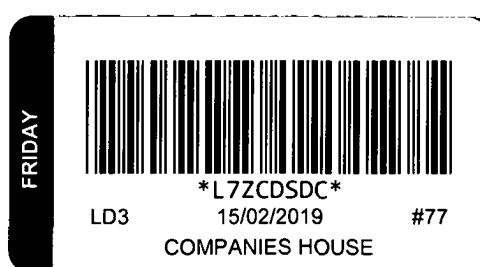


**Company Number: 10268856**

**LIQUIDITYCHAIN LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**



# **LIQUIDITYCHAIN LIMITED**

## **Strategic Report for the year ended 31 December 2017**

### **REVIEW AND FUTURE DEVELOPMENTS**

LiquidityChain Limited (the “Company”), is a private company limited by shares and a company within the TP ICAP plc group (the “Group”).

On the 1<sup>st</sup> February 2017, Tullett Prebon Investment Holdings Limited (“TPIHL”) entered into a Joint Venture Agreement with the Company and its existing shareholder Mr R. Smith. TPIHL subscribed for 15,000 class A shares, thus providing the Group with control of the Company.

The Company's principal activity is the development of business and software for displaying bond information. The Company developed its platform further in the period, and sought to market it to a variety of both internal and external client groups. In the coming period, it will continue to execute this plan, seeking to monetise its investment accordingly.

### **RESULTS AND NON FINANCIAL KEY PERFORMANCE INDICATORS**

The results of the Company are set out in the profit and loss account on page 7.

The loss for the financial period was £562,505 (2016: loss £63,232) has been transferred to reserves.

The net liabilities of the Company are £155,737 (2016: net liabilities £38,231).

The Company uses key performance indicators to monitor and measure the development and performance of its business. The Company monitors activity on the platform in real-time using a bespoke dashboard, which measures client interest posted to the platform and pairing data. Measuring these indicators are key to the Company's marketing strategy to drive and attract clients.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The key risks which the Company faces in its day to day operations can broadly be categorised as credit, operational, liquidity, strategic and business risk.

Credit risk is the risk of financial loss to the Company in the event of non-performance by a client or counterparty with respect to its contractual obligations to the Company.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people activities, systems or external events. Operational risk covers a wide and diverse range of risk types and the overall objective of the Company's approach to operational risk management is not to attempt to avoid all potential risks but to proactively identify and assess risk and risk situations in order to manage them in an efficient and informed manner.

Liquidity risk is the risk that the Company, in periods of corporate or market volatility, will not have access to an appropriate level of cash or funding to enable it to finance its ongoing operations and any other reasonable unanticipated events on cost effective terms. Cash and cash equivalent balances are held with the primary objective of capital security and availability, with a secondary objective of generating returns. Funding requirements and cash and equivalent exposures are monitored by the Group's Finance and Operations departments.

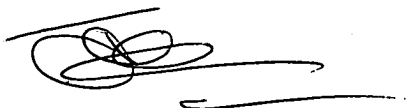
Strategic and business risk is the risk that the Company's ability to do business might be damaged as a result of its failure to adapt to changing market dynamics, customer requirements or the way OTC markets and their participants are regulated.

### **KEY PERFORMANCE INDICATORS**

The directors of TP ICAP plc manage the Group's operations on a regional basis. For this reason, the Company's directors believe that further analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key performance indicators of TP ICAP plc, which includes the Company, are discussed in the Group's Annual Report, which does not form part of this report.

This report has been approved by the board of directors and signed by order of the board:

J Venables  
Director



14 February 2019

# **LIQUIDITYCHAIN LIMITED**

**Directors' Report for the year ended 31 December 2017**

Company Number: 10268856

## **PRINCIPAL ACTIVITIES**

The Company's principal activity is the development of business and software for displaying bond information. It is anticipated that the Company will continue its present business activities for the foreseeable future.

