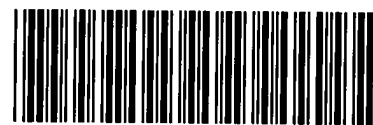


SQUARE GLOBAL LIMITED
& SUBSIDIARY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

THURSDAY



A79121DV

A30

28/06/2018

#113

COMPANIES HOUSE

SQUARE GLOBAL LIMITED & SUBSIDIARY

COMPANY INFORMATION

Directors	Mr Harold Uzan Mr A Boublil Mr D P Even Mr Y A Sarfati
Company number	09170961
Registered office	843 Finchley Road London NW11 8NA
Auditor	Fisher, Sassoon & Marks 43-45 Dorset Street London W1U 7NA

SQUARE GLOBAL LIMITED & SUBSIDIARY

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Consolidated statement of total comprehensive income	6
Consolidated statement of financial position	7
Company statement of financial position	8
Consolidated statement of changes in equity	9
Company statement of changes in equity	10
Consolidated statement of cash flows	11
Company statement of cash flows	12
Notes to the financial statements	13 - 28

SQUARE GLOBAL LIMITED & SUBSIDIARY

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

This strategic report for Square Global Limited and subsidiary ("the Group") has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to the company and its subsidiary undertakings when viewed as a whole.

The directors present the strategic report for the year ended 30 September 2017.

Fair review of the business

The company is authorised and regulated in the United Kingdom by the Financial Conduct Authority and in the United States by the National Futures Association.

The directors are satisfied with the results for the year.

Principal risks and uncertainties

Currency risk

Foreign exchange risk arises from cash flows relating to commercial transactions and recognised assets and liabilities. Transaction exposure occurs when the Group receives or pays cash in a currency different from Sterling, the functional currency of the entity.

Credit risk

The Group is exposed to concentrations of credit risk. Trade debtors are concentrated in the financial institutions sector and amounted to £3,232,220 (2016: £4,162,777).

Liquidity risk

As part of the Group's obligations under the Capital Requirements Directive, an Internal Capital Adequacy Assessment Process (ICAAP) document is prepared annually. The ICAAP is used by the Board to assess the Groups risks, determine the actions necessary to mitigate those risks and the current and future capital requirements. Following BIPRU 12 Liquidity Standards, the Group maintains a Liquidity Policy to manage liquidity risk.

Development and performance

At the year end the Group had net assets of £4,709,313 (2016: £4,284,180).

In January 2017 we opened a branch office in France.

In September 2017 we incorporated subsidiary company Square Global Holdings (U.S.) Inc. in the United States. Via this subsidiary we acquired a 24% interest in US based brokerage firm Blue Vase Securities LLC, together with an option to acquire the remaining 76%, should it perform as we anticipate. The LLC subsequently changed its name to Square Global U.S. LLC.

Our client base has grown significantly and we continue exploring avenues for further growth

Key performance indicators

The Group's turnover increased by 9% during the year. The key performance indicator is profit before tax of £4,692,243 (2016 : £5,502,135).

On behalf of the board

Mr Harold Uzan

Director

27/06/2018

SQUARE GLOBAL LIMITED & SUBSIDIARY

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present their annual report and financial statements for the year ended 30 September 2017.

Principal activities

The Group's principal activity continued to be that of interdealer brokerage firms.

Branches

The Group has a branch office in France.

Directors

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

Mr Harold Uzan

Mr L E Scemama

(Resigned 18 September 2017)

Mr A Boublil

Mr D P Even

Mr Y A Sarfati

Results and dividends

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

Ordinary dividends were paid amounting to £3,210,038. The directors do not recommend payment of a further dividend.

Financial instruments

Liquidity risk

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

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.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Post reporting date events

So far, we have been led by our clients and their needs, and this will remain the case. On one hand, we are continuing to expand our coverage in the markets where we are already active, on the other we are exploring several new markets where our clients would benefit from our value-added approach, and where there is a perceived need for our services.

In early 2018 we completed the acquisition of Blue Vase LLC.

