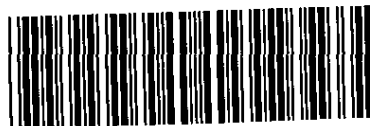


# **Alphadyne (UK) Holdings Limited**

**Directors' report and financial statements**

**For the year ended 31 December 2021**

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## **Alphadyne (UK) Holdings Limited**

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## **Alphadyne (UK) Holdings Limited**

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### **Administrative Information**

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<b>Directors</b>	Philippe Khuong-Huu Joseph D. Regan
<b>Registered number</b>	07910661
<b>Registered office</b>	4th Floor Reading Bridge House George Street Reading Berkshire RG1 8LS
<b>Independent auditors</b>	Ernst & Young LLP 25 Churchill Place London E14 5EY
<b>Bankers</b>	Royal Bank of Scotland PLC City of London Office 1 Princes Street London EC2R 88P  Citibank, N.A. 153 East 53rd Street, 24th Floor New York, NY 10022
<b>Solicitors</b>	Sidley Austin LLP 787 Seventh Avenue New York, NY 10019

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## **Alphadyne (UK) Holdings Limited**

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### **Directors' report For the year ended 31 December 2021**

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The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2021. The group comprises of Alphadyne (UK) Holdings Limited (the "Company") and its subsidiaries, Alphadyne Asset Management (UK) LLP (the "LLP") and Alphadyne (UK) Holdings II Limited (the "LTD II") (collectively the "Group").

#### **Incorporation and commencement**

Alphadyne (UK) Holdings Limited was incorporated on 16 January 2012.

#### **Principal activities**

The principal activity of the Company in the year was to act as a service company to the LLP.

The principal activity of the Group in the year was providing sub-advisory and administrative services to Alphadyne Asset Management LP (the "LP" or "Parent Company").

On 23 May 2017 Alphadyne (UK) Holdings Limited subscribed for the entire share capital of Alphadyne (UK) Holdings II Limited (the "LTD II") on its incorporation. The principal activity of the LTD II is to serve as a member to the LLP.

The LLP was authorised to conduct investment business by the Financial Conduct Authority ("FCA") on 1 October 2013.

#### **Results and review of the business**

The profit for the year attributable to the parent amounted to £1,687,523 (2020: £290,720).

As at 31 December 2021, the net assets amounted to £4,216,997 (2020: £2,529,474).

#### **Results and dividends**

The Group profit for the year is shown in the consolidated statement of comprehensive income on page 9. The Directors do not propose payment of an ordinary dividend (2020: Nil).

#### **Future developments**

There are no plans which will significantly change the activities and risk of the Group or of the Company.

#### **Directors**

The Directors who served during the year and up to the date of this report were:

Philippe Khuong-Huu  
Joseph D. Regan

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## **Alphadyne (UK) Holdings Limited**

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**Directors' report (continued)**  
**For the year ended 31 December 2021**

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### **Key performance indicators ("KPIs")**

The Company's activities relate directly to those of its subsidiary, the LLP. The key performance indicators are therefore linked to those of the LLP which relate to the provision of sub-advisory and administrative services to the LP. Given the straightforward nature of the business, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### **Financial risk management**

The key business risks and uncertainties affecting the business relate to the performance of the underlying funds managed by the Group. In addition, there are also a number of financial risk factors which could result in the actual future results differing from that expected. The main associated risk factors can include, though are not limited to, price risk, credit risk, liquidity risk or cash flow risk.

### **Principal risks and uncertainties**

The Group has assessed the impact of COVID-19 on its ability to continue as a going concern. The COVID-19 outbreak developed rapidly in 2020 and has disrupted business and economic activities globally as well as impacted global markets. Given the dynamic nature of the COVID 19 spread and its inherent uncertainties, it is not practical to provide a reasonable quantitative estimate of any future impact. The Group does on an annual basis carry out stress testing on future financial projections, including worst-case scenarios. Management continues to consider the potential implications of the COVID-19 pandemic, however at this stage it has not had a material impact on any of the balances in the company's financial statements.