The Company is incorporated in the United Kingdom and domiciled in England and Wales. The Company is a private company and limited by shares. The registered office is Floor 2, 155 Bishopsgate, London, England, EC2M 3TQ.

## **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The business review and future developments of the Company are detailed in the Strategic Report on page 1.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

Details of principal risks and uncertainties can be found in the Strategic Report on page 1.

## **GOING CONCERN**

The Company continues to work with its vendors to develop its FinTech product to attract clients, users and interaction. The Company's shareholding has changed over the last 12 months and the majority shareholder, and its appointed directors, continue to actively apply resources to market and enhance the platform, monetise its investment and generate a positive long term cashflow.

Financial support and ability to charge subscription fees is directly correlated to the delivery of a relevant tool to our user base and the completion of a successful pilot. In the interim the Company will continue to diligently manage costs and available cashflow.

Given the nature of the financial support, funds invested to date, continued development and uncertainty surrounding the commitment from clients, the directors are unable to obtain certainty of commitment and availability of future funds. The dependency of the Company on this funding represents a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Taking all the above factors into account, the directors conclude that it is reasonable to prepare the financial statements on a going concern basis.

## **DIVIDENDS**

No dividends were paid during the year (2016: £nil). No dividends have been proposed up to the date of signing.

## **DIRECTORS**

The directors of the Company, who held office during the period and up to the date of signing the financial statements were:

R Smith

P Ashley (appointed 1 February 2017)

J Venables (appointed 1 February 2017)

## **DIRECTOR'S INDEMNITIES**

The Company's ultimate parent, TP ICAP plc, has made qualifying third party indemnity provisions for the benefit of Mr. P Ashley and Mr. J Venables which remain in force at the date of this report.

## **POLITICAL CONTRIBUTIONS**

There were no political donations made by the Company during the year (2016: £nil).

# **LIQUIDITYCHAIN LIMITED**

## **Directors' Report for the year ended 31 December 2017**

Company Number: 10268856

### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **EMPLOYEE CONSULTATION**

The Company is committed to attracting, retaining, developing and advancing the most qualified persons without regard to their race, ethnicity, religion or belief, gender, age, sexual orientation or disability. This commitment is underpinned by policies on equal opportunities, harassment and discrimination, to which all employees are required to adhere.

In the event that an employee becomes disabled, the Group's policy is to make reasonable adjustments, including arranging training, to enable the employee to continue working for the Group.

The Company participates in the Group's policies and practices relating to current and prospective employees. These policies and practices are outlined in the Group's Annual Report which does not form part of this report.

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). This is the first year the Company has adopted FRS 101 (please see Note 1 for further details).

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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

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

### **POST BALANCE SHEET EVENTS**

Details of all relevant post balance sheet events are described in Note 13.

### **INDEPENDENT AUDITOR**

The Company's auditor, Deloitte LLP, have indicated their willingness to audit the financial statement and are deemed reappointed in the next financial year.

# **LIQUIDITYCHAIN LIMITED**

**Directors' Report for the year ended 31 December 2017**

Company Number: 10268856

## **PROVISION OF INFORMATION TO THE AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

This report has been approved by the board of directors and signed on behalf of the board:

J Venables  
Director



14 February 2019

# **LIQUIDITYCHAIN LIMITED**

## **Independent Auditor's Report to the members of LiquidityChain Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Liquidity Chain Ltd which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **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.

#### **Material uncertainty relating to going concern**

We draw attention to note 4 in the financial statements, which indicates that the company's ability to generate revenues and positive long term cashflow is dependent on successful delivery of a relevant tool and attracting new clients. There is uncertainty surrounding these. As stated in note 4, these conditions, along with the other matters as set forth in note 4 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the 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 respect of these matters.

#### **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.

# **LIQUIDITYCHAIN LIMITED**

## **Independent Auditor's Report to the members of LiquidityChain Limited**

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Other Matter**

As the company was exempt from audit under section (477) of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for the year.

### **Report on other legal and regulatory requirements**

### **Opinions 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 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.