SQUARE GLOBAL LIMITED & SUBSIDIARY

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

Auditor

In accordance with the company's articles, a resolution proposing that Fisher, Sassoon & Marks be reappointed as auditor of the group will be put at a General Meeting.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

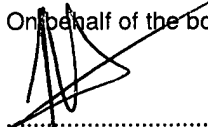
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

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

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board



Mr Harold Uzan

Director

Date 27/06/2018

SQUARE GLOBAL LIMITED & SUBSIDIARY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SQUARE GLOBAL LIMITED

Opinion

We have audited the financial statements of Square Global Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 30 September 2017 set out on pages 6 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 30 September 2017 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 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

SQUARE GLOBAL LIMITED & SUBSIDIARY

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SQUARE GLOBAL LIMITED

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 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 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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's 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.

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.

Use of our report

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


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

Chartered Accountants
Statutory Auditor

27/06/2018

43-45 Dorset Street
London
W1U 7NA

SQUARE GLOBAL LIMITED & SUBSIDIARY

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £	2016 £
Revenue	3	12,309,039	11,312,675
Cost of sales		(3,166,009)	(3,021,714)
Gross profit		9,143,030	8,290,961
Administrative expenses		(4,450,818)	(2,788,826)
Operating profit	4	4,692,212	5,502,135
Investment income	7	31	-
Profit before taxation		4,692,243	5,502,135
Tax on profit	8	(1,057,071)	(1,133,610)
Profit for the financial year	20	3,635,172	4,368,525
Other comprehensive income		-	-
Total comprehensive income for the year		3,635,172	4,368,525

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SQUARE GLOBAL LIMITED & SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	11	321,198		-	
Property, plant and equipment	12	136,995		147,636	
Investments	13	20,505		-	
		<u>478,698</u>		<u>147,636</u>	
Current assets					
Trade and other receivables	15	3,365,987		4,203,298	
Cash and cash equivalents		2,521,144		1,890,353	
		<u>5,887,131</u>		<u>6,093,651</u>	
Current liabilities	16	(1,650,869)		(1,951,460)	
Net current assets		<u>4,236,262</u>		<u>4,142,191</u>	
Total assets less current liabilities		<u>4,714,960</u>		<u>4,289,827</u>	
Provisions for liabilities	17	(5,647)		(5,647)	
Net assets		<u>4,709,313</u>		<u>4,284,180</u>	
Equity					
Called up share capital	19	180,002		180,003	
Retained earnings	20	4,529,311		4,104,177	
Total equity		<u>4,709,313</u>		<u>4,284,180</u>	

The financial statements were approved by the board of directors and authorised for issue on 27/06/2018 and are signed on its behalf by:

Mr Harold Uzan
Director

Company Registration No. 09170961

SQUARE GLOBAL LIMITED & SUBSIDIARY

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Property, plant and equipment	12		136,995		147,636
Current assets					
Trade and other receivables	15	3,766,157		4,203,298	
Cash and cash equivalents		2,446,590		1,890,353	
		6,212,747		6,093,651	
Current liabilities	16	(1,650,869)		(1,951,460)	
Net current assets			4,561,878		4,142,191
Total assets less current liabilities			4,698,873		4,289,827
Provisions for liabilities	17		(5,647)		(5,647)
Net assets			4,693,226		4,284,180
Equity					
Called up share capital	19		180,002		180,003
Retained earnings	20		4,513,224		4,104,177
Total equity			4,693,226		4,284,180

The financial statements were approved by the board of directors and authorised for issue on 27/06/2018 and are signed on its behalf by:



Mr Harold Uzan
Director

Company Registration No. 09170961

SQUARE GLOBAL LIMITED & SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 October 2015		180,000	1,122,424	1,302,424
Year ended 30 September 2016:				
Profit and total comprehensive income for the year		-	4,368,525	4,368,525
Issue of share capital	19	4	-	4
Dividends	10	-	(1,386,772)	(1,386,772)
Reduction of shares	19	(1)	-	(1)
Balance at 30 September 2016		180,003	4,104,177	4,284,180
Year ended 30 September 2017:				
Profit and total comprehensive income for the year		-	3,635,172	3,635,172
Dividends	10	-	(3,210,038)	(3,210,038)
Reduction of shares	19	(1)	-	(1)
Balance at 30 September 2017		180,002	4,529,311	4,709,313