In February 2022, Russian armed forces invaded Ukraine with the intention of ousting the current Presidential regime. The hostile invasion caused severe market turmoil as the international community reacted by placing sanction on Russian oligarchs and trading in Russian companies. The Group is not exposed to Russian investments either directly or in the investment strategies and does not have exposure to Russian investors. The directors will monitor the impact of the conflict and the wider market contagion closely, however, there is minimal impact on the ongoing business activity of the Group.

### **Price risk**

Price risk is the risk of a decline in the value of a security or a portfolio. The Group is not exposed to any significant price risk.

### **Credit risk**

Credit risk is the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. As the partnership generates income from the provision of advisory services to another group entity, the associated level of credit risk is minimal. The Group is also exposed to the credit risk of the banks at which cash is held but the level of risk is low as all cash is held at major financial institutions.

### **Liquidity and financial solvency risk**

Liquidity risk is the risk that the Group may be unable to meet short term financial demands. The Group's solvency is monitored and assured within the framework of the regulations laid down by the FCA. The Group has always had sufficient liquidity within the business to meet its obligations as they fall due and there are no perceived threats to this. The senior management's policy is to maintain sufficient liquid funds to meet obligations as they fall due, or as needed in the event of an orderly wind down.

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## **Alphadyne (UK) Holdings Limited**

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### **Directors' report (continued) For the year ended 31 December 2021**

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#### **Cash flow risk**

Cash flow risk is the risk that a company's available cash will not be sufficient to meet its financial obligations. The Group is not exposed to any significant cash flow risk.

#### **Strategic review**

The Company is exempt from the requirement to prepare a strategic report as it is entitled to prepare financial statements for the year ended 31 December 2021 in accordance with section 415A of the small companies' regime of Companies Act 2006.

#### **Statement of Directors' responsibilities in respect to the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Directors' confirmations**

In the case of each Director in office at the date the Directors Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the group and company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

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**Alphadyne (UK) Holdings Limited**

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**Directors' report (continued)**  
**For the year ended 31 December 2021**

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**Independent Auditors**

The independent auditors, Ernst & Young LLP, have indicated their willingness to continue in office. A resolution will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved by the board on 21 April 2022 and signed on its behalf by:

  
**Philippe Khuong-Huu**  
Director

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHADYNE (UK) HOLDINGS LIMITED

### Opinion

We have audited the financial statements of Alphadyne (UK) Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flow and the related notes 1 to 21, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical, 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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of 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 directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The

risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.
- We understood how Alphadyne (UK) Limited is complying with those frameworks by considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings, the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by testing journal entries, with a focus on journals with unusual transactions based on our understanding of the business.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reviewing correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations; discussions with management, and review of relevant members' meeting minutes, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud; understanding of management's internal controls designed to prevent and detect irregularities; testing the completeness and accuracy of inputs into revenue calculation; and designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

*Ernst & Young LLP*

*Keith Wood (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
25 April 2022*

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## Alphadyne (UK) Holdings Limited

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### Consolidated Statement of Comprehensive Income For the year ended 31 December 2021

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	Note	2021 £	2020 £
Turnover	4	4,879,134	25,961,653
Administrative expenses		(2,797,167)	(25,599,272)
<b>Operating profit before tax</b>	5	2,081,967	362,311
Tax on profit	8	(394,444)	(71,591)
<b>Profit for the financial year</b>		1,687,523	290,720
<b>Profit for the year attributable to:</b>			
Owners of the parent company		1,687,523	290,720
		1,687,523	290,720
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent company		1,687,523	290,720
		1,687,523	290,720

All amounts relate to continuing operations.

There is no material difference between the retained profit for the financial year stated above and its historical cost equivalent.

There were no other items of comprehensive income for the current or prior year other than those included in the statement of comprehensive income shown above.

The notes on pages 15 to 28 form an integral part of these financial statements.