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 any material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters

### **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.



**Ben Jackson FCA (Senior Statutory Auditor)**

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

14 February 2019

# LIQUIDITYCHAIN LIMITED

## Profit and Loss Account for the year ended 31 December 2017

	<u>Note</u>	<u>Year ended</u> <u>31/12/2017</u> £	<u>Year ended</u> <u>31/12/2016</u> <u>Unaudited</u> £
<b>Turnover</b>	3	2,500	-
Administrative expenses		(158,957)	(38,232)
Impairment of intangible assets	9	(401,900)	-
Share based payment expense	5	(4,167)	(25,000)
<b>Operating loss</b>	6	<u>(562,524)</u>	<u>(63,232)</u>
Interest receivable and similar income		19	-
<b>Loss on ordinary activities before taxation</b>		<u>(562,505)</u>	<u>(63,232)</u>
Tax credit	8	-	-
<b>Total comprehensive loss for the financial year</b>		<u><u>(562,505)</u></u>	<u><u>(63,232)</u></u>

The loss of the Company for the year is derived from continuing operations.

There were no items of comprehensive income in the current year other than the loss for the year and, accordingly, no statement of comprehensive income is presented.

The notes on pages 10 to 16 are an integral part of these financial statements.



**LIQUIDITYCHAIN LIMITED**  
**Balance Sheet as at 31 December 2017**

Company Number: 10268856

	<u>Note</u>	<u>As at</u> <u>31/12/2017</u>	<u>As at</u> <u>31/12/2016</u> <u>Unaudited</u>
		£	£
<b>Non current assets</b>			
Intangibles	9	-	-
Called up share capital not yet paid		15,832	-
		<u>15,832</u>	<u>-</u>
<b>Current assets</b>			
Debtors: due within one year		1	7,229
VAT Receivable		49,223	-
Cash and cash equivalents		37,587	678
		<u>86,811</u>	<u>7,907</u>
<b>Total assets</b>		<u>102,643</u>	<u>7,907</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	(258,380)	(46,138)
		<u>(258,380)</u>	<u>(46,138)</u>
<b>Total liabilities</b>		<u>(258,380)</u>	<u>(46,138)</u>
<b>Net liabilities</b>		<u>(155,737)</u>	<u>(38,231)</u>
<b>Equity</b>			
Share capital	11	60,000	1
Share premium		185,000	-
Retained earnings		(625,737)	(63,232)
Share based payment reserve		-	25,000
Other reserves		225,000	-
<b>Total equity</b>		<u>(155,737)</u>	<u>(38,231)</u>

The notes on pages 10 to 16 are an integral part of these financial statements.

The financial statements on pages 7 to 16 were approved by the board of directors on 14 February 2019 and were signed on its behalf by:

J Venables  
Director



# LIQUIDITYCHAIN LIMITED

## Statement of Changes in Equity for the year ended 31 December 2017

	<u>Share capital</u>	<u>Share premium</u>	<u>Share based payment reserves</u>	<u>Retained earnings</u>	<u>Other reserves</u>	<u>Total equity</u>
	(note 11)					
	£	£	£	£	£	£
As at 1 January 2016	1	-	-	-	-	1
Loss for the financial year and total comprehensive income	-	-	-	(38,232)	-	(38,232)
As at December 2016 (unaudited)	1	-	-	(38,232)	-	(38,231)
Share based payment expense	-	-	25,000	(25,000)	-	-
As at 31 December 2016 (unaudited, restated)	1	-	25,000	(63,232)	-	(38,231)
Share based payment expense	-	-	4,167	-	-	4,167
Loss for the financial period and total comprehensive income	-	-	-	(562,505)	-	(562,505)
Share based payment transfer to share capital	-	-	(29,167)	-	-	(29,167)
Shares issued	59,999	185,000	-	-	-	244,999
Capital injection	-	-	-	-	225,000	225,000
As at 31 December 2017	60,000	185,000	-	(625,737)	225,000	(155,737)

The notes on pages 10 to 16 are an integral part of these financial statements.

