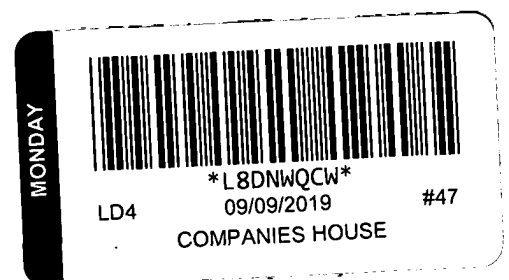


Britannia Capital Markets Limited
(previously known as Destek Markets UK Limited)

Annual report and financial statements

For the year ended 31 December 2018

Registered number: 09879649



Company Information

Directors	Daniel James Reiser Sofia Saracho Jose Francisco Herrera Julio Herrera
Company secretary	Gabriela Maldonado
Registered number	09879649
Registered office	100 Fenchurch Street London EC3M 5JD
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Contents

	Page
Directors' report	1 - 2
Strategic report	3
Independent auditor's report	4 - 6
Statement of comprehensive Income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 23

Directors' report

For the year ended 31 December 2018

The directors present their report together with the Strategic report and the financial statements of Britannia Capital Markets Limited ('the company') for the year ended 31 December 2018. The comparatives present information for the period from 1 December 2016 to 31 December 2017.

On 26 October 2018 Britannia Financial Group Limited acquired Destek Markets UK Limited. The company changed its name to Britannia Capital Markets Limited on 30 October 2018.

Results and dividends

The loss for the year, after taxation, amounted to £786,074 (2017 - loss of £2,103,147).

The directors did not recommend a dividend during the year (2017 - £Nil).

Directors

The directors who served during the year were:

Kerim Tosun (resigned 26 October 2018)
Tuna Yilmaz (resigned 26 October 2018)
Daniel James Reiser (appointed 26 October 2018)
Sofia Saracho (appointed 26 October 2018)
Jose Francisco Herrera (appointed 26 October 2018)
Julio Herrera (appointed 26 October 2018)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report, the Strategic 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements 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 company will continue in business.

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

Directors' report (continued)

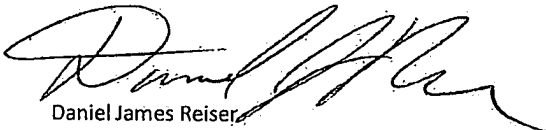
For the year ended 31 December 2018

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 18 April 2019 and signed on its behalf.



Daniel James Reiser
Director

Strategic report

For the year ended 31 December 2018

The directors present their Strategic report on the company for the year ended 31 December 2018.

Principal activities

The principal activity of the company is that of providing online brokerage services to retail and institutional customers in foreign exchange and CFD products delivered through a Broking platform via the Internet and similar electronic channels.

Review of business and future developments

At the beginning of this year, senior management announced that there would be major redundancies, as the company streamlined the firm for a potential sale. Throughout the year the prime focus was on cutting costs as client numbers reduced. On 26th October 2018 Britannia Financial Group Limited completed the acquisition of the entire issued share capital of the company and rebranded it as Britannia Capital Markets Limited. The company continued to provide FX and CFD trading to retail and professional clients throughout the year. Going forward the company will continue to consolidate its position and concentrate its efforts on achieving maximum growth. We aim to improve efficiency in all areas of our operations through cost reduction. Customer service still remains a top priority.

The results and financial position for the year were in line with directors' expectations.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the company and the compliance team and finance department take on an important oversight role in this regard. The management team is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively. The company has developed a framework for identifying the risks. This process is risk based and uses Individual Capital Assessment principles to manage capital requirements and to ensure we have the financial strength and capital adequacy to support the growth of the business and to meet the requirements of policy holders and regulators. The principal risks from our business arise from exposure relating to counterparty credit risk and the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs. The company does not trade positions which expose it to material price risk and nor does it have a material exposure to foreign exchange movements. The risks to UK economic growth remain significant and future prospects may be influenced by developments in the eurozone. The economic environment will continue to evolve at a rapid pace over the next two to three years, making a return to the relative stability and certainty that preceded the crisis unlikely, at least in the short term. Interest rates are predicted to remain low in the short to medium term.

