
QUBED DERIVATIVES LLP

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



QUBED DERIVATIVES LLP

INFORMATION

Designated Members

Kyte Capital Management Limited
Corrigan Investments Limited
Cosgrave Investments Limited

Members

De Pasquale Investimenti Ltd
Myrmidon Trading Technologies Limited
Data Lens Limited (resigned 10/5/2018)

LLP registered number

OC350139

Registered office

Unit 227 Business Design Centre
52 Upper Street
London
N1 0QH

Independent auditors

Berg Kaprow Lewis LLP
Chartered Accountants
35 Ballards Lane
London
N3 1XW

QUBED DERIVATIVES LLP

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QUBED DERIVATIVES LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The members present their annual report together with the audited financial statements of Qubed Derivatives LLP (the "LLP") for the year ended 31 March 2018.

Principal activities

The principal activity of the LLP continued to be that of trading in financial instruments. The LLP is authorised and regulated by the Financial Conduct Authority (FCA).

Designated Members

Kyte Capital Management Limited, Corrigan Investments Limited and Cosgrave Investments Limited were designated members of the LLP throughout the period.

Members

De Pasquale Investimenti Ltd, Myrmidon Trading Technologies Limited and Data Lens Limited were members of the LLP throughout the period.

Members' capital and interests

Each member's subscription to the capital of the LLP is determined by their share of the profit and is repayable following retirement from the LLP.

Details of changes in members' capital in the year ended 31 March 2018 are set out in the Reconciliation of Members' Interests.

Members are remunerated from the profits of the LLP and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between members in accordance with the underlying methodology in the LLP agreement. Members draw a proportion of their profit shares monthly during the year in which it is made, with the balance of profits being distributed after the year, subject to the cash requirements of the business.

Members' responsibilities statement

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members 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 LLP and of the profit or loss of the LLP for that period.

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

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

QUBED DERIVATIVES LLP

**MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018**

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are members at the time when this Members' Report is approved has confirmed that:

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

Auditors

Under section 487 (2) of the Companies Act 2006, Berg Kaprow Lewis LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the members on 12/July²⁰¹⁸ and signed on their behalf by:



**S O Cosgrave on behalf of
Cosgrave Investments Limited**
Designated member

QUBED DERIVATIVES LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUBED DERIVATIVES LLP

Opinion

We have audited the financial statements of Qubed Derivatives LLP (the 'LLP') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Reconciliation of Members' Interests and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The members are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and 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

QUBED DERIVATIVES LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUBED DERIVATIVES LLP (CONTINUED)

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

We have nothing to report in this regard.

The comparative financial information has not been audited.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement on page 1, the members 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 members 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

QUBED DERIVATIVES LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUBED DERIVATIVES LLP (CONTINUED)

Auditors' 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 Auditors' 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the LLP's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the LLP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the LLP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

QUBED DERIVATIVES LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUBED DERIVATIVES LLP (CONTINUED)

Use of our report

This report is made solely to the LLP's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Applications of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an Auditors' 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 LLP and the LLP's members for our audit work, for this report, or for the opinions we have formed.



David Landau FCA (Senior Statutory Auditor)

for and on behalf of

Berg Kaprow Lewis LLP

Chartered Accountants
Statutory Auditor

London

Date: 13 July 2018

QUBED DERIVATIVES LLP

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	As restated 2017 £
Turnover	4	2,349,969	1,519,745
Cost of sales		(2,231,992)	(2,794,946)
		<hr/>	<hr/>
Gross profit/(loss)		117,977	(1,275,201)
Administrative expenses		(343,932)	(238,703)
		<hr/>	<hr/>
Operating loss		(225,955)	(1,513,904)
		<hr/>	<hr/>
Loss for the year before members' remuneration and profit shares available for discretionary division among members		<u>(225,955)</u>	<u>(1,513,904)</u>

There was no other comprehensive income for 2018(2017:£NIL).

The notes on pages 12 to 21 form part of these financial statements.