### Share capital

The balance classified as share capital includes the nominal value of the proceeds on issue of the Company's share capital, comprising £1 ordinary shares.

### Share premium

The share premium includes the value of the proceeds above nominal on issue of the Company's share capital, comprising 20,000 Class A £1 ordinary shares and 40,000 Class B £1 ordinary shares.

### Capital injection

The capital injection relates to subscription monies from Tullett Prebon Investment Holdings Limited for class A shares, subsequently issued on the 29<sup>th</sup> August 2018.

### Share based payment

For details around the share based payment reserve please see Note 5.

# LIQUIDITYCHAIN LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES

#### i) Basis of preparation

The Company has transitioned from reporting under IFRSs adopted by the European Union to reporting under Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act) as applicable to companies using FRS 101 and under the historic cost convention. This transition has resulted in a share based payment being disclosed in the 2016 profit and loss account which was not previously disclosed. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ('IFRS'). The accounting policies have been applied consistently, other than where new policies have been adopted. The financial statements are prepared in pound sterling which is the functional currency of the Company.

The Company is a qualifying entity for the purposes of FRS 101.

The following disclosure exemptions have been adopted:

- financial risk management note;
- comparatives for tangible and intangible non-current asset reconciliations;
- cash flow statements;
- process for managing capital;
- key management compensation; and
- the expected impact of future accounting standards not yet effective.

#### ii) Principal accounting policies

##### a) Turnover

Turnover comprises license fees for platform access. All revenue was derived from the UK only.

##### b) Tax

Tax on the profit for the period comprises both current and deferred tax as well as adjustments in respect of prior years. Tax is charged or credited to the profit and loss account except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also dealt with in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantially enacted by the balance sheet date.

Deferred tax is recognised using the liability method, in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the tax bases of the assets and liabilities. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Calculations of current and deferred tax asset have been based on ongoing discussions with the relevant tax authorities, management's assessment of legal and professional advice, case law and other relevant guidance. Where the expected tax outcome of these matters is different from the amounts that were recorded initially, such differences will impact the current and deferred tax amounts in the period in which a reassessment of the liability is made.

##### c) Cash and cash equivalents

Cash and cash equivalents are deposits held on call with banks.

##### d) Share capital

Ordinary shares are classified as equity. Dividends are recognised as deductions from the retained earnings in the period in which they are declared.

Share capital issued not yet paid is shown as a receivable on the balance sheet. Consideration is scheduled to be received by 31 December 2019.

# LIQUIDITYCHAIN LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### e) Intangible assets

##### *Intangible assets arising from internal development*

Development expenditure on electronic trading platforms is recognised as an intangible asset in accordance with the criteria of IAS 38, "Intangible assets". Intangible assets are stated at historical cost less provision for any impairment in its value and accumulated amortisation.

Amortisation is charged to administrative expenses in the profit and loss account on a straight line basis over the expected useful economic life of the asset as follows:

Capitalised software	4 years
----------------------	---------

Amortisation is charged against assets from the date at which the asset becomes available for use.

Due to the financial statements being prepared on a basis other than going concern, the asset has been fully impaired during the year.

#### f) Intercompany loan

Intercompany loans are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

#### g) Share based payment

Equity-settled share-based payments are measured at their fair value at the date of grant with regard to the value of the service provided and is expensed on a straight-line basis over the service period.

#### h) New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2017 have had a material impact on the Company.

### 2. KEY ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The Company makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities.

In the year to 31 December 2017, key estimates and assumptions were made with regard to the value of the services provided in exchange for the issue of shares, the value of intangible assets and the going concern.

The value of the services provided has been determined on the basis of the salary that the director would have earned in the service period.

There are no other items that give rise to a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

### 3. TURNOVER AND REVENUE

Turnover comprises license fees for platform access. All revenue was derived from the UK only.