Financial key performance indicators

The key performance indicators for the company are turnover £24,530, profitability -£786,074 and net assets of £364,226.

This report was approved by the board on 18 April 2019 and signed on its behalf.



Daniel James Reiser
Director

Independent auditor's report to the members of Britannia Capital Markets Limited For the year ended 31 December 2018

Opinion

We have audited the financial statements of Britannia Capital Markets Limited (the 'company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Independent auditor's report to the members of Britannia Capital Markets Limited (continued)

For the year ended 31 December 2018

Other information (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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.

Buzzacott

Independent auditor's report to the members of Britannia Capital Markets Limited (continued)

For the year ended 31 December 2018

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: 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.



Peter Chapman (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
130 Wood Street
London
EC2V 6DL
18 April 2019

Statement of comprehensive income

For the year ended 31 December 2018

	Year ended 31 December 2018 £	13 month period ended 31 December 2017 £
Turnover	22,505	908,586
Cost of sales	(6,384)	(590,987)
Gross profit	16,121	317,599
Administrative expenses	(1,375,430)	(2,424,686)
Other operating income	1,008	2,746
Operating loss	(1,358,301)	(2,104,341)
Interest receivable and similar income	1,017	1,194
Interest payable and expenses	(773)	-
Loss before tax	(1,358,057)	(2,103,147)
Tax on loss	571,983	-
Loss for the financial year	(786,074)	(2,103,147)

All amounts relate to continuing operations.

There was no other comprehensive income for the year ended 31 December 2018 or the period ended 31 December 2017.

The notes on pages 11 to 23 form part of these financial statements.

Statement of financial position

As at 31 December 2018

	Note	2018 £	2017 (as restated) £
Fixed assets			
Tangible assets	13	67,841	92,698
		<u>67,841</u>	<u>92,698</u>
Current assets			
Debtors	14	723,504	366,293
Cash at bank and in hand	15	277,294	4,158,009
		<u>1,000,798</u>	<u>4,524,302</u>
Creditors: amounts falling due within one year	16	(132,430)	(2,594,717)
Net current assets		<u>868,368</u>	<u>1,929,585</u>
Total assets less current liabilities		<u>936,209</u>	<u>2,022,283</u>
Net assets		<u>936,209</u>	<u>2,022,283</u>
Capital and reserves			
Called up share capital		3,825,430	4,125,430
Capital redemption reserve		(300,000)	-
Profit and loss account		(2,589,221)	(2,103,147)
		<u>936,209</u>	<u>2,022,283</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by: 18 April 2019.


Daniel James Reiser
Director

The notes on pages 11 to 23 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2018

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2016	1	-	-	1
Comprehensive income for the period				
Loss for the period	-	-	(2,103,147)	(2,103,147)
Total comprehensive income for the period	-	-	(2,103,147)	(2,103,147)
Shares issued during the period	4,125,429	-	-	4,125,429
At 1 January 2018	4,125,430	-	(2,103,147)	2,022,283
Comprehensive income for the year				
Loss for the year	-	-	(786,074)	(786,074)
Total comprehensive income for the year	-	-	(786,074)	(786,074)
Purchase of own shares	-	(300,000)	300,000	-
Shares cancelled during the year	(300,000)	-	-	(300,000)
Total transactions with owners	(300,000)	(300,000)	300,000	(300,000)
At 31 December 2018	3,825,430	(300,000)	(2,589,221)	936,209

The notes on pages 11 to 23 form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2018

	Year ended 31 December 2018 £	13 month period ended 31 December 2017 £
Cash flows from operating activities		
Loss for the financial year	(786,074)	(2,103,147)
Adjustments for:		
Depreciation of tangible assets	24,857	13,824
Interest paid	773	-
Interest received	(1,017)	(1,194)
Taxation charge	(571,983)	-
Decrease/(increase) in debtors	214,772	(366,293)
(Decrease)/increase in creditors	(2,462,287)	2,594,717
Net cash generated from operating activities	(3,580,959)	137,907
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(106,521)
Interest received	1,017	1,194
Net cash from investing activities	1,017	(105,327)
Cash flows from financing activities		
Issue of ordinary shares	-	4,125,429
Purchase of ordinary shares	(300,000)	-
Interest paid	(773)	-
Net cash used in financing activities	(300,773)	4,125,429
Net (decrease)/increase in cash and cash equivalents	(3,880,715)	4,158,009
Cash and cash equivalents at beginning of year	4,158,009	-
Cash and cash equivalents at the end of year	277,294	4,158,009
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	277,294	4,158,009
	277,294	4,158,009

