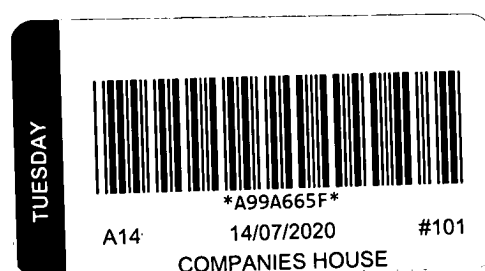


Company Registration No. 08111366 (England and Wales)

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



NOTESCO UK LIMITED

COMPANY INFORMATION

Directors

M A Kashiouris
D Hatzis
A R Hargreaves

Company number

08111366

Registered office

The Broadgate Tower
Floor 12
20 Primrose Street
London
United Kingdom
EC2A 2EW

Auditor

Fisher, Sassoon & Marks
43 - 45 Dorset Street
London
W1U 7NA

NOTESCO UK LIMITED

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NOTESCO UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report and financial statements for the year ended 31 December 2019.

Review of the business

The Company's principal activity was dealing in investments as principal (matched-principal broker). The Company is authorised and regulated by the Financial Conduct Authority ('FCA').

The performance for the year, and the position at 31 December 2019, are considered to be satisfactory and the directors are optimistic about the future as the business seeks to continue to grow its client base in the UK.

During the year the Company maintained low cost base strategy. The directors are confident that with the low cost, together with a growing UK client base, the Company will continue to trade successfully in the future.

Principal risks and uncertainties

The directors' risk management policy is to identify the principal business risks in achieving the Company's strategic objectives, establishing appropriate internal controls to manage those risks and ensuring that appropriate monitoring and reporting systems are in place. The Company's activities expose it to a variety of financial risks, which have continually evolved as the business has changed in recent years and activities have expanded into matched principal brokerage.

The Company's approach to managing risks applicable to the financial instruments concerned is set out in notes to the financial statements.

The Company's risk management policy is under continuous review and the directors have been conscious throughout 2019 of the changing business and the need to ensure that the controls are robust and appropriate for the operations in place, with the Company continuing to grow its UK client base, including those required as a firm regulated by the FCA to hold and control client money.

Key performance indicators

The company does not rely on any specific KPI's, instead relying on good general financial management with regards to debtors control, working capital levels and cost control. The directors are pleased with the performance over each of these areas in the period.

Pillar 3 disclosures

In accordance with the rules of the Financial Conduct Authority, the Company has published information on its risk management objectives and policies on its regulatory capital requirements and resources. These disclosures can be reviewed at the following website address; <https://www.ironfx.co.uk/en>

Future plans and developments

The directors are confident about the future of the Company and its financial position that will allow it to grow its operations in the future.

Following a prudent approach to growth since incorporation the directors are satisfied that the Company has put in place over the last couple of years a sound business model, driven by the wider group's experience in the foreign exchange markets, which will allow the Company to provide its products to a wide ranging market.

On behalf of the board

M A Kashiouris

Director

22 April 2020

NOTESCO UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M A Kashiouris
D Hatzis
A R Hargreaves

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Cannon Place, 78 Cannon Street, London EC4N 6HN).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditor of the company as at the year end represent aged trade creditors balances base on the amount invoiced by the suppliers and remain payable to the suppliers until settled either by cash consideration or alternate settlement.

Financial instruments

Cash flow risk

Cash flow risks are that the company does not have sufficient financial resources to meet its obligations as they fall due. The company has controls in place to minimise the risk.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

The Company's principal foreign currency exposures arise from trading with overseas companies and transactions in currencies other than US Dollar. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in US Dollar.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

Price risk

Price risk is defined as the risk that exposures to excessive price fluctuations in positions held by the company would cause a material loss to arise. All client positions are simultaneously matched with liquidity providers and hence this risk is mitigated.

NOTESCO UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Post reporting date events

There are no matters to report.

Future developments

The directors are confident about the company's progress and believe the company is well placed to make further progress during the coming year. The company will continue to expand its client base by means of organic growth.