# LIQUIDITYCHAIN LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 4. GOING CONCERN

The Company continues to work with its vendors to develop its FinTech product to attract clients, users and interaction. The Company's shareholding has changed over the last 12 months and the majority shareholder, and its appointed directors, continue to actively apply resources to market and enhance the platform, monetise its investment and generate a positive long term cashflow.

Financial support and ability to charge subscription fees is directly correlated to the delivery of a relevant tool to our user base and the completion of a successful pilot. In the interim the Company will continue to diligently manage costs and available cashflow.

Given the nature of the financial support, funds invested to date, continued development and uncertainty surrounding the commitment from clients, the directors are unable to obtain certainty of commitment and availability of future funds. The dependency of the Company on this funding represents a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Taking all the above factors into account, the directors conclude that it is reasonable to prepare the financial statements on a going concern basis.

### 5. SHARE BASED PAYMENT

On 1 February 2017, 4,999 'A' shares and 24,168 'B' shares were awarded to Mr R Smith in exchange for services provided, amounting to of £29,167. Of this total, £4,167 related to services provided in the current period. (2016: £25,000).

### 6. OPERATING LOSS

	<u>Year ended</u> <u>31/12/2017</u>	<u>Year ended</u> <u>31/12/2016</u>
	£	Unaudited £
Operating loss is stated after charging:		
Wages & salaries and social security costs	11,225	-
Share payment expense	4,167	25,000
Communication	472	-
Travel and subsistence	3,956	-
Consulting	6,620	30,000
Legal	3,685	6,222
Impairment of intangible assets	401,900	-
Computer software	43,474	1,610
Entertainment	1,489	-
Advertising and marketing	78,814	-
Accounting services	4,750	400
Penalty charge	900	-
Other cost	3,572	-

The Company's auditors' remuneration in respect of statutory audit in the UK was £48,165 (2016: £nil) which was borne by another Group company.

The monthly average number of persons employed by the Company during the period was one (2016: nil).

# LIQUIDITYCHAIN LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 7. DIRECTORS' REMUNERATION

Remuneration payable to the directors in respect of their services to the Company was as follows:

	<u>Year ended</u> <u>31/12/2017</u>		<u>Year ended</u> <u>31/12/2016</u> <u>Unaudited</u>	
	Total £	Highest paid director £	Total £	Highest paid director £
Aggregate emoluments	4,167	4,167	25,000	25,000
	<u>4,167</u>	<u>4,167</u>	<u>25,000</u>	<u>25,000</u>

### 8. TAX EXPENSE

	<u>Year ended</u> <u>31/12/2017</u> £	<u>Year ended</u> <u>31/12/2016</u> <u>Unaudited</u> £
a) Analysis of charge for the year		
Current tax:		
UK Corporation tax	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
b) Factors affecting the tax charge for the year		
Operating loss	(562,505)	(63,232)
Tax calculated at the rate of 19.25% (2016: 20%)	(108,282)	(12,646)
Effects of:		
Expenses not deductible for tax purposes	460	
Deferred tax not recognised	107,822	12,646
	<u>108,282</u>	<u>12,646</u>
	<u>-</u>	<u>-</u>
Tax charge for the year	<u>-</u>	<u>-</u>
Effective tax rate	0.00%	0.00%

In the UK, legislation to reduce the corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020 has been enacted. As the Company is not expected to be profitable in the next two accounting periods no deferred tax is recognised on the losses in the current period. As these losses are likely to unwind at later accounting periods, it is considered to be prudent to measure the unrecognised deferred tax at 17%. The amount of unrecognised deferred tax at the end of the year is £623,348 and corresponding unrecognised deferred tax asset of £105,969.