SQUARE GLOBAL LIMITED & SUBSIDIARY

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 October 2015		180,000	1,122,424	1,302,424
Year ended 30 September 2016:				
Profit and total comprehensive income for the year		-	4,368,525	4,368,525
Issue of share capital	19	4	-	4
Dividends	10	-	(1,386,772)	(1,386,772)
Reduction of shares	19	(1)	-	(1)
Balance at 30 September 2016		180,003	4,104,177	4,284,180
Year ended 30 September 2017:				
Profit and total comprehensive income for the year		-	3,619,085	3,619,085
Dividends	10	-	(3,210,038)	(3,210,038)
Reduction of shares	19	(1)	-	(1)
Balance at 30 September 2017		180,002	4,513,224	4,693,226

SQUARE GLOBAL LIMITED & SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	25	5,928,609		3,008,002	
Income taxes paid		(1,728,522)		(284,681)	
Net cash inflow from operating activities		<u>4,200,087</u>		<u>2,723,321</u>	
Investing activities					
Purchase of intangible assets		(321,198)		-	
Purchase of property, plant and equipment		(17,585)		(165,321)	
Purchase of fixed asset investments		(20,505)		-	
Interest received		31		-	
Net cash used in investing activities		<u>(359,257)</u>		<u>(165,321)</u>	
Financing activities					
Proceeds from issue of shares		-		4	
Redemption of shares		(1)		(1)	
Dividends paid to equity shareholders		(3,210,038)		(1,386,772)	
Net cash used in financing activities		<u>(3,210,039)</u>		<u>(1,386,769)</u>	
Net increase in cash and cash equivalents		<u>630,791</u>		<u>1,171,231</u>	
Cash and cash equivalents at beginning of year		1,890,353		719,122	
Cash and cash equivalents at end of year		<u>2,521,144</u>		<u>1,890,353</u>	

SQUARE GLOBAL LIMITED & SUBSIDIARY

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	26	5,512,352		3,008,002	
Income taxes paid		(1,728,522)		(284,681)	
Net cash inflow from operating activities		<u>3,783,830</u>		<u>2,723,321</u>	
Investing activities					
Purchase of property, plant and equipment		(17,585)		(165,321)	
Interest received		31		-	
Net cash used in investing activities		<u>(17,554)</u>		<u>(165,321)</u>	
Financing activities					
Proceeds from issue of shares		-		4	
Redemption of shares		(1)		(1)	
Dividends paid to equity shareholders		(3,210,038)		(1,386,772)	
Net cash used in financing activities		<u>(3,210,039)</u>		<u>(1,386,769)</u>	
Net increase in cash and cash equivalents		<u>556,237</u>		<u>1,171,231</u>	
Cash and cash equivalents at beginning of year		1,890,353		719,122	
Cash and cash equivalents at end of year		<u><u>2,446,590</u></u>		<u><u>1,890,353</u></u>	

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

Company information

Square Global Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 843 Finchley Road, London, NW11 8NA.

The group consists of Square Global Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Square Global Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The group income statement and statement of cash flows also include the results and cash flows of Square Global Holdings (U.S.) Inc. for the nineteen day period from its incorporation on 12 September 2017.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

1.3 Going concern

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

1.4 Revenue

Turnover represents commissions receivable on brokerage services.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is five years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 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 land and buildings	5 years
Fixtures and fittings	15% reducing balance

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.

1.7 Non-current investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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.

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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 Instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group 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 group.

1.12 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing 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 if, and only if, there is 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.

1.13 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 stock 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.

1.14 Retirement benefits

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

1.15 Foreign exchange

Transactions in currencies other than pounds sterling 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.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

3 Revenue

	2017 £	2016 £
Revenue analysed by class of business		
Commissions	12,309,039	11,312,675
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	31	-
	<u> </u>	<u> </u>
Revenue analysed by geographical market		
United Kingdom	12,098,039	11,312,675
France	211,000	-
	<u> </u>	<u> </u>
	12,309,039	11,312,675
	<u> </u>	<u> </u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(344,537)	36,451
Depreciation of owned property, plant and equipment	28,226	19,125
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £344,537 (2016 - £36,451).

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	18,000	18,000
	<u> </u>	<u> </u>
For other services		
Other assurance services	5,130	-
	<u> </u>	<u> </u>

The non-audit services are in respect of regulatory reporting requirements.