Auditor

The auditor, Fisher, Sassoon & Marks, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

M A Kashiouris

Director

Date: 20 April, 2020

NOTESCO UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NOTESCO UK LIMITED

Opinion

We have audited the financial statements of Notesco UK Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

NOTESCO UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NOTESCO UK LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Marks (Senior Statutory Auditor)
for and on behalf of Fisher, Sassoon & Marks

20th April 2020

Chartered Accountants
Statutory Auditor

43 - 45 Dorset Street
London
W1U 7NA

NOTESCO UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 US \$	2018 US \$
Revenue	3	434,686	942,144
Gross profit		434,686	942,144
Other operating income	3	131,711	833,528
Administrative expenses		(572,940)	(1,818,672)
Operating loss	4	(6,543)	(43,000)
Investment revenues	7	36,754	-
Finance costs	8	(25)	(11)
Profit/(loss) before taxation		30,186	(43,011)
Income tax (expense)/income	9	(5,017)	6,410
Profit/(loss) and total comprehensive income for the year	24	25,169	(36,601)

The income statement has been prepared on the basis that all operations are continuing operations.

NOTESCO UK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		2019	2018
	Notes	US \$	US \$
Non-current assets			
Property, plant and equipment	10	26,789	76,372
Investments	11	1,001	-
Deferred tax asset	15	12,662	6,374
		<u>40,452</u>	<u>82,746</u>
Current assets			
Trade and other receivables	14	143,566	3,188,684
Cash and cash equivalents		3,295,197	472,541
		<u>3,438,763</u>	<u>3,661,225</u>
Total assets		<u>3,479,215</u>	<u>3,743,971</u>
Current liabilities			
Trade and other payables	16	708,357	992,735
Current tax liabilities		11,305	16,852
		<u>719,662</u>	<u>1,009,587</u>
Net current assets		<u>2,719,101</u>	<u>2,651,638</u>
Total liabilities		<u>719,662</u>	<u>1,009,587</u>
Net assets		<u>2,759,553</u>	<u>2,734,384</u>
Equity			
Called up share capital	23	2,417,015	2,417,015
Retained earnings	24	342,538	317,369
Total equity		<u>2,759,553</u>	<u>2,734,384</u>

The financial statements were approved by the board of directors and authorised for issue on 20 April, 2020 and are signed on its behalf by:

.....
M A Kashiduris
Director

Company Registration No. 08111366

NOTESCO UK LIMITED

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

	Share capital US \$	Retained earnings US \$	Total US \$
Balance at 1 January 2018	2,417,015	353,970	2,770,985
Year ended 31 December 2018:			
Loss and total comprehensive income for the year	-	(36,601)	(36,601)
Balance at 31 December 2018	2,417,015	317,369	2,734,384
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	25,169	25,169
Balance at 31 December 2019	2,417,015	342,538	2,759,553

NOTESCO UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		2018	
	Notes	US \$	US \$	US \$	US \$
Cash flows from operating activities					
Cash generated from operations	25		2,803,780		15,541,051
Interest paid			(25)		(11)
Tax paid			(16,852)		(45,293)
Net cash inflow from operating activities			<u>2,786,903</u>		<u>15,495,747</u>
Investing activities					
Acquisition of subsidiaries		(1,001)		-	
Interest received		36,754		-	
Net cash generated from/(used in) investing activities			<u>35,753</u>		<u>-</u>
Net cash used in financing activities			<u>-</u>		<u>-</u>
Net increase in cash and cash equivalents			<u>2,822,656</u>		<u>15,495,747</u>
Cash and cash equivalents at beginning of year			472,541		(15,023,206)
Cash and cash equivalents at end of year			<u><u>3,295,197</u></u>		<u><u>472,541</u></u>

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Notesco UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Broadgate Tower, Floor 12, 20 Primrose Street, London, United Kingdom, EC2A 2EW.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements are prepared in US Dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest US \$.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

1.2 Adoption of new and revised International Financial Reporting Standards (IFRSs)

The IFRS financial information has been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period.

There have been no new standards, interpretations or amendments effective during the period adopted by the Company as they would not have had a material impact on the Company financial statements.

The Directors do not anticipate that future Standards will have a material impact on the Company financial statements.