**Alphadyne (UK) Holdings Limited**  
Registered number: 07910661

**Consolidated Statement of Financial Position**  
**As at 31 December 2021**

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Tangible assets	9		410,498		489,869
<b>Current assets</b>					
Debtors	12	778,006		21,299,856	
Cash at bank	13	10,605,489		7,100,146	
		11,383,495		28,400,002	
<b>Creditors: amounts falling due within one year</b>	15	(7,290,223)		(22,870,230)	
<b>Net current assets</b>			4,093,272		5,529,772
<b>Total assets less current liabilities</b>			4,503,770		6,019,641
<b>Creditors: amounts falling due after more than one year</b>	16		(286,773)		(3,490,167)
<b>Net assets</b>			4,216,997		2,529,474
<b>Capital and reserves</b>					
Called up share capital	17		1,130,000		1,130,000
Retained earnings			3,086,997		1,399,474
<b>Total Equity</b>			4,216,997		2,529,474

The financial statements on pages 9 to 28 were approved and authorised for issue by the board and were signed on its behalf on 21 April 2022 by:

  
**Philippe Khuong-Huu**  
Director

The notes on pages 15 to 28 form an integral part of these financial statements.

**Alphadyne (UK) Holdings Limited**  
Registered number: 07910661

**Company Statement of Financial Position**  
**As at 31 December 2021**

	Note	2021 £	2021 £	2020 £	2020 £
<b>Non-current assets</b>					
Investments	10		1,095,001		1,095,001
<b>Current assets</b>					
Debtors	12	1,425,437		1,325,654	
Cash at bank and in hand	13	15,253		342,085	
		1,440,690		1,667,739	
<b>Creditors: amounts falling due within one year</b>	15	(21,751)		(549,294)	
<b>Net current assets</b>			1,418,939		1,118,445
<b>Total assets less current liabilities</b>			2,513,940		2,213,446
<b>Creditors: amounts falling due after more than one year</b>	16		-		-
<b>Net assets</b>			2,513,940		2,213,446
<b>Capital and reserves</b>					
Called up share capital	17		1,130,000		1,130,000
Retained earnings			1,383,940		1,083,446
<b>Total equity</b>			2,513,940		2,213,446

The financial statements on pages 9 to 28 were approved and authorised for issue by the board and were signed on its behalf on 21 April 2022 by:



**Philippe Khuong-Huu**  
Director

The notes on pages 15 to 28 form an integral part of these financial statements.

The Company made a profit of £300,494 in the year (2020: Profit £211,489).  
No Statement of Comprehensive Income is presented for Alphadyne (UK) Holdings Limited as permitted by section 408 of the Companies Act 2006.

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**Alphadyne (UK) Holdings Limited**

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**Consolidated Statement of Changes in Equity**  
**For the year ended 31 December 2021**

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	<i>Called up share capital</i>	<i>Retained earnings</i>	<i>Equity attributable to owners of Parent Company</i>	<i>Total equity</i>
	£	£	£	£
At 1 January 2020	1,130,000	1,108,754	2,238,754	2,238,754
Profit for the financial year	-	290,720	290,720	290,720
<b>Total comprehensive income for the year</b>	-	290,720	290,720	290,720
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 December 2020</b>	1,130,000	1,399,474	2,529,474	2,529,474
Profit for the financial year	-	1,687,523	1,687,523	1,687,523
<b>Total comprehensive income for the year</b>	-	1,687,523	1,687,523	1,687,523
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 December 2021</b>	1,130,000	3,086,997	4,216,997	4,216,997

The notes on pages 15 to 28 form an integral part of these financial statements.

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## Alphadyne (UK) Holdings Limited

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### Company Statement of Changes in Equity For the year ended 31 December 2021

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	<i>Called up share capital</i>	<i>Retained earnings</i>	<i>Total equity</i>
	£	£	£
At 1 January 2020	1,130,000	871,957	2,001,957
<b>Comprehensive income for the year</b>			
Profit for the financial year	-	211,489	211,489
<b>Total comprehensive income for the year</b>	-	211,489	211,489
<b>Contributions by and distributions to owners</b>	-	-	-
<b>At 31 December 2020</b>	<b>1,130,000</b>	<b>1,083,446</b>	<b>2,213,446</b>
<b>Comprehensive income for the year</b>			
Profit for the financial year	-	300,494	300,494
<b>Total comprehensive loss for the year</b>	-	300,494	300,494
<b>Contributions by and distributions to owners</b>	-	-	-
<b>At 31 December 2021</b>	<b>1,130,000</b>	<b>1,383,940</b>	<b>2,513,940</b>

The notes on pages 15 to 28 form an integral part of these financial statements.