The notes on pages 11 to 23 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2018

1. General information

The company is a private company limited by shares. It is both incorporated and domiciled in England and Wales with registration number 09879649. The registered office address and principal place of business of the company is 100 Fenchurch Street, London, England, EC3M 5JD.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have resolved to adopt the going concern basis of accounting. This is deemed appropriate as there are no material uncertainties related to events or conditions that may cast doubt about the ability of the company to continue as a going concern.

Britannia Financial Group Limited intends to and will continue to provide ongoing funding to the company to keep it a going concern for a period of at least 12 months after the financial statement signature date.

2.3 Revenue

Revenue represents the net revenue from broking in foreign exchange, equities and derivatives contracts including Contracts for Difference ('CFDs') and is recognised on a trade date basis.

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Notes to the financial statements

For the year ended 31 December 2018

2. Accounting policies (continued)

2.4 Operating leases

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

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

All foreign exchange gains and losses are presented in the Statement of comprehensive income within administrative expenses.

2.6 Interest income and expense

Interest receivable and payable is recognised in the Statement of comprehensive income using the effective interest method.

2.7 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Notes to the financial statements

For the year ended 31 December 2018

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

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

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

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

2.9 Tangible fixed assets

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

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

The estimated useful lives range as follows:

Leasehold improvements	- 5 years
Fixtures and fittings	- 3 years
Computer equipment	- 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Notes to the financial statements

For the year ended 31 December 2018

2. Accounting policies (continued)

2.10 Debtors

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

2.11 Cash and cash equivalents

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

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

2.12 Client monies

The company holds money on behalf of clients in segregated bank and settlement accounts in accordance with the FCA client money rules. The balances are recognised on the Statement of financial position in cash and trade creditors.

2.13 Creditors

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

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.15 Financial instruments

The company only enters transactions that result in the recognition of basic financial instruments like trade and other debtors and creditors and loans to/from related parties.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of

Notes to the financial statements

For the year ended 31 December 2018

2. Accounting policies (continued)

2.15 Financial Instruments (continued)

an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The directors do not consider there to be any significant judgements or key sources of estimation uncertainty involved in the preparation of these financial statements, other than regarding the treatment of client money and the recognition of a deferred tax asset.

4. Revenue

The whole of the revenue is attributable to the company's principal activity.

All revenue arose from activities performed within the United Kingdom.

Notes to the financial statements

For the year ended 31 December 2018

5. Other operating income

	Year ended 31 December 2018 £	13 month period ended 31 December 2017 £
Other operating income	1,008	2,746
	<u>1,008</u>	<u>2,746</u>

6. Operating loss

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

	Year ended 31 December 2018 £	13 month period ended 31 December 2017 £
Exchange differences	(94,586)	46,432
Operating lease rentals	<u>97,457</u>	<u>76,268</u>

7. Auditor's remuneration

	Year ended 31 December 2018 £	13 month period ended 31 December 2017 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>7,500</u>	<u>4,000</u>
Fees payable to the company's auditor and its associates in respect of:		
Audit-related assurance services	6,000	3,000
Taxation compliance services	1,750	1,000
All other services	2,000	-
	<u>9,750</u>	<u>4,000</u>

Amounts in the prior year relate to the company's previous auditors.