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Brokers	18	11	18	11
Administrative	2	2	2	2
	<u>20</u>	<u>13</u>	<u>20</u>	<u>13</u>

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	2,015,888	1,182,540	2,015,888	1,182,540
Social security costs	275,248	153,281	275,248	153,281
Pension costs	17,493	-	17,493	-
	<u>2,308,629</u>	<u>1,335,821</u>	<u>2,308,629</u>	<u>1,335,821</u>

7 Investment income

	2017 £	2016 £
Interest income		
Other interest income	<u>31</u>	<u>-</u>

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	1,057,086	1,128,506
Adjustments in respect of prior periods	<u>(15)</u>	<u>(543)</u>
Total current tax	<u>1,057,071</u>	<u>1,127,963</u>
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>5,647</u>
Total tax charge for the year	<u>1,057,071</u>	<u>1,133,610</u>

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

8 Taxation

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	<u>4,692,243</u>	<u>5,502,135</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.50% (2016: 20.00%)	914,987	1,100,427
Tax effect of expenses that are not deductible in determining taxable profit	145,009	36,932
Adjustments in respect of prior years	(15)	(543)
Effect of change in corporation tax rate	(74)	-
Permanent capital allowances in excess of depreciation	-	(8,853)
Foreign exchange differences	(3,843)	-
Deferred tax	-	5,647
Depreciation in excess of capital allowances	<u>1,007</u>	<u>-</u>
Taxation charge for the year	<u>1,057,071</u>	<u>1,133,610</u>

9 Profit attributable to the company

As permitted by s408 Companies Act 2006, the company has not presented its own statement of total comprehensive income and related notes. The company's profit for the year was £3,619,085 (2016 - £4,368,525 profit).

10 Dividends

	2017 £	2016 £
Interim paid	<u>3,210,038</u>	<u>1,386,772</u>

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 October 2016	-
Additions - separately acquired	321,198
At 30 September 2017	321,198
Amortisation and impairment	
At 1 October 2016 and 30 September 2017	-
Carrying amount	
At 30 September 2017	321,198
At 30 September 2016	-

The company had no intangible fixed assets at 30 September 2017 or 30 September 2016.

Goodwill includes an amount of £321,198, which related to the difference between the acquisition cost and our share of the net assets acquired of Square Global Markets U.S. LLC.

12 Property, plant and equipment

Group	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 October 2016	43,037	123,724	166,761
Additions	-	17,585	17,585
At 30 September 2017	43,037	141,309	184,346
Depreciation and impairment			
At 1 October 2016	8,608	10,517	19,125
Depreciation charged in the year	8,607	19,619	28,226
At 30 September 2017	17,215	30,136	47,351
Carrying amount			
At 30 September 2017	25,822	111,173	136,995
At 30 September 2016	34,429	113,207	147,636

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

12 Property, plant and equipment

Company	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 October 2016	43,037	123,724	166,761
Additions	-	17,585	17,585
At 30 September 2017	43,037	141,309	184,346
Depreciation and impairment			
At 1 October 2016	8,608	10,517	19,125
Depreciation charged in the year	8,607	19,619	28,226
At 30 September 2017	17,215	30,136	47,351
Carrying amount			
At 30 September 2017	25,822	111,173	136,995
At 30 September 2016	34,429	113,207	147,636

13 Fixed asset investments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Unlisted investments	20,505	-	-	-

Movements in non-current investments Group

	Investments other than loans £
Cost or valuation	
At 1 October 2016	-
Additions	20,505
At 30 September 2017	20,505
Carrying amount	
At 30 September 2017	20,505
At 30 September 2016	-

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

13 Fixed asset investments (continued)

On 15 September 2017 the Group acquired a 24% interest in Square Global Markets U.S. LLC (formerly known as Blue Vase Securities LLC). The valuation is based on our share of the company's net assets at 30 September 2017.

The difference between the acquisition cost and our share of the net assets acquired has been recognised as goodwill.

