continues to be positioned to benefit from uncertain times and is proud to be able to support all staff and has continued to hire additional staff throughout 2020 and the beginning of 2021.

Valutrades was able to generate its first substantial profits in 2020 and is seeing a continued positive start to 2021. Our existing shareholders continue to support the business with profits intended to be reinvested in further growth. Since the initial decline as a result of the drastic ESMA regulation changes in 2018, the firm was able to grow revenues from 2019 onwards and is still seeing an increase of revenues at the start of 2021.

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 2021 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. A low level of staff turnover is helping to build an additional knowledge base that will help continue to scale the business.

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 a commitment to reinvest profits, business expertise and infrastructural investment. The shareholders fully support the firms plans for 2021 and are excited for the future.

VALUTRADES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 and include a duty to promote the success of the Company, which is summarised below.

The executive Directors meet regularly to discuss their duties and they can access professional advice on these - either through the Company, or if they judge it necessary, from an independent provider. The Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Company. The Board recognises that such delegation needs to extend beyond more than simple financial authorities, and therefore set out below we have summarised how the Directors fulfil their on-going operational duties:

Our People

The company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must ensure common values that inform and guide our behaviour so we achieve our goals in the right way.

Business relationships

Our strategy prioritises organic growth, to achieve this we need to develop and maintain strong client relationships. We value all our clients and endeavour to act with integrity at all times. In line with our business culture we value all our suppliers and endeavour to act with integrity at all times.

Community and environment

The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact.

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



.....
G. A. Watkins
Director

Date: 26/03/2021

VALUTRADES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

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 profit for the year, after taxation, amounted to £1,165,620 (2019 - loss £78,924).

No dividends were paid or proposed during the year (2019 - £Nil).

Directors

The Directors who served during the year were:

A. K. M. Bahirwani
L. A. Bonfield
H. Campbell-Lamerton
G. A. Watkins
N. Whitehead

VALUTRADES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Future developments

The company expects to continue with its present activities.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is 40,000kWh or lower.

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: 26/03/2021

VALUTRADES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALUTRADES LIMITED

Opinion

We have audited the financial statements of Valutrades Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, 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 related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

VALUTRADES LIMITED

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

VALUTRADES LIMITED

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

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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which they are capable of detecting irregularities, including fraud is detailed below:

- Assessed the nature of the industry and sector, control environment and business performance including the remuneration incentives and pressures of key management;
- The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We consider the results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- Any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- The matters discussed among the audit engagement team and involving relevant internal specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and relevant tax legislation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

VALUTRADES LIMITED

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

Use of our report

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

Simon Speller LLP

Simon Speller FCA (Senior Statutory Auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP
Date: 26/03/21

VALUTRADES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	3,991,114	3,291,640
Cost of sales		(820,813)	(886,809)
Gross profit		<u>3,170,301</u>	<u>2,404,831</u>
Administrative expenses		(2,305,146)	(2,495,698)
Operating profit/(loss)	5	<u>865,155</u>	<u>(90,867)</u>
Interest receivable and similar income	9	19,111	11,943
Profit/(loss) before tax		<u>884,266</u>	<u>(78,924)</u>
Tax on profit/(loss)	10	281,354	-
Profit/(loss) for the financial year		<u><u>1,165,620</u></u>	<u><u>(78,924)</u></u>
Loss for the year attributable to:			
Owners of the parent company		<u><u>1,165,620</u></u>	<u><u>(78,924)</u></u>

There was no other comprehensive income for 2020 (2019:£NIL).


The notes on pages 20 to 33 form part of these financial statements.