Notes to the financial statements

For the year ended 31 December 2018

8. Staff costs and average number of employees

Staff costs, including directors' remuneration, during the year/period were as follows:

	Year ended 31 December 2018 £	13 month period ended 31 December 2017 £
Wages and salaries	205,303	517,724
Social security costs	22,966	60,420
Cost of defined contribution scheme	2,651	-
	<u>230,920</u>	<u>578,144</u>

The average monthly number of employees, including the directors, during the year/period was as follows:

	Year ended 31 December 2018 Number	13 month period ended 31 December 2017 Number
Directors	2	2
Sales	1	1
Support	-	2
	<u>3</u>	<u>5</u>

9. Directors' remuneration

	Year ended 31 December 2018 £	13 month period ended 31 December 2017 £
Directors' emoluments	103,333	517,724
	<u>103,333</u>	<u>517,724</u>

Notes to the financial statements

For the year ended 31 December 2018

10. Interest receivable

	Year ended 31 December 2018 £	13 month period ended 31 December 2017 £
Other interest receivable	1,017	1,194
	<u>1,017</u>	<u>1,194</u>

11. Interest payable and similar expenses

	Year ended 31 December 2018 £	13 month period ended 31 December 2017 £
Bank interest payable	773	-
	<u>773</u>	<u>-</u>

12. Taxation

	Year ended 31 December 2018 £	13 month period ended 31 December 2017 £
Total current tax	-	-
Deferred tax		
Fixed asset timing differences	(159)	-
Losses and other deductions	(571,824)	-
Total deferred tax	<u>(571,983)</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(571,983)</u>	<u>-</u>

Notes to the financial statements

For the year ended 31 December 2018

12. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	Year ended 31 December 2018 £	13 month period ended 31 December 2017 £
Loss on ordinary activities before tax	(1,358,057)	(2,103,147)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	(258,031)	(399,598)
Effects of:		
Fixed asset differences	13,852	(3,760)
Expenses not deductible for tax purposes	16,501	1,069
Adjust the closing deferred tax to average rate of 19%	67,292	-
Adjust opening deferred tax to average rate of 19%	(43,326)	-
Deferred tax not recognised	(368,271)	-
Unutilised tax losses carried forward	-	402,289
Total tax charge for the year/period	(571,983)	-

Factors that may affect future tax charges

The UK government has introduced legislation to keep the corporation tax rate at 19% until 31 March 2020 and to reduce it to 17% from 1 April 2020.

Notes to the financial statements

For the year ended 31 December 2018

13. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2018	79,789	1,331	25,401	106,521
At 31 December 2018	79,789	1,331	25,401	106,521
Depreciation				
At 1 January 2018	11,010	293	2,520	13,823
Charge for the year	15,946	407	8,504	24,857
At 31 December 2018	26,956	700	11,024	38,680
Net book value				
At 31 December 2018	52,833	631	14,377	67,841
At 31 December 2017	68,779	1,038	22,881	92,698

Leasehold improvements were fully impaired in the year after the clause to terminate the lease at the break date was exercised.

14. Debtors

	2018 £	2017 (as restated) £
Amounts owed by group undertakings	6,528	172,963
Other debtors	96,596	140,058
Prepayments and accrued income	48,397	53,272
Deferred taxation	571,983	-
	<u>723,504</u>	<u>366,293</u>

Other debtors include £78,420 (2017 - £78,420) relating to a rental deposit due in more than one year.

Notes to the financial statements

For the year ended 31 December 2018

15. Cash and cash equivalents

	2018	2017
	£	£
Bank current accounts	182,134	1,682,962
Cash on deposit	95,160	2,475,047
	<u>277,294</u>	<u>4,158,009</u>

Cash on deposit represents client money.

16. Creditors: amounts falling due within one year

	2018	2017 (as restated)
	£	£
Trade creditors	107,557	2,492,883
Other taxation and social security	4,842	32,595
Accruals and deferred income	20,031	69,239
	<u>132,430</u>	<u>2,594,717</u>

17. Financial instruments

	2018	2017 (as restated)
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	<u>277,294</u>	<u>4,158,009</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Notes to the financial statements

For the year ended 31 December 2018

18. Deferred taxation

	2018 £
Charged to profit or loss	571,983
At end of year	<u>571,983</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Fixed asset timing differences	159	-
Losses and other deductions	571,824	-
	<u>571,983</u>	<u>-</u>

19. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
3,825,430 (2017 - 4,125,430) Ordinary shares of £1.00 each	<u>3,825,430</u>	<u>4,125,430</u>

On 25 October 2018, the share capital of the company was reduced from £4,125,430 to £3,825,430 by cancelling and extinguishing 300,000 ordinary shares of £1.00 each.