14 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,247,120	4,196,202	3,647,290	4,196,202
Equity instruments measured at cost less impairment	20,505	-	-	-
	<u>3,267,625</u>	<u>4,196,202</u>	<u>3,647,290</u>	<u>4,196,202</u>
Carrying amount of financial liabilities				
Measured at amortised cost	1,116,219	822,954	1,116,219	822,954
	<u>1,116,219</u>	<u>822,954</u>	<u>1,116,219</u>	<u>822,954</u>

15 Trade and other receivables

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade receivables	3,232,220	4,162,777	3,232,220	4,162,777
Amounts owed by group undertakings	-	-	400,170	-
Other receivables	22,226	33,425	22,226	33,425
Prepayments and accrued income	111,541	7,096	111,541	7,096
	<u>3,365,987</u>	<u>4,203,298</u>	<u>3,766,157</u>	<u>4,203,298</u>

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

16 Current liabilities

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade payables	126,578	89,502	126,578	89,502
Corporation tax payable	457,055	1,128,506	457,055	1,128,506
Other taxation and social security	77,595	-	77,595	-
Other payables	47,342	19,680	47,342	19,680
Accruals and deferred income	942,299	713,772	942,299	713,772
	<u>1,650,869</u>	<u>1,951,460</u>	<u>1,650,869</u>	<u>1,951,460</u>

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	<u>5,647</u>	<u>5,647</u>
Company	Liabilities 2017 £	Liabilities 2016 £
Accelerated capital allowances	<u>5,647</u>	<u>5,647</u>

There were no deferred tax movements in the year.

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

18 Retirement benefit schemes Group and company

Defined contribution schemes	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	<u>17,493</u>	<u>-</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

19 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
18,000,000 Ordinary shares of 1p each	180,000	180,000
2 Ordinary 'C' and 'H' shares (2016: 'B' 'C' & 'H') of £1 each	2	3
	<u>180,002</u>	<u>180,003</u>

Each ordinary £0.01 share carries one vote and has equal rights to dividends.

Each ordinary £1 share is entitled to a fixed dividend plus a share of desk profit. They carry no voting rights.

During the year no (2016: 4 issued at par value) ordinary £1 shares were issued, 1 (2016: 1) £1 share was bought back by the company at par value and cancelled.

20 Retained earnings

	Group 2017 £	2016 £	Company 2017 £	2016 £
At the beginning of the year	4,104,177	1,122,424	4,104,177	1,122,424
Profit for the year	3,635,172	4,368,525	3,619,085	4,368,525
Dividends	<u>(3,210,038)</u>	<u>(1,386,772)</u>	<u>(3,210,038)</u>	<u>(1,386,772)</u>
At the end of the year	<u>4,529,311</u>	<u>4,104,177</u>	<u>4,513,224</u>	<u>4,104,177</u>

21 Events after the reporting date

In early 2018 via our subsidiary company Square Global Holdings Inc. the group exercised its option to buy a further 76% interest in the shares of Square Global US LLC (formerly known as Blue Vase Securities LLC). The LLC is now a wholly owned subsidiary.

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	2,940,718	1,197,833

At the year end £Nil (2016: £10,496) was owed to Jazya Ltd. Company director Mr Yves Sarfati is also the director and shareholder of this company.

23 Directors' transactions

Dividends totalling £2,940,718 (2016 - £1,197,833) were paid in the year in respect of shares held by the company's directors.

24 Controlling party

In the opinion of the directors there is no ultimate controlling party in the period under review.

25 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	3,635,172	4,368,525
Adjustments for:		
Taxation charged	1,057,071	1,133,610
Investment income	(31)	-
Depreciation and impairment of property, plant and equipment	28,226	19,125
Movements in working capital:		
Decrease/(increase) in trade and other receivables	837,311	(3,227,379)
Increase in trade and other payables	370,860	714,121
Cash generated from operations	5,928,609	3,008,002

SQUARE GLOBAL LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

25 Cash generated from operations - company

	2017 £	2016 £
Profit for the year after tax	3,619,085	4,368,525
Adjustments for:		
Taxation charged	1,057,071	1,133,610
Investment income	(31)	-
Depreciation and impairment of property, plant and equipment	28,226	19,125
Movements in working capital:		
Decrease/(increase) in trade and other receivables	437,141	(3,227,379)
Increase in trade and other payables	370,860	714,121
Cash generated from operations	5,512,352	3,008,002