VALUTRADES LIMITED
REGISTERED NUMBER: 07939901

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	1,827	19,853
Tangible assets	12	10,736	13,373
		<u>12,563</u>	<u>33,226</u>
Current assets			
Debtors: amounts falling due within one year	14	4,395,644	7,398,147
Cash at bank and in hand	15	2,991,569	2,723,430
		<u>7,387,213</u>	<u>10,121,577</u>
Creditors: amounts falling due within one year	16	(2,949,839)	(6,870,486)
Net current assets		<u>4,437,374</u>	<u>3,251,091</u>
Net assets		<u><u>4,449,937</u></u>	<u><u>3,284,317</u></u>
Capital and reserves			
Called up share capital	18	7,396,501	7,396,501
Profit and loss account	19	(2,946,564)	(4,112,184)
		<u><u>4,449,937</u></u>	<u><u>3,284,317</u></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: 26/03/2021


The notes on pages 20 to 33 form part of these financial statements.

VALUTRADES LIMITED
REGISTERED NUMBER: 07939901

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	1,827	19,853
Tangible assets	12	10,736	13,373
Investments	13	100	100
		<u>12,663</u>	<u>33,326</u>
Current assets			
Debtors: amounts falling due within one year	14	4,395,544	7,486,768
Cash at bank and in hand	15	2,985,930	2,711,031
		<u>7,381,474</u>	<u>10,197,799</u>
Creditors: amounts falling due within one year	16	(2,947,439)	(6,860,170)
Net current assets		<u>4,434,035</u>	<u>3,337,629</u>
Net assets		<u><u>4,446,698</u></u>	<u><u>3,370,955</u></u>
Capital and reserves			
Called up share capital	18	7,396,501	7,396,501
Profit and loss account brought forward		(4,025,546)	(4,030,835)
Profit for the year		1,075,743	5,289
Profit and loss account carried forward		(2,949,803)	(4,025,546)
		<u><u>4,446,698</u></u>	<u><u>3,370,955</u></u>

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


 26/03/21
G. A. Watkins
 Director

The notes on pages 20 to 33 form part of these financial statements.

VALUTRADES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	5,836,576	(4,033,260)	1,803,316
Loss for the year	-	(78,924)	(78,924)
Shares issued during the year	1,559,925	-	1,559,925
At 1 January 2020	7,396,501	(4,112,184)	3,284,317
Profit for the year	-	1,165,620	1,165,620
At 31 December 2020	7,396,501	(2,946,564)	4,449,937

The notes on pages 20 to 33 form part of these financial statements.

VALUTRADES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	5,836,576	(4,030,835)	1,805,741
Profit for the year	-	5,289	5,289
	<hr/>	<hr/>	<hr/>
Contributions by and distributions to owners			
Shares issued during the year	1,559,925	-	1,559,925
	<hr/>	<hr/>	<hr/>
At 1 January 2020	7,396,501	(4,025,546)	3,370,955
Profit for the year	-	1,075,743	1,075,743
	<hr/>	<hr/>	<hr/>
At 31 December 2020	<u>7,396,501</u>	<u>(2,949,803)</u>	<u>4,446,698</u>

The notes on pages 20 to 33 form part of these financial statements.

VALUTRADES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit/(loss) for the financial year	1,165,620	(78,924)
Adjustments for:		
Amortisation of intangible assets	18,025	25,040
Depreciation of tangible assets	8,687	9,557
Interest received	(19,111)	(11,943)
Taxation charge	(281,354)	-
Decrease in debtors	3,283,858	350,346
(Decrease) in creditors	(3,916,178)	(1,244,564)
Net cash generated from operating activities	<u>259,547</u>	<u>(950,488)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,050)	(6,739)
Interest received	19,111	11,943
Net cash from investing activities	<u>13,061</u>	<u>5,204</u>
Cash flows from financing activities		
Issue of ordinary shares	-	1,559,925
Net cash used in financing activities	<u>-</u>	<u>1,559,925</u>
Net increase in cash and cash equivalents	<u>272,608</u>	<u>614,641</u>
Cash and cash equivalents at beginning of year	2,718,961	2,104,320
Cash and cash equivalents at the end of year	<u><u>2,991,569</u></u>	<u><u>2,718,961</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,991,569	2,723,430
Bank overdrafts	-	(4,469)
	<u><u>2,991,569</u></u>	<u><u>2,718,961</u></u>

The notes on pages 20 to 33 form part of these financial statements.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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.