20. Prior year adjustment

In the prior period, cash and cash equivalents held at liquidity providers of £1,614,119 were incorrectly disclosed as trade debtors. Additionally £1,238,648 of client funds were netted off with corresponding liabilities in trade creditors. A prior year adjustment has been made to correctly recognise balances held at liquidity providers as cash and also to recognise cash and liabilities in relation to client funds on the Statement of financial position. The adjustment has no impact on profit or loss.

21. Analysis of net debt

An analysis of changes in net debt has not been presented as all of the company's cash flows relate to movements in cash and the company has no items to include in such an analysis other than the cash flows in the Statement of cash flows.

Notes to the financial statements

For the year ended 31 December 2018

22. Contingent liabilities

The company had no contingent liabilities at 31 December 2018 or 31 December 2017.

23. Capital commitments

At 31 December 2018, the company had no capital commitments or 31 December 2017.

24. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,651 (2017 - £Nil). Contributions totalling £Nil (2017 - £Nil) were payable to the fund at the reporting date.

25. Commitments under operating leases

At 31 December 2018, the company was committed to make future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	110,750	110,750
Later than 1 year and not later than 5 years	249,188	359,938
	<u>359,938</u>	<u>470,688</u>

26. Related party transactions

At the year end, there was a balance of £Nil (2017 - £188,974) receivable from Geo BV, a company registered in the Netherlands. Geo BV was a related party in the prior period by virtue of being the parent company during the period.

The financial statements do not include disclosures of transactions between the company and other entities which are wholly owned within the group headed by Britannia Financial Group Limited. This is because as a subsidiary whose shares are 100% controlled within the group, the company is exempt from the requirements to disclose such transactions, under Financial Reporting Standard 102 paragraph 33.1A *Related Party Disclosures*.

27. Controlling party

The parent undertaking is Britannia Financial Group Limited by virtue of holding 100% of the share capital of the company.

Julio Herrera is the ultimate controlling party of the company by virtue of his 100% shareholding in Britannia Financial Group Limited.

Britannia Capital Markets Limited

CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2018

Capital requirements directive Pillar 3 disclosure

Verification

This information has not been audited by the Company's external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgement on Britannia Capital Markets Limited ("BCM" or "the Company" or "the Firm").

Introduction

Regulatory Context

The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital that must be maintained by credit institutions and investment firms. In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Investment Firms ('IFPRU').

Frequency

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

Media and Location

The disclosure is only published in our Accounts and will be available from the registered office on request.

Materiality

The Firm regards information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. If the Firm deems a certain disclosure to be immaterial, it may be omitted from this statement.

Risk Management

The Firm is mindful of the FCA's comments regarding confidentiality and of the comment that both qualitative and quantitative data must be disclosed.

As such, the Firm's policy is to disclose that information required under the FCA Rules but to treat further information as proprietary if sharing that information with the public would undermine its competitive position. Proprietary information may include information on products or systems which, if shared with competitors, would render the Firm's investments therein less valuable. Further, the Firm will regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality. In the event that any such information is omitted, we shall disclose such and explain the grounds why it has not been disclosed.

The new FCA framework consists of three pillars. Pillar 1 deals with minimum capital requirements; Pillar 2 deals with Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by the firm and the Supervisory Review and Evaluation Process through which the firm and regulator satisfy themselves on the adequacy of capital held by the Firm in relation to the risks it faces and; Pillar 3 which deals with public disclosure of risk management policies, capital resources, capital requirements and remuneration policy. The regulatory aim of the disclosure is to improve market discipline and transparency.

The Firm is a limited license firm primarily acts in an execution only capacity in that no specific advice is given to client. It acts solely as an agent on behalf of clients and does not undertake proprietary trading.

Britannia Capital Markets Limited

CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

The Firm's key risks have been identified and grouped as either market, credit, business or operational risks. The Firm has assessed these risks in its ICAAP and has set out appropriate actions to manage them.

Market Risk

As a Matched Principal Broker Firm, the Firm is not required to have a trading book. The Firm's potential exposures are non-trading book exposures to foreign currency assets or liabilities held on their balance sheet.