# LIQUIDITYCHAIN LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 9. INTANGIBLE ASSETS

	<u>Capitalised software</u>
<b>Cost</b>	
As at 1 January 2017	-
Additions	401,900
As at 31 December 2017	<u>401,900</u>
<b>Impairment</b>	
As at 1 January 2017	-
Impairment charge	(401,900)
As at 31 December 2017	<u>(401,900)</u>
<b>Net book value</b>	
As at 31 December 2017	<u>-</u>

During the period, the Company impaired its intangible asset by £401,900.

### 10. CREDITORS

	<u>As at 31/12/2017</u>	<u>As at 31/12/2016 Unaudited</u>
	£	£
<b>Amounts falling due within one year</b>		
Trade payable	105,682	46,138
Amounts owed to Group related companies	150,000	-
Other taxation and social security	1,798	-
Accruals	900	-
	<u>258,380</u>	<u>46,138</u>

### 11. SHARE CAPITAL

	<u>As at 31/12/2017</u>	<u>As at 31/12/2016 Unaudited</u>
	£	£
<b>Allotted and fully paid:</b>		
20,000 Class A Ordinary shares of £1 each (2016:1 at £1 each)	20,000	1
40,000 Class B Ordinary shares of £1 each	40,000	-
	<u>60,000</u>	<u>1</u>

Class A shares carry voting rights, but otherwise rank equal to B shares in all other respects.

# LIQUIDITYCHAIN LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 12. RELATED PARTY

During the year, the Company entered into the following trading transactions with related parties:

	Purchase of services		Sale of services	
	2017 £	2016 £	2017 £	2016 £
Creative Technologist Limited	491,100	38,032	-	-
Tullett Prebon Securities Limited	-	-	2,500	-
	491,100	38,032	2,500	-

The following amounts were outstanding at the balance sheet date:

	Amounts owed to related parties		Amounts owed by related parties	
	2017 £	2016 £	2017 £	2016 £
Creative Technologist Limited	105,082	45,638	-	-
Tullett Prebon Investment Holdings Limited	150,000	-	-	-
Mr R Smith			15,832	
	255,082	45,638	15,832	-

Creative Technologist Limited is a related party of the Company because Mr R Smith is a director and shareholder of both companies.

Sales of goods to related parties were made at the Company's usual list prices with no discounts. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The intention is to convert the loan with Tullett Prebon Investment Holdings Limited of £150,000 to equity in the following financial year.

The amounts outstanding are unsecured and are expected to be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Amounts repayable do not carry interest on outstanding balances.



# **LIQUIDITYCHAIN LIMITED**

## **Notes to the financial statements for the year ended 31 December 2017**

### **13. POST BALANCE SHEET EVENTS**

On August 29<sup>th</sup> 2018, 13,350 “A” shares and 18,500 “B” shares were issued to Tullett Prebon Investment Holdings Limited in relation to the capital injection of £225,000 in other reserves, referred to in the Statement of Changes in Equity as well as conversion of the intercompany loan of £150,000 into equity (Note 10 and Note 12). This increased its shareholding to 51%.

Subsequently, Tullett Prebon Investment Holdings Limited subscribed in cash for a further 75,558 “B” shares in the period to 29<sup>th</sup> August 2018 and a further 12,593 “B” shares in the period to 14<sup>th</sup> November 2018, increasing its shareholding to 75%.

It is the Directors intention to convert the issue of 15,832 B shares to Mr R Smith to a bonus issue. This will result in the settlement of the long term receivable on the balance sheet as at 31 December 2017.

### **14. CONTROLLING PARTY**

The Company is controlled by shareholders in accordance with the shareholder agreement.

At 31 December 2017, Tullett Prebon Investment Holdings Limited owned 15,000 “A” voting shares, providing it with 75% voting control and 25% economic interest. All other shares were held by Richard Smith.

The Company’s ultimate parent is TP ICAP plc, which is incorporated in the United Kingdom and registered in England and Wales. TP ICAP plc prepares consolidated financial statements in accordance with IFRS. Copies of TP ICAP plc financial statements are available from the registered office: Floor 2, 155 Bishopsgate, London EC2M 3TQ.