Having made a pre-tax profit in the year of £884,266 (2019 - £78,924 loss), 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 and recent profitability. The Directors have considered the impact of Brexit and the COVID-19 pandemic in their assessment.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 profit or loss 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 profit or loss 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 profit or loss on a straight line basis over the lease term.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

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 profit or loss.

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.

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.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

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.

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:

	2020 £	2019 £
United Kingdom	3,991,114	3,291,640
	<u>3,991,114</u>	<u>3,291,640</u>

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5. Operating profit/(loss)

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

	2020 £	2019 £
Depreciation of tangible fixed assets	8,687	9,557
Amortisation of intangible assets	18,025	25,040
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	9,945	9,795
Exchange differences	114,606	195,111
Other operating lease rentals	49,191	101,194
Defined contribution pension cost	12,226	11,099

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	9,945	9,795
Fees payable to the Group's auditor and its associates in respect of:		
All other services	8,455	8,055
	8,455	8,055

VALUTRADES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	639,905	730,273	627,818	657,795
Social security costs	63,423	58,044	63,423	58,044
Cost of defined contribution scheme	12,226	11,099	12,226	11,099
	<u>715,554</u>	<u>799,416</u>	<u>703,467</u>	<u>726,938</u>

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

	2020 No.	2019 No.
Management	4	5
Sales & marketing	-	2
Operations	9	10
	<u>13</u>	<u>17</u>

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	394,546	386,699
Company contributions to defined contribution pension schemes	<u>7,018</u>	<u>6,473</u>

During the year retirement benefits were accruing to 4 Directors (2019 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £118,848 (2019 - £109,304).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £1,754 (2019 - £1,618).

VALUTRADES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Interest receivable

	2020 £	2019 £
Other interest receivable	19,111	11,943

10. Taxation

	2020 £	2019 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(281,354)	-
Total deferred tax	(281,354)	-
Taxation on (loss)/profit on ordinary activities	(281,354)	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	884,266	(78,924)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	168,011	(14,996)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	25,929	-
Capital allowances for year in excess of depreciation	500	-
Utilisation of tax losses	(198,198)	-
Changes in provisions leading to an increase (decrease) in the tax charge	1,397	-
Unrelieved tax losses carried forward	(278,993)	14,996
Total tax charge for the year	(281,354)	-

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Taxation (continued)

Factors that may affect future tax charges

As at the balance sheet date, the group had £2,889,947 (2019: £3,916,163) of unrelieved tax loss carried forward, which can be utilised against future trading profits within the group. Of these losses carried forward, £1,409,135 (2019: £3,916,163) have not been recognised as a deferred tax asset as the timing of these losses being utilised is deemed to be insufficiently certain to do so.

11. Intangible assets

Group and Company

	Computer software £
Cost	
At 1 January 2020	75,120
At 31 December 2020	75,120
Amortisation	
At 1 January 2020	55,267
Charge for the year on owned assets	18,026
At 31 December 2020	73,293
Net book value	
At 31 December 2020	1,827
At 31 December 2019	19,853

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 2020**

12. Tangible fixed assets

Group and Company

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2020	1,370	31,303	32,673
Additions	-	6,050	6,050
At 31 December 2020	<u>1,370</u>	<u>37,353</u>	<u>38,723</u>
Depreciation			
At 1 January 2020	719	18,581	19,300
Charge for the year on owned assets	368	8,319	8,687
At 31 December 2020	<u>1,087</u>	<u>26,900</u>	<u>27,987</u>
Net book value			
At 31 December 2020	<u>283</u>	<u>10,453</u>	<u>10,736</u>
At 31 December 2019	<u>651</u>	<u>12,722</u>	<u>13,373</u>

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	100
At 31 December 2020	<u>100</u>

VALUTRADES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020 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	3,339	91,639
Shanghai Yuxuan Business Consulting Limited (subsidiary of Content (UK) Business Consulting Limited)	-	(1,762)

Shanghai Yuxuan Business Consulting Limited ceased trading and was dissolved during the period.

14. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	14,637	60,331	14,637	60,331
Amounts owed by group undertakings	-	-	-	89,830
Other debtors	326,638	136,219	326,538	135,010
Prepayments and accrued income	134,939	41,962	134,939	41,962
Deferred taxation	281,354	-	281,354	-
Broker debtors	3,638,076	7,159,635	3,638,076	7,159,635
	<u>4,395,644</u>	<u>7,398,147</u>	<u>4,395,544</u>	<u>7,486,768</u>

VALUTRADES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Cash and cash equivalents

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Cash at bank and in hand	2,991,569	2,723,430	2,985,929	2,711,031
Less: bank overdrafts	-	(4,469)	-	(4,469)
	<u>2,991,569</u>	<u>2,718,961</u>	<u>2,985,929</u>	<u>2,706,562</u>

16. Creditors: Amounts falling due within one year

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Bank overdrafts	-	4,469	-	4,469
Trade creditors	190,702	47,972	190,702	47,756
Other taxation and social security	47,705	17,060	47,705	17,060
Other creditors	246,074	218,070	246,074	214,650
Accruals and deferred income	32,144	35,346	29,744	28,666
Financial instruments	2,433,214	6,547,569	2,433,214	6,547,569
	<u>2,949,839</u>	<u>6,870,486</u>	<u>2,947,439</u>	<u>6,860,170</u>

17. Deferred taxation

Group

	2020 £
Charged to profit or loss	281,354
At end of year	<u><u>281,354</u></u>

VALUTRADES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Deferred taxation (continued)

Company

	2020 £
Charged to profit or loss	281,354
At end of year	281,354

The deferred tax asset is made up as follows:

	Group 2020 £	Company 2020 £
Tax losses carried forward	281,354	281,354
	281,354	281,354

18. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
5,192,499 (2019 - 5,192,499) Ordinary A shares shares of £1.00 each	5,192,499	5,192,499
1,785,443 (2019 - 1,785,443) Ordinary B shares shares of £1.00 each	1,785,443	1,785,443
418,559 (2019 - 418,559) Ordinary C shares shares of £1.00 each	418,559	418,559
	7,396,501	7,396,501

19. Reserves

Profit and loss account

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

20. 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 £12,226 (2019 - £11,099). Contributions totalling £nil (2019 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

21. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £
Not later than 1 year	4,590	30,685

22. Client Bank Accounts

The Group operates 19 client money bank accounts. At the reporting date the total balance of these accounts was £2,579,493 (2019 - £1,782,587).

23. Related party transactions

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

The Company has taken the exemptions under FRS102 to not disclose transactions entered into between two or more members of a group on the basis that all subsidiaries party to the transaction are wholly owned by such a member.

Transactions and balances with related parties during the year and at year end made by the group are as follows:

	2020 £	2019 £
Sales to entities with common ownership or control	1,061,550	1,568,884
Balance forgiven expense in relation to entities with common ownership or control	118,491	-
Amounts owed to entities with common ownership or control	272,179	4,216,588
Amounts owed by entities with common ownership or control	290,527	47,276

24. Controlling party

The controlling party is A. K. M. Bahirwani, by virtue of his majority ownership of the voting rights of the Company.



**UNAUDITED
Pillar 3 Disclosures
2020**

Capital Requirements Directive - Pillar 3 Disclosure (UNAUDITED)

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 2020 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 2020, 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.

Valutrades Limited is a limited liability company registered in England and Wales with its registered office at 51 Eastcheap, London, EC3M 1JP, United Kingdom. Company Number 07939901. Valutrades Limited is authorised and regulated by the Financial Conduct Authority. Financial Services Register Number 586541.



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 2020.

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 2020:

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

Risk Management by Category as at 31 December 2020

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 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 £4,168,685.

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 2020, 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 £394,545.

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

- Fixed remuneration: £353,730
- Variable remuneration: £40,815
- 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.