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## Alphadyne (UK) Holdings Limited

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### Consolidated Statement of Cash Flows For the year ended 31 December 2021

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	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		1,687,523	290,720
<b>Adjustments for:</b>			
Depreciation of tangible assets	9	93,525	131,255
Loss on the disposal of fixed assets	9	471	-
Taxation	8	394,444	71,591
Decrease/(Increase) in debtors	12	386,715	(18,109)
Decrease/(Increase) in amounts owed by/to groups	12, 15	24,711,436	(2,207,093)
(Decrease)/Increase in creditors	15	(23,239,740)	8,117,131
Corporation tax paid		(514,406)	(468,446)
<b>Net cash generated from operating activities</b>		<b>3,519,968</b>	<b>5,466,848</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	9	(14,625)	(50,105)
<b>Net cash used in investing activities</b>		<b>(14,625)</b>	<b>(50,105)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,505,343</b>	<b>5,416,743</b>
Cash and cash equivalents at beginning of year		7,100,146	1,683,403
<b>Cash and cash equivalents at the end of year</b>	13	<b>10,605,489</b>	<b>7,100,146</b>
<b>Cash and cash equivalents at the end of year comprise:</b>			
Cash at bank		10,605,489	7,100,146

The notes on pages 15 to 28 form part of these financial statements.

The Group has no borrowings and therefore no debt reconciliation has been presented.



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# Alphadyne (UK) Holdings Limited

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## Notes to the financial statements For the year ended 31 December 2021

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### 1. General information

The Company is a private limited company incorporated in the United Kingdom, limited by shares under the Companies Act 2006. The Registered Office is 4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared using the going concern basis, under the historical costs convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Group. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. All intercompany transactions and balances have been eliminated in the consolidated financial statements. Consistent accounting policies have been applied throughout the Group.

#### 2.3 Disclosure exemptions

In preparing the separate financial statements of the Company, advantage has been taken of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit for the financial year of the Company was £300,494 (2020: Profit £211,489).

#### 2.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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:

- The amount of revenue can be measured reliably;
- It is probable that the company will receive the consideration under the agreement with the LP.

#### 2.5 Expenses

Expenses incurred have been recognised on an accruals basis.

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## Alphadyne (UK) Holdings Limited

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### Notes to the financial statements For the year ended 31 December 2021

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## 2. Accounting policies (continued)

### 2.6 Tangible fixed assets and depreciation

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:

Fixtures and fittings:	3 years straight-line
Computer equipment:	3 years straight-line
Leasehold improvements:	Over the remaining life of lease

Artwork held by the LLP has been included within fixtures and fittings but has not been depreciated.

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 within 'other operating income' in the consolidated statement of comprehensive income.

### 2.7 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Any incentives to enter into an operating lease are credited to the consolidated statement of comprehensive income as a reduction of the rental expense on a straight-line basis over the term of the lease.

### 2.8 Foreign currency translation

#### Functional and presentation currency

The Company's functional and presentational currency is pound sterling (£).

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the month average exchange rate for the P&L transactions and month end rate of the balance sheet 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.

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## **Alphadyne (UK) Holdings Limited**

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### **Notes to the financial statements For the year ended 31 December 2021**

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## **2. Accounting policies (continued)**

### **2.9 Taxation**

Tax is recognised in the consolidated statement of comprehensive income, except that a change 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 and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the 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.

### **2.10 Valuation of investments**

Investments in subsidiaries are held at cost less accumulated losses.

Investments for which the fair value cannot be reliably measured are held at cost less provision for any permanent diminution in value. Investments for which the fair value can be reliably measured are re-measured to fair value at each statement of financial position date. Gains and losses on re measurement are recognised in the statement of comprehensive income for the period.

Details of investments are disclosed in note 10.

### **2.11 Debtors**

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

### **2.12 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.

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## **Alphadyne (UK) Holdings Limited**

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### **Notes to the financial statements For the year ended 31 December 2021**

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## **2. Accounting policies (continued)**

### **2.13 Employee benefits**

The Group provides a range of benefits to employees, including holiday pay, annual bonus arrangements and defined contribution pension plans.