QUBED DERIVATIVES LLP
REGISTERED NUMBER: OC350139

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

			2018 £	As restated 2017 £
Fixed assets	Note			
Tangible assets	8		31,854	76,048
			<u>31,854</u>	<u>76,048</u>
Current assets				
Debtors: amounts falling due after more than one year	9	7,000	-	-
Debtors: amounts falling due within one year	9	73,528	426,813	426,813
Current asset investments	10	6,818,669	3,335,092	3,335,092
Cash at bank and in hand	11	3,834,905	24,117,692	24,117,692
		<u>10,734,102</u>	<u>27,879,597</u>	<u>27,879,597</u>
Creditors: Amounts Falling Due Within One Year	12	(10,104,179)	(26,575,535)	(26,575,535)
Net current assets			<u>629,923</u>	<u>1,304,062</u>
Total assets less current liabilities			<u>661,777</u>	<u>1,380,110</u>
Net assets			<u><u>661,777</u></u>	<u><u>1,380,110</u></u>
Represented by:				
Loans and other debts due to members within one year				
Members' capital classified as a liability			1,959,100	2,005,000
Other amounts	14		442,536	889,014
			<u>2,401,636</u>	<u>2,894,014</u>
Members' other interests				
Other reserves classified as equity		(1,739,859)	(1,739,859)	(1,513,904)
			<u>661,777</u>	<u>1,380,110</u>
Total members' interests			<u><u>661,777</u></u>	<u><u>1,380,110</u></u>
Amounts due from members (included in debtors)	9		-	(233,272)
Loans and other debts due to members	14		2,401,636	2,894,014
Members' other interests			(1,739,859)	(1,513,904)
			<u>661,777</u>	<u>1,146,838</u>

QUBED DERIVATIVES LLP
REGISTERED NUMBER: OC350139

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2018

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 12/July/2018



S O Cosgrave on behalf of
Cosgrave Investments Limited
Designated member

The notes on pages 12 to 21 form part of these financial statements.

Qubed Derivatives LLP has no equity and, in accordance with the provisions contained within the Statement of Recommended Practice "Accounting by Limited Liability Partnerships", has not presented a Statement of Changes in Equity.

QUBED DERIVATIVES LLP

**RECONCILIATION OF MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 MARCH 2018**

	EQUITY Members' other interests	DEBT Loans and other debts due to members less any amounts due from members in debtors			Total members' interests
	Other reserves £	Members' capital (classified as debt) £	Other amounts £	Total £	Total £
Balance at 1 April 2016	-	1,644,000	3,279,489	4,923,489	4,923,489
Loss for the year available for discretionary division among members	(1,513,904)	-	-	-	(1,513,904)
Members' interests after loss for the year	(1,513,904)	1,644,000	3,279,489	4,923,489	3,409,585
Loans from members	-	-	400,000	400,000	400,000
Amounts introduced by members	-	60,000	-	60,000	60,000
Transfer	-	301,000	(301,000)	-	-
Drawings	-	-	(2,722,747)	(2,722,747)	(2,722,747)
Amounts due to members			889,014	889,014	
Amounts due from members			(233,272)	(233,272)	
Balance at 31 March 2017	(1,513,904)	2,005,000	655,741	2,660,741	1,146,837
Loss for the year available for discretionary division among members	(225,955)	-	-	-	(225,955)
Members' interests after loss for the year	(1,739,859)	2,005,000	655,741	2,660,741	920,882
Repayment of capital	-	(45,900)	-	(45,900)	(45,900)
Transfer	-	-	45,900	45,900	45,900
Drawings	-	-	(296,005)	(296,005)	(296,005)
Reclassification	-	-	36,900	36,900	36,900
Amounts due to members			442,536	442,536	
Balance at 31 March 2018	(1,739,859)	1,959,100	442,536	2,401,636	661,777

The notes on pages 12 to 21 form part of these financial statements.

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests.

QUBED DERIVATIVES LLP

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Cash flows from operating activities		
Loss for the financial year	(225,955)	(1,513,904)
Adjustments for:		
Depreciation of tangible assets	47,641	37,118
Decrease/(increase) in debtors	113,013	(25,705)
(Decrease) in creditors	(16,471,357)	(12,034,251)
(Increase) in financial assets at fair value	(3,483,577)	(3,335,092)
Net cash used in operating activities before transactions with members	<u>(20,020,235)</u>	<u>(16,871,834)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,447)	(43,881)
Net cash used in investing activities	<u>(3,447)</u>	<u>(43,881)</u>
Cash flows from financing activities		
Amounts introduced by members	-	60,000
Distribution paid to members	(296,005)	(2,722,747)
Reclassification of drawings	36,900	-
Loans from members	-	400,000
Net cash used in financing activities	<u>(259,105)</u>	<u>(2,262,747)</u>
Net (decrease) in cash and cash equivalents	<u>(20,282,787)</u>	<u>(19,178,462)</u>
Cash and cash equivalents at beginning of year	24,117,692	43,296,154
Cash and cash equivalents at the end of year	<u><u>3,834,905</u></u>	<u><u>24,117,692</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,834,905	24,117,692
	<u><u>3,834,905</u></u>	<u><u>24,117,692</u></u>

The notes on pages 12 to 21 form part of these financial statements.