1.3 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue

Revenue is measured at fair value of the consideration received or receivable from the Company's liquidity provider, representing;

Amounts receivable for services provided under a service level agreement, which excludes value added tax. Revenue is recognised as earned when, and to the extent that, the Company obtains the right to consideration. Revenue not billed is included in unbilled receivables and payments on account in excess of the relevant amount of revenue are included in trade and other payables.

Other income represents the total rental income of the Company derived from the sub-letting of one of its leased premises, up till the first quarter of the year, to unconnected third parties, exclusive of VAT.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvement	Over the term of the lease, subject to break clause
Fixtures, fittings & equipment	5 years on straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Loans and receivables

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.11 Financial liabilities

The company recognizes financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

(i) When the Company is the lessee

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis. Initial direct costs incurred by the Company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised in the statement of comprehensive income over the lease term on the same basis as the lease income.

(ii) When the Company is the lessor

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

1.17 Foreign exchange

Transactions in currencies other than US Dollar are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in US Dollars which is considered to be the Company's functional and presentational currency under the current business model, which is consistent with the Company's parent undertaking.

1.18 Client money

The Company holds money on behalf of clients in accordance with the client money rules of the FCA. Client monies held in segregated bank accounts in accordance with regulations and the corresponding liabilities to these clients are not recognised in the Balance Sheet. At 31 December 2019, amounts held by the Company on behalf of clients in accordance with the Client Assets Rules of the Financial Conduct Authority amounted to US\$ 6,430,706 (2018: US\$ 7,631,208).

1.19 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, as described in this note, the directors are required to make judgements. Estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumption are based on historical experience and other factors that are considered to be relevant, as reviewed on an ongoing basis. For the year ended 31 December 2019 there were no assumptions or estimates that are considered critical in applying the accounting policies.

Some of the Company's assets and liabilities are measured at fair value but the valuation of these instruments does not require any discounting or other significant judgement or estimation, since the Company does not offer any financial products with an underlying value that does not have a readily available market price. Market prices are obtained from the relevant exchanges.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

3 Revenue

An analysis of the company's revenue is as follows:

The total revenue of the Company, for both the current and prior financial year, has been derived from its principal activity driven from the United Kingdom, including revenues earned from the provision of online retail foreign exchange trading and related services from the Company's UK trading platform.

	2019 US \$	2018 US \$
Revenue analysed by class of business		
Revenue from services	434,686	942,144
	<u> </u>	<u> </u>
	2019 US \$	2018 US \$
Other significant revenue		
Interest income	36,754	-
Rental income arising from investment properties	131,711	833,528
	<u> </u>	<u> </u>

The total rental income of the Company has been derived from the sub-letting of one of its leased premises, up till the first quarter of the year, to unconnected third parties, exclusive of VAT.

4 Operating loss

	2019 US \$	2018 US \$
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(38,438)	1,222
Depreciation of property, plant and equipment	49,584	155,542
	<u> </u>	<u> </u>

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Auditor's remuneration

	2019 US \$	2018 US \$
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	22,282	21,495
For other services		
Other services pursuant to legislation	-	2,133

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Management, accounts managers and administration	5	5

Their aggregate remuneration comprised:

	2019 US \$	2018 US \$
Wages and salaries	177,050	185,881
Social security costs	11,454	14,970
Pension costs	3,819	7,249
	192,323	208,100

7 Investment income

	2019 US \$	2018 US \$
Interest income		
Bank deposits	36,754	-

Total interest income for financial assets that are not held at fair value through profit or loss is US \$36,754 (2018 - US \$ Nil).

8 Finance costs

	2019 US \$	2018 US \$
Interest on bank overdrafts and loans	25	11

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Income tax income/(expense)

	2019 US \$	2018 US \$
Current tax		
UK corporation tax on profits for the current period	11,305	16,852
Deferred tax		
Origination and reversal of temporary differences	(6,288)	(23,262)
Total tax charge/(credit)	5,017	(6,410)

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2019 US \$	2018 US \$
Profit/(loss) before taxation	30,186	(43,011)
Expected tax charge/(credit) based on a corporation tax rate of 19.00%	5,735	(8,172)
Expenses not deductible in determining taxable profit	47	56
Permanent capital allowances in excess of depreciation	5,524	24,968
Deferred Tax	(6,289)	(23,262)
Tax charge/(credit) for the year	5,017	(6,410)