- i) Short term benefits - Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.
- ii) Defined contribution pension plans - The Group operates a defined plan for all of its employees. This is a pension plan under which the Group pays fixed contributions on behalf of the employee. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in *accruals in the statement of financial position*.
- iii) Annual bonus plans - The Group operates annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payment under the plans as a result of past events and a reliable estimate of the obligation can be made.

### **2.14 Related parties**

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors a separate disclosure is necessary to understand the effect of the transactions on the Group's consolidated statement of financial position.

### **2.15 Financial Instruments**

#### **Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

#### **Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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## **Alphadyne (UK) Holdings Limited**

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### **Notes to the financial statements For the year ended 31 December 2021**

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#### **2. Accounting policies (continued)**

##### **2.15 Financial Instruments (continued)**

###### **Offsetting**

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.

##### **2.16 Creditors**

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

#### **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 statement of financial position date and the amounts reported for revenues and expenses during the year.

##### **Critical judgements in applying the entity's accounting policies**

The Directors have not been required to apply any significant judgements in preparing the financial statements.

##### **Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### **Impairment of debtors**

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

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## Alphadyne (UK) Holdings Limited

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### Notes to the financial statements For the year ended 31 December 2021

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

##### Deferred Bonuses

Staff costs include bonus amounts payable to employees with a deferred vesting period of up to two years, subject to continuing employment with the Group. Where an employee leaves before the end of the vesting period, any outstanding deferred bonuses may be forfeited or paid at the Group discretion, resulting in the acceleration of the accounting expense. It is also subject to claw back if a loss is generated in a portfolio manager's strategy. *Deferred bonuses may be forfeited up to the amount of the loss. Deferred bonuses may track the investment performance of a fund managed by the Parent Company and the estimates will be adjusted to reflect such performance gains or losses.* The Group estimates the amount of deferred bonuses expected to vest, and reviews these estimates regularly to ensure the charge to the income statement is adjusted appropriately (at the end of the relevant scheme as a minimum).

#### 4. Turnover

Turnover, which is stated net of any value added tax, represents sub-advisory and administrative fees arising from continuing activities in the United Kingdom charged to the LP (a related entity domiciled in the USA) on a revenue share basis with a cost-plus floor. These fees are accounted for on an accruals basis.

#### 5. Operating profit before tax

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

	2021 £	2020 £
Depreciation of tangible fixed assets	93,525	131,255
Rent - operating lease	189,191	189,240
Foreign exchange (gain)/losses	(22,159)	41,333
<b>Fees payable to the Group's auditors and its associates for other services to the group:</b>		
- audit of the financial statements	40,000	42,280
- audit related assurance services	5,000	3,150

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## Alphadyne (UK) Holdings Limited

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### Notes to the financial statements For the year ended 31 December 2021

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#### 6. Staff costs

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	1,488,205	21,177,944
Social security costs	287,498	2,979,164
Other pension costs	36,087	24,111
	<u>1,811,790</u>	<u>24,181,219</u>

Key management personnel comprise the Directors of the Company and the members of the LLP. No remuneration was paid to the Directors for their services to the Company or the LLP (2020 : £nil)

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

	2021 Number	2020 Number
Administration	<u>13</u>	<u>9</u>

#### 7. Directors' remuneration

During the year ended 31 December 2021 the Director did not receive any remuneration in respect of services provided to the Company (2020: £nil)

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## Alphadyne (UK) Holdings Limited

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### Notes to the financial statements For the year ended 31 December 2021

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#### 8. Tax on profit

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	(505,750)	521,792
Adjustment in respect of previous periods	(7,386)	-
<b>Total current tax</b>	<b>(513,136)</b>	<b>521,792</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	901,337	(450,201)
Adjustment in respect of prior periods	9,434	-
Effect of change in tax rates	(3,191)	-
<b>Total deferred tax</b>	<b>907,580</b>	<b>(450,201)</b>
<b>Taxation on profit</b>	<b>394,444</b>	<b>71,591</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	2,081,967	362,311
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	395,574	68,839
<b>Effects of:</b>		
Adjustments in respect of previous periods	2,048	-
Permanent differences	13	2
Other timing differences	-	2,751
Effect of change in rate of tax	(3,191)	-
<b>Total tax charge for the year</b>	<b>394,444</b>	<b>71,591</b>

#### Factors that may affect future tax charges

On 3 March 2021 it was announced that the UK corporation tax rate would increase from 19% to 25% from 1 April 2023. This change in tax rate was substantively enacted on 24 May 2021. Accordingly, these rates have been considered when calculating any applicable closing deferred tax balances at the balance sheet date.