Foreign currency position risk is required @ 8%. The risk weighted exposure amount is £60,568. Whilst the Firm's fees may sometimes be in foreign currencies these are converted to sterling upon receipt thus ensuring the Firm is not exposed to any material currency risk on the balance sheet of the Company.

Credit Risk and Counterparty Credit Risk

The Firm's principal exposure to credit risk is the risk that fees cannot be collected and the exposure to banks where cash held is deposited.

The Firm holds all cash with Banks assigned high credit ratings. Consequently risk of past due or impaired exposures is minimal. The Firm's business model utilise client settlement accounts held under trust with counterparties reducing the risk of CCR in the event of a counterparty defaulting.

Business risk

By its nature a brokerage firm has a higher business risk than some other types of business. However within this context the Firm again has a conservative business risk appetite.

Currently the Firm has a simple business strategy and the main business risk is the loss of client business.

Operational Risk

This incorporates stringent I.T. controls and processes undertaken as well as the regulatory and contingency planning done at the Firm level. The Firm's operational risk appetite is conservative and, as a result, the Firm invests to mitigate such risks.

The Firm's staffing levels also provide a level of contingency cover in all critical business areas.

The Firm has documented contingency planning and disaster recovery procedures, these are regularly reviewed and tested.

The Firm aims to keep all aspects of its operations as simple as possible.

Corporate Background

The Firm

The Firm is incorporated in the UK and is authorised and regulated by the FCA. The Firm's activities give it the IFPRU categorisation of a "Limited Licence" and an "IFPRU €125K" firm.

As a Limited Licence Firm, BCM are considered a Proportionality tier three firm for the purposes of the FCA's Remuneration Code.

The Firm is not a member of a UK Consolidation Group and as such this document covers the Firm on a solo basis.

Britannia Capital Markets Limited

CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

CAPITAL ADEQUACY & ICAAP

Capital Adequacy

BCM carries out an Internal Capital Adequacy Assessment Process (ICAAP) under the requirements of the FCA and Capital Requirements Directive (CRD). The ICAAP document draws together the Firm's risk management framework, its business planning and capital management. It is the culmination of a series of policy decisions, and procedures and system implementations designed to ensure that the Firm is able to identify manage and monitor its risks in accordance with its risk appetite. On an ongoing basis, the ICAAP is integral to the Firm's risk based approach to its business planning and capital management decisions. The ICAAP is reviewed, and formally adopted, by the Board of BCM on at least an annual basis.

BCM's Pillar 1 regulatory capital requirement is based on the Firm's TREA, which is calculated as the higher of its Fixed Overhead Requirement and its Variable Capital Requirement (the sum of the Credit Risk Capital and Market Risk Capital Requirements). The Credit Risk Capital Requirement is made up of the Credit Risk Capital Component and the Counterparty Risk Capital Component.

As stated above the Firm is a limited license firm and as such its capital requirements are the greater of:

- Its base capital requirement of €125,000; or
- The sum of its credit and market risk requirements; or
- Its fixed overhead requirement

Capital Resources and Capital Ratio

The Firm has maintained a significant capital surplus over the Firm's regulatory resources requirement (FRR) at all times. At 31 December 2018 the Firm's capital position was as follows:

Capital Position	£
Share Capital	3,825,430
Audited Retained Earnings	(2,103,147)
Less interim losses	(786,075)
Less other deductions – deferred tax asset	(571,983)
Common Equity Tier 1 Capital	364,225
Tier 2 Capital	-
Own Funds & Total Capital	364,225
Total Risk Exposure Amount (TREA) (FOR of £216,495 x 12.5 factor)	2,706,192
Surplus Capital over minimum requirement	147,730
Required Core Tier 1/Total Capital Ratio	8.00%
Actual Core Tier 1/Total Capital Ratio	13.46%

In addition, BCM sets aside a capital amount of £107,000 against Pillar 2 risks, for which there is sufficient surplus regulatory capital available.

Britannia Capital Markets Limited

CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Risk Management and Risk Categories

For its Pillar 1 regulatory capital calculation of Credit Risk, under the credit risk capital component the Firm has adopted the standardised approach and calculating risk weights.