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Property, plant and equipment

	Leasehold improvement	Fixtures, fittings & equipment	Total
	US \$	US \$	US \$
Cost			
At 1 January 2018	495,588	355,758	851,346
At 31 December 2018	495,588	355,758	851,346
At 31 December 2019	495,588	355,758	851,346
Accumulated depreciation and impairment			
At 1 January 2018	378,813	240,619	619,432
Charge for the year	98,150	57,392	155,542
At 31 December 2018	476,963	298,011	774,974
Charge for the year	18,626	30,958	49,584
At 31 December 2019	495,588	328,969	824,557
Carrying amount			
At 31 December 2019	-	26,789	26,789
At 31 December 2018	18,625	57,747	76,372
At 31 December 2017	116,775	115,139	231,914

11 Investments

	Current		Non-current	
	2019	2018	2019	2018
	US \$	US \$	US \$	US \$
Investments in subsidiaries	-	-	1,001	-

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Investments (Continued)

Movements in non-current investments

	Shares in group undertakings US \$
Cost or valuation	
At 1 January 2019	-
Additions	1,001
At 31 December 2019	1,001
Carrying amount	
At 31 December 2019	1,001
At 31 December 2018	-

12 Subsidiaries

The company has taken advantage of exemption from preparing the consolidation, under 405 sect 2 of CA 2006, where the subsidiary undertaking is not material for the purpose of giving a true and fair view.

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of	% Held	
			shares held	Direct	Indirect
Damadah Holding Ltd	Cyprus	Other investing activity	Ordinary	100.00	-

The aggregate capital and reserve and the results for the period of the subsidiary noted above as follows:

Name of undertaking	Profit/ (Loss)	Capital and Reserve
	\$	\$
Damadah Holding Ltd	638	633

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Financial instruments

	2019	2018
	US \$	US \$
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,438,763	3,661,225
Carrying amount of financial liabilities		
Measured at amortised cost	708,357	992,735

14 Trade and other receivables

	Current 2019	2018
	US \$	US \$
Trade receivables	108,964	-
Other receivables	14,079	369,971
VAT recoverable	1,082	4,549
Amount owed by parent undertaking	-	25,000
Amounts owed by related parties	2,000	2,573,213
Prepayments	17,441	215,951
	143,566	3,188,684

Trade receivables and other receivables disclosed above are classified as receivables and loans, and are therefore measured at amortised cost.

Amounts of US\$14,079 (2018: US\$353,305), included in other receivables represent rent deposits under operating lease commitments.

For details relating to the amounts owed by related parties refer to related party transactions note.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Prepayments for the year and the comparative has been disclosed separately.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances US \$
Deferred tax liability at 1 January 2018	16,887
Deferred tax movements in prior year	
Credit to profit or loss	(23,261)
Deferred tax liability at 1 January 2019	-
Deferred tax asset at 1 January 2019	(6,374)
Deferred tax movements in current year	
Credit to profit or loss	(6,288)
Deferred tax liability at 31 December 2019	-
Deferred tax asset at 31 December 2019	(12,662)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2019 US \$	2018 US \$
Deferred tax assets	(12,662)	(6,374)

The deferred tax asset at 31 December 2019 has arisen due to temporary timing differences that have originated on the non-current assets of the Company, resulting in an obligation to pay less tax in the future.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Trade and other payables

	2019 US \$	2018 US \$
Trade payables	276,097	422,258
Amounts owed to subsidiary undertakings	1,001	-
Amounts owed to related parties	346,748	122,177
Accruals	49,471	236,084
Social security and other taxation	35,040	29,306
Other payables	-	182,910
	<u>708,357</u>	<u>992,735</u>

The trade payables comprise of amounts outstanding of trade purchases and on-going costs. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid.

For details relating to the amounts owed to related parties refer to related party transactions note.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Accruals for the year and the comparative has been disclosed separately.

17 Fair value of financial assets and financial liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The directors have considered the book values and fair values of the Company's financial assets and liabilities as at 31 December 2019 and consider them to be approximate to their book value owing to the short term maturity of these instruments and the current low interest rate environment.

18 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is US \$3,819 (2018 - US \$7,249).