All material deferred tax has been provided for and deferred tax liabilities have not been discounted.



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## Alphadyne (UK) Holdings Limited

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### Notes to the financial statements For the year ended 31 December 2021

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#### 9. Tangible fixed assets

	Leasehold Improvements £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2021	635,441	222,223	126,391	984,055
Additions	-	12,648	1,977	14,625
Disposal	-	-	(484)	(484)
At 31 December 2021	635,441	234,871	127,884	998,196
<b>Depreciation</b>				
At 1 January 2021	200,592	171,565	122,029	494,186
Charge for the year	66,052	26,447	1,026	93,525
Depreciation on disposal	-	-	(13)	(13)
At 31 December 2021	266,644	198,012	123,042	587,698
<b>Net book value</b>				
At 31 December 2021	368,797	36,859	4,842	410,498
At 31 December 2020	434,849	50,658	4,362	489,869

#### 10. Investments

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of Share	Holding	Principal activity
Alphadyne Asset Management (UK) LLP	United Kingdom	Ordinary	100%	Investment management
Alphadyne (UK) Holdings II Limited	United Kingdom	Ordinary	100%	Holding Company

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## Alphadyne (UK) Holdings Limited

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### Notes to the financial statements For the year ended 31 December 2021

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#### 10. Investments (continued)

The aggregate of the share capital and reserves as at 31 December 2021 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<i>Aggregate of share capital and reserves</i> £	<i>Profit</i> £
Alphadyne Asset Management (UK) LLP	3,197,540	2,102,540
Alphadyne (UK) Holdings II Limited	-	-
	<u>3,197,540</u>	<u>2,102,540</u>

#### Company

	<i>Investments in subsidiary companies</i> £
<b>Cost</b>	
At 1 January 2021	1,095,001
Additions	-
At 31 December 2021	<u>1,095,001</u>
<b>Net book value</b>	
At 31 December 2021	<u>1,095,001</u>
At 31 December 2020	<u>1,095,001</u>

The registered address of the subsidiary undertakings is the same as that of the Company.

#### 11. Subsidiary claiming audit exemption

Alphadyne (UK) Holdings II Limited ("LTD II"), a company registered in the UK, registered number 10785196, is a wholly owned subsidiary of the Company and is exempt from the requirement to have an audit of its individual financial statements under section 479A of the Companies Act 2006.

In order for this exemption to be granted, the Company has guaranteed the liabilities of Alphadyne (UK) Holdings II Limited and would be liable for the debt in the event of a default. This guarantee will be in place until the liabilities of LTD II are fully satisfied.

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## Alphadyne (UK) Holdings Limited

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### Notes to the financial statements For the year ended 31 December 2021

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#### 12. Debtors

	<i>Group 2021 £</i>	<i>Group 2020 £</i>	<i>Company 2021 £</i>	<i>Company 2020 £</i>
Amounts owed by group undertakings	-	20,135,135	488,002	311,742
VAT receivable	48,951	56,178	150	150
Other debtors	79,950	61,173	-	-
Deferred taxation	32,053	939,632	431,536	1,013,762
Corporation tax	505,749	-	505,749	-
Prepayments and accrued income	111,303	107,738	-	-
	<u>778,006</u>	<u>21,299,856</u>	<u>1,425,437</u>	<u>1,325,654</u>

All amounts due from group entities and members are interest free and are repayable on demand.

#### 13. Cash at bank

	<i>Group 2021 £</i>	<i>Group 2020 £</i>	<i>Company 2021 £</i>	<i>Company 2020 £</i>
Cash at bank	10,605,489	7,100,146	15,253	342,085
	<u>10,605,489</u>	<u>7,100,146</u>	<u>15,253</u>	<u>342,085</u>

Included in Cash at bank is restricted cash of £250,000 (2020: £250,000).