QUBED DERIVATIVES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Qubed Derivatives LLP ("the LLP"), is an LLP which trades in financial instruments.

The LLP is a limited liability partnership and is incorporated in England and Wales with registration number OC350139. The Registered Office address in Unit 227, Business Design Centre, 52 Upper Street, London N1 0QH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

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

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis, which assumes that the LLP will continue to trade for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements, and will be able to meet its debts as they fall due.

The LLP made a loss for the year of £225,955. The LLP's going concern status is dependant on both its future trading success together with the continued support of its' members, which has been confirmed.

The members believe that the LLP has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to continue to use the going concern basis for the preparation of these financial statements.

2.3 Turnover

Turnover comprises of profits and losses from dealings in financial instruments.

In accordance with accepted practice, the profits and losses from dealings in financial instruments include unrealised profits and losses at the period end, as open positions are included at market value. This policy represents a departure from the statutory requirement to record positions and instruments at the lower of cost and net realisable value. The members consider this to be necessary to show a true and fair view, since the marketability of the instruments enables decisions to be taken continually about whether to hold or sell them, and hence the economic measure of profit in any period is properly made by reference to market values.

QUBED DERIVATIVES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.4 Tangible fixed assets

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

At each reporting date the LLP assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

Depreciation is provided on the following basis:

Computer equipment	-	33% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

2.5 Cash and cash equivalents

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

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

2.6 Financial instruments

The LLP only enters into basic financial instruments and transactions that result in the recognition of financial assets and liabilities.

(i) Financial assets

Basic financial assets, including other debtors, 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.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of

QUBED DERIVATIVES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.6 Financial instruments (continued)

Comprehensive Income and Retained Earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including accruals, 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Financial assets and liabilities at fair value through profit and loss

Open positions are classified as financial assets or liabilities at fair value through the Statement of Comprehensive Income. These assets are held for short term gain and any changes in fair value are recognised as part of turnover.

2.7 Foreign currency translation

Functional and presentation currency

The LLP's functional and presentational currency is Sterling.

Transactions and balances

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

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

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

QUBED DERIVATIVES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.8 Operating leases: the LLP as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.9 Taxation

The LLP is not subject to taxation. Consequently, neither taxation nor related deferred taxation arising in respect of the LLP is accounted for in these financial statements. Taxable profits and losses are allocated to the members in accordance with the LLP agreement and the liability for any tax is the responsibility of each member.

2.10 Transfer of members' interests

During the year £45,900 was transferred from members' capital interests to debts due to members.

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 balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful economic lives of tangible fixed assets:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the tangible fixed assets, and accounting policy note 2.4 for the useful economic lives for each class of assets.

QUBED DERIVATIVES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

4. Turnover

The whole of the turnover is attributable to trading in financial instruments.

Analysis of turnover by destination is as follows:

	2018 £	As restated 2017 £
Europe	441,770	(303,949)
Canada	1,908,199	1,823,694
	<u>2,349,969</u>	<u>1,519,745</u>

5. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	47,641	37,118
Exchange differences	11,042	(59,341)
	<u>58,683</u>	<u>(22,223)</u>

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual financial statements	<u>21,000</u>	<u>-</u>

7. Employees and Members

The entity has no employees.

The average monthly number of members during the year was 6 (2017 - 6).