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Financial instruments - Other

Financial risk management objectives

The overarching objective of the directors is to have a risk management policy to be able to identify and assess the business risks in achieving the Company's, and wider group's, strategic objectives, establishing appropriate internal controls to manage those risks and ensuring that appropriate monitoring and reporting systems are in place. These controls are to be continually reviewed.

Following a variation in its regulatory permissions with the Financial Conduct Authority, allowing the Company from October 2014 to dealing in investments as agent and as principal (matched principal broker), the directors have had regard to the changing business model of the Company. While the existing controls were considered appropriate for the Company's extended operations, the directors have been conscious of ensuring that the Company's systems and controls evolve with its change in operations, continually seeking to improve its risk management policy.

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern and meet the regulatory capital requirements imposed by the Financial Conduct Authority. The capital structure of the Company consists of the equity of the Company (comprising issued capital plus retained earnings). The Company is currently capitalised at a level comfortably in excess of the minimum regulatory capital required at the end of 31 December 2019 and it has always been the prudent decision to maintain a healthy capital surplus to cover any unforeseen increases in cost. The directors monitor management accounts on a frequent basis to ensure that an appropriate level of capital and cash resources are maintained to meet regulatory requirements. The cost base of the Company has decreased during 2019 to a level at 31 December 2019 which is thought to be reflective of the ongoing cost basis for the foreseeable future.

Therefore the directors are comfortable that the current capitalisation of the Company is appropriate for the operation of the business, but are also aware that further capital would be made available in the event that it is thought prudent to capitalise the Company further for regulatory purposes.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Financial instruments - Other

(Continued)

Foreign exchange risk

The Company is exposed to foreign exchange risk as certain transactions and balances are mainly in Sterling, Euro, Chinese Yuan, Forint, Zloty and Japanese Yen and therefore it has currency risk exposure to fluctuations in exchange rates. These fluctuations do not have a material impact on the financial statements at 31 December 2019, and will be continually reviewed by the directors as the business continues to grow its UK client base and operations.

The directors are responsible for managing the Company's exposure to foreign currency risk by monitoring the exposure on all foreign currency denominated assets and liabilities. Foreign currency risk, as defined by IFRS 7, arises as the value of future transactions fluctuate due to changes in foreign exchange rates. The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows (Other currencies reported in US\$):

	Assets		Liabilities	
	2019	2018	2019	2018
	US \$	US \$	US \$	US \$
Other assets (monetary)	2,879,812	843,858	-	-
Other liabilities (monetary)	-	-	-	64,660
	<u>2,879,812</u>	<u>843,858</u>	<u>-</u>	<u>64,660</u>

At 31 December 2019, had the exchange rate between US Dollars and Sterling, Euro, Chinese Yuan, Forint, Zloty and Japanese Yen increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets attributable to the Company's operations would amount to approximately US\$144,352 (2018: US\$11,635).

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk).

The Company is exposed to price risk by virtue of its financial instruments that are traded as contracts for difference and spread betting contracts. However, the positions at any point are mitigated through matched positions held with counterparties, notably the Company's liquidity providers.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fluctuations of market interest affect the prices of securities.

The Company's management monitors the interest rate fluctuations and acts accordingly, however it does not consider interest rate risk as significant since it does not hold any material interest bearing assets and liabilities. Furthermore, the interest rates applying to the UK are currently minimal and therefore have negligible impact.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Financial instruments - Other

(Continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk is monitored by management on an ongoing basis with respect to trading positions. The directors address credit risk in a number of ways including:

- aiming to maintain a diversified client portfolio thus avoiding high concentration and exposure to a small number of clients;
- ensuring that clients cannot begin to trade unless money has been deposited into clients' account; and
- ensuring that the necessary margin is tied for any open positions.

Furthermore, the credit risk that arises from client positions is further reduced by the Company's policies and tools, which include manual and automatic stop loss limits in order to prevent any open positions exceeding the Company's pre-set margin.

The directors manage cash flow risk by regularly monitoring the amounts outstanding and calling on funds to enable the Company to meet liabilities as they fall due. Any cash deposits with banks are held with a major international banking group with reported substantial financial strength and high grade credit ratings assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk refers to the risk of not having sufficient resources to enable the Company to meet its obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the directors, who will manage the Company's short, medium and long-term funding and liquidity management requirements.