#### 14. Deferred taxation

	<i>Group 2021 £</i>
At beginning of year	939,632
Charged to profit or loss	(907,579)
<b>At end of year</b>	<u>32,053</u>
The deferred tax asset is made up as follows:	
	<i>Group 2021 £</i>
Short-term timing differences	18,759
Accelerated ACAs	13,294
<b>Total deferred tax asset</b>	<u>32,053</u>

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## Alphadyne (UK) Holdings Limited

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### Notes to the financial statements For the year ended 31 December 2021

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#### 15. Creditors: Amounts falling due within one year

	<i>Group</i> <i>2021</i> £	<i>Group</i> <i>2020</i> £	<i>Company</i> <i>2021</i> £	<i>Company</i> <i>2020</i> £
Amounts owed to group undertakings	4,576,301	-	1	1
Other taxation and social security	62,186	60,369	-	-
Other creditors	14,397	11,134	-	-
Accruals and deferred bonus payable	2,637,339	22,276,935	21,750	27,501
Corporation tax	-	521,792	-	521,792
	<u>7,290,223</u>	<u>22,870,230</u>	<u>21,751</u>	<u>549,294</u>

#### 16. Creditors: Amounts falling due after more than one year

	<i>Group</i> <i>2021</i> £	<i>Group</i> <i>2020</i> £	<i>Company</i> <i>2021</i> £	<i>Company</i> <i>2020</i> £
Accruals and deferred bonus payable	286,773	3,490,167	-	-
	<u>286,773</u>	<u>3,490,167</u>	<u>-</u>	<u>-</u>

#### 17. Called up share capital

	<i>2021</i> £	<i>2020</i> £
<b>Allotted, called up and fully paid</b>		
£1,130,000 (2020: £1,130,000) Ordinary shares of £1 each	<u>1,130,000</u>	<u>1,130,000</u>

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## Alphadyne (UK) Holdings Limited

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### Notes to the financial statements For the year ended 31 December 2021

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#### 18. Operating Lease commitments

Future minimum lease payments under non-cancellable operating leases as follows:

	<i>Group</i> <i>2021</i> £	<i>Group</i> <i>2020</i> £
Within 1 year	231,600	231,600
1 – 5 years	926,400	926,400
Over 5 years	144,750	376,350
<b>Total</b>	<u>1,302,750</u>	<u>1,534,350</u>

The above analysis represents future cash flow obligations arising from the property lease, which commenced on 15 August 2017, which differs from the amounts expensed in the statement of comprehensive income due to an amount equivalent to a 19-month rent-free period and 6-month half-rent period being amortised over the duration of the lease.

#### 19. Related party transactions

The Company is the managing member of the LLP. During the year the Company received a profit allocation of £390,158 (2020: £292,532) from the LLP.

As at 31 December 2021 £488,002 (2020: £311,742) was due from the LLP to the Company.

During the year, the Group charged fees of £4,879,101 (2020: £25,961,653) to the LP.

As at 31 December 2021 the Group owed £4,576,301 (2020: was owed £20,135,135) to the LP.

LTD II is a wholly owned subsidiary of the Company.

As at 31 December 2021 the Company owed £1 of unpaid share capital to the LTD II.

#### 20. Controlling party

The LP is the parent company and ultimate controlling party of the Company. The LP is incorporated in the U.S.

Group financial statements can be obtained from the parent company.

Alphadyne Asset Management LP is the largest group of the undertakings for which consolidated financial statements are prepared which includes the Company. Alphadyne (UK) Holdings Limited is the smallest group of undertakings for which consolidated financial statements are prepared which includes the Company.

The financial statements of the LP can be obtained by writing to:  
Alphadyne Asset Management LP  
Attn: Management Company Finance Team  
17 State Street, 30th Floor  
New York, NY 10004

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**Alphadyne (UK) Holdings Limited**

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**Notes to the financial statements**  
**For the year ended 31 December 2021**

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**21. Events after the reporting period**

The Company has reviewed subsequent events occurring through to the date that these financial statements were available to be issued and concluded that no events have occurred that would require recognition or disclosure.