QUBED DERIVATIVES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8. Tangible fixed assets

	Computer equipment £
Cost or valuation	
At 1 April 2017	318,188
Additions	3,447
At 31 March 2018	321,635
Depreciation	
At 1 April 2017	242,140
Charge for the year on owned assets	47,641
At 31 March 2018	289,781
Net book value	
At 31 March 2018	31,854
At 31 March 2017	76,048

QUBED DERIVATIVES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. Debtors

	2018 £	As restated 2017 £
Due after more than one year		
Other debtors	7,000	-
	<u>7,000</u>	<u>-</u>
	2018 £	As restated 2017 £
Due within one year		
Other debtors	4,744	130,909
Prepayments and accrued income	68,784	62,632
Amounts due from members	-	233,272
	<u>73,528</u>	<u>426,813</u>

10. Financial assets at fair value

	2018 £	2017 £
Financial assets at fair value	6,818,669	3,335,092
	<u>6,818,669</u>	<u>3,335,092</u>

11. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	3,834,905	24,117,692
	<u>3,834,905</u>	<u>24,117,692</u>

Included in cash and cash equivalents is £3,827,996 (2017: £24,111,795) held with the clearers through who the LLP trades.

QUBED DERIVATIVES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. Creditors: Amounts falling due within one year

	2018 £	<i>As restated</i> 2017 £
Financial liabilities at fair value	10,011,971	26,395,361
Accruals and deferred income	92,208	180,174
	<u>10,104,179</u>	<u>26,575,535</u>

13. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	6,818,669	3,335,092
Financial assets that are debt instruments measured at amortised cost	4,744	364,181
	<u>6,823,413</u>	<u>3,699,273</u>
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	10,011,971	26,395,362
Financial liabilities measured at amortised cost	92,208	180,174
	<u>10,104,179</u>	<u>26,575,536</u>

Financial assets measured at fair value through profit or loss comprise financial assets at fair value.

Financial assets that are debt instruments measured at amortised cost comprise other debtors and amounts due from members.

Other financial liabilities measured at fair value through profit or loss comprise financial liabilities at fair value.

Financial liabilities measured at amortised cost comprise accruals.

QUBED DERIVATIVES LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

14. Loans and other debts due to members

	2018	2017
	£	£
Members' capital treated as debt	1,959,100	2,005,000
Other amounts due to members	442,536	889,014
	2,401,636	2,894,014

Loans and other debts due to members may be further analysed as follows:

	2018	2017
	£	£
Falling due within one year	2,401,636	2,894,014

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

The amount of capital each member is required to subscribe is determined, from time to time, by the designated members of the LLP and, under the Members' Agreement, capital is repayable by instalments on retirement. Liabilities to former members are shown within other creditors.

15. Commitments under operating leases

At 31 March 2018 the LLP had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Not later than 1 year	37,771	37,771
Later than 1 year and not later than 5 years	33,467	62,152
	71,238	99,923

QUBED DERIVATIVES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

16. Related party transactions

The designated members of the LLP were considered to be key management responsible for planning, directing and controlling the activities of the LLP. Transactions with the designated members during the year, and balances at the year-end were as follows:

	2018 £	2017 £
Capital introduced by designated members	-	60,000
Capital transferred by designated members	-	301,000
Capital repaid to members	45,900	-
Amounts withdrawn by designated members	64,000	1,867,418
Amounts withdrawn by members	232,005	855,329
Amounts owed to designated members	442,536	889,014
Loans from designated members	400,000	400,000

17. Prior year adjustment

The comparative information in the financial statements has been restated from the figures disclosed in the prior year accounts to reclassify turnover, administrative expenses, other debtors and other creditors. This has had no impact on the loss or net assets as previously stated.

18. Risk Management

Risk Management:

The company's principal activity is dealing for its own account on markets in financial futures, options and on cash markets.

Liquidity risk:

At 31st March 2018, the company held capital of £661,777.

As the company's principal activity is exclusively dealing for its own account in exchange listed financial instruments, liquidity risk is not generally an issue. However this could become an issue in the event of one of the company's clearing agents going into liquidation or in the event of a significant decrease in liquidity on the markets in which we operate.

Credit risk:

The company's dealing is on financial instruments that are listed on regulated markets guaranteed by central clearing members. The company does not have clients, does not hold client funds and does not provide finance or credit.

Market risk:

The company's revenues and profitability fluctuate with trading volumes and volatility in the markets on which we deal. These markets are subject to factors beyond our control and fluctuations that are challenging to predict. Decreases in levels of volatility and market volumes generally result in lower revenues. As such volatility levels are at historically low levels which we believe provides opportunities that will allow us to expand and continue to diversify our market risk.