The Company aims to maintain a healthy level of liquidity at all times and the directors regularly monitor cash flow and management accounts to ensure that the Company maintains adequate working capital, therefore the directors do not consider liquidity risk to be significant.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external factors. This is considered to be a key risk for management during the year, as the directors have set to put in place controls and systems that are able to deal with both the growing business operations and also the regulatory requirements of the Company.

The directors draw on experience in the industry on a group wide basis and ensure that significant strategic decisions made by management are continually monitored. Management formally communicates duties and responsibilities to employees through regular meetings, seminars and trainings.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

20 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2019 US \$	2018 US \$
Minimum lease payments under operating leases	32,535	605,778

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows (breakup clause exercised in the first quarter of the reporting period):

	2019 US \$	2018 US \$
Within one year	33,930	138,675
	33,930	138,675

Lessor

The operating leases represent, its leased property to third parties. The leases are negotiated over terms between 2 and 3 years and rentals are fixed for terms between 2 and 3 years. All leases include a provision for five-yearly upward rent reviews according to prevailing market conditions.

There are no options in place for either party to extend the lease terms. Amount recognised as rental and other related income was US\$ 131,711 (2018: US\$ 833,528), as the breakup clause was exercised in the first quarter of the reporting period.

At the reporting end date the company had contracted with tenants for the following minimum lease payments (breakup clause was exercised in the first quarter of the reporting period):

	2019 US \$	2018 US \$
Within one year	-	115,026

21 Post balance sheet events

There are no matters to report.

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

22 Related party transactions

Remuneration of key management personnel

The remuneration of the directors and key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2019 US \$	2018 US \$
Aggregate compensation	128,904	127,436

The parent company with 100% shareholding is 8Safe international Limited, a company registered in British Virgin Islands. Registered address – 19, Waterfront Drive, P.O. Box 3540, Road Town, Tortola VG 1110, British Virgin Islands. At the year end, the Company was owed US\$ nil (2018: US\$ 25,000) by the parent company 8Safe international Limited. This amount is interest free and repayable on demand.

During the year, the company earned management fee revenue amounting to US\$ 411,570 (2018: US\$ 931,554) from Notesco Financial Services Ltd under a formal service level agreement. Notesco Financial Services Ltd is a company registered in Cyprus and related by virtue of common ownership. At the year end, the Company owed an amount of US\$ 300,532 (2018: US\$ 122,176 Company was owed to) by Notesco Financial Services Ltd, representing trading and service fees due, less advances received.

At the year end, the Company was owed an amount of US\$ 2,000 (2018: US\$ 2,000) from group Company GVS (BVI) Ltd, a company based in British Virgin Islands. This amount represents expenses paid by the company and the outstanding balances are receivable from the parent company on behalf of this company.

At the year end, the Company owed an amount of US\$ 46,215 (2018: US\$ nil) to group Company Notesco Pty Limited, a company based in Australia. This amount is interest free and repayable on demand.

At the year end, the Company owed an amount of US\$ 1,001 (2018: US\$ nil) to group Company Damadah Holding Ltd, a company based in Cyprus. This amount is interest free and repayable on demand.

23 Share capital

	2019 US \$	2018 US \$
Ordinary share capital		
<i>Issued and fully paid</i>		
1,500,000 fully paid ordinary shares of £1 each	2,417,015	2,417,015

24 Retained earnings

	2019 US \$	2018 US \$
At 1 January 2019	317,369	353,970
Profit/(loss) for the year	25,169	(36,601)
At 31 December 2019	342,538	317,369

NOTESCO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

25 Cash generated from operations

	2019	2018
	US \$	US \$
Profit/(loss) for the year after tax	25,169	(36,601)
Adjustments for:		
Taxation charged/(credited)	5,017	(6,410)
Finance costs	25	11
Investment income	(36,754)	-
Depreciation and impairment of property, plant and equipment	49,584	155,542
Pension scheme non-cash movement	(196)	(10)
Movements in working capital:		
Decrease/(increase) in trade and other receivables	3,045,117	(659,831)
(Decrease)/increase in trade and other payables	(284,182)	16,088,350
Cash generated from operations	2,803,780	15,541,051