Credit Risk calculation @ 31 December 2018
Credit Risk Capital Requirement: £17,447

Market Risk is calculated based on the Foreign Currency Position Risk Requirement which assesses the exposure of the Firm's assets and liabilities denominated in non-GBP currencies to potential movements in those currencies.

Market Risk calculation @ 31 December 2018
Foreign Currency Position Risk Requirement: £4,845.

Risk Management Objective

The Firm has a risk management objective to develop systems and controls to mitigate risk to within its conservative risk appetite.

Governance Framework

Mr Julio Herrera, Mr Jose Francisco Herrera, Mr Daniel Reiser, Ms Sofia Saracho and Ms Gabriela Maldonado make up the Managing Board of Britannia Capital Markets UK Limited. The Board meets informally on a weekly basis and formally on a quarterly basis.

Risk Framework

The Managing Board is responsible for risk management and reviews the effectiveness of the Firm's system of internal controls to manage and mitigate the risks identified.

Overall Pillar 2 Rule

The Firm has adopted the "Structured" approach to the calculation of its ICAAP Capital Resources Requirement as outlined in the Committee of European Banking Supervisors Paper, 25 January 2006.

The ICAAP is reviewed by the Managing Board of the Firm annually, or when a material change occurs.

Disclosure: Credit Risk and Dilution Risk

The Firm is primarily exposed to Credit Risk from the risk of non-collection of fees and the exposure to banks where cash held is deposited.

The Firm holds all cash with an A rated UK bank.

See above (Capital Requirement) for calculation of credit risk as at 31 December 2018.

Operational Risk

The Firm's Fixed Overhead Requirement (FOR) is disclosed as a proxy for the Pillar 1 Operational Risk Capital calculation. The Firm's Pillar 1 Capital Resources Requirement is the higher of FOR/the sum of Market Risk and Credit Risk Requirement.

Fixed Overhead Requirement: £216,495.

Disclosures: Exposures to Interest Rate Risk in the Non-Trading Book

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

BRITANNIA CAPITAL MARKETS LIMITED

CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2018

Disclosures: Remuneration

The FCA defines Remuneration Code Staff ("Code Staff") in SYSC 19A.3.4 as senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as those detailed above, whose professional activities have a material impact on the firm's risk profile.

The Firm has decided to treat all Directors as Code Staff.

The Managing Board will consider the need to add any new joiners to the list of Remuneration Code Staff during the year.

Application

Based on the Firm's profile, it is defined as a Proportionality Tier Three investment firm ("Tier Three Firm") and adopted a proportioned approach to its remuneration policy. The Firm has considered its individual needs on an ongoing basis and where appropriate disapplied certain provisions in accordance with FCA and CEBS/EBA guidance. The Managing Board will review any provisions which have been disapplied on at least an annual basis, to ensure that it continues to be appropriate.

Information concerning the decision-making process

Due to the size of the Company, the Firm does not consider it appropriate to have a separate remuneration committee. Instead this function is undertaken by the Managing Board. This will be kept under review and should the need arise, the Firm will consider amending this arrangement to provide greater independent review.

The Directors are members of the Managing Board and also jointly have an equal voting interest in the Firm.

The Managing Board of Britannia Capital Markets UK Limited is responsible for ensuring that the remuneration policy is developed to align with its risk tolerance. No external consultants assisted in this review. Any person with a question regarding the policy or disclosures made under this policy should refer to the Directors who are members of the Managing Board.

Information on the link between pay and performance

A key objective in utilising the Company's structure was to align the interests of the directors with the overall goal of achieving the best performance over the long-term for the Firm.

Aggregate Value of Directors salaries for period to 31 December 2018

Based on the profile of the Firm it is considered that they have one business area, market principal broker and all Directors, as Code Staff, have responsibilities that typically fall within job titles FCA guidance indicated would suggest they are senior personnel whose role impacts the risk profile of the Company.

As such, to comply with the FCA remuneration disclosure requirement, we disclose, as per the audited accounts of the Firm, the total Directors salaries which, for the period to 31 December 2018 was £103,333
