

Company Registration No. 03109469

European Wealth Trading Ltd

Annual Report and Financial Statements

For the year ended 31 December 2015

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European Wealth Trading Ltd
Report and financial statements 2015

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European Wealth Trading Ltd

Report and financial statements 2015

Officers and professional advisers

Directors

S Ray
A J Morton
K Gopaul
K West
S Roughley
R Gentry (resignation effective from 29 April 2016)
A Millett (appointed 1 September 2015)
A Suggett (appointed 10 June 2015)
P Whiteman (appointed 1 September 2015)
M Hay (appointed 1 December 2015)

Secretary

M Horton

Registered Office

Ellenborough House
Wellington Street
Cheltenham
Gloucestershire
GL50 1YD

Registered Number

03109469

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

European Wealth Trading Ltd

Report and financial statements 2015

Strategic report

REVIEW OF THE COMPANY'S BUSINESS

European Wealth Trading Ltd ("EWT"), a business that provides trade execution services, earned revenue in the year to 31 December 2015 of approximately £1.2m (2014: £0.2m) and the business made a pre tax profit of £610k (2014: £158k). The business commenced trading in its current form in December 2014, therefore the comparatives include less than one month's revenue. The 2015 results are the first full year of trading for the business in its current form.

The net asset position of EWT increased to £840k from the 2014 position of £219k.

KEY RISKS AFFECTING THE BUSINESS

There are a number of potential risks and uncertainties that could have an impact on the performance of the Company. Whilst there are others identified, the key risks include:

Liquidity risk

The Group and Company maintain a mixture of cash and cash equivalents that is designed to meet the Company's operational and trading activities. Having prepared detailed forecasts, the Company is confident that it has sufficient liquidity for the foreseeable future.

Solvency risk

The Directors understand the risk of not being able to meet the long term and short term obligations of the business, especially with regards to its capital requirements. In order to mitigate this risk the Group's finance team analyses cashflow on a regular basis and has implemented strong internal controls so that all outgoings are budgeted for. The Company has robust plans in place that will enable it to bring in new capital and restructure the existing capital base if forecasted targets are not achieved and additional capital is required

Operational risk

This is defined as the risk of loss arising from inadequate or failed internal processes, people, systems or external events. The Company as part of the broader Group has embedded a risk management framework that identifies and assesses risks in order to manage and mitigate them in an efficient manner.

Risk of increasing regulation

EWT is engaged in activities which are regulated by the Financial Conduct Authority ("FCA"). EWT therefore, may be required from time to time to review and update its regulatory permissions and the status of its authorised persons to ensure that its existing and new activities, as they develop, are consistent with the Company's regulatory permissions.

Failure to do so could lead to public reprimand, the imposition of fines, the revocations of permissions or authorisations and/or other regulatory sanctions, any of which could lead to adverse publicity and reputational damage and could have a material adverse effect on the continued conduct of EWT's business.

There may, in the future, be changes to, or new laws and regulations that govern the operations of the Company. EWT cannot predict the full effect that any proposed or future law or regulation may have on the financial condition, results or operations of the Company or the enlarged Group.

Risk of negative stock market conditions

EWT's business will be partially dependent on stock market conditions. Adverse market conditions may have a significant negative effect on the EWT's operations.

European Wealth Trading Ltd

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Strategic report

Dependence on one key client

EWT is currently heavily reliant on generating revenue from European Investment Management Limited ("EIM") clients. Whilst the Company has the ability to execute trades for third parties in the period under review all revenue was generated through the execution of trades for EIM.

Key performance indicators

The Company's key performance indicators include, but are not limited to Company revenues and Company profitability, two measures that assist in analysing the performance of the business.

REGULATORY CAPITAL REQUIREMENTS

EWT is UK registered and FCA regulated (BIPRU Limited Activity EURO50k). In accordance with the rules of the FCA, the Company's Pillar 3 disclosures are available at the Company's head office. This information is not audited.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

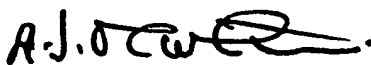
The UK investment management industry is expected to become more competitive over the coming 12 months; corporate activity will lead to a continuation of the recent trend of mergers and acquisitions.

This alone is expected to provide opportunities for the Company to continue to grow through both acquisitions and organically. The former will only be considered if economies of scale can be achieved.

On 25 April 2016, European Wealth Group Limited, the 100 per cent. ultimate owner of EWT, announced that Rod Gentry, a director of EWT is resigning from EWT with resignation being effective from 29 April 2016.

There were no other subsequent events.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.
Approved by the Board and signed on its behalf by:



.....
A J Morton
Director

European Wealth Trading Ltd

Directors' report

The directors present their report and the financial statements of the company for the year ended 31 December 2015.

Principal activity

In December 2014 European Wealth Trading Limited ("EWT") entered into a trading and commission agreement with European Investment Management Limited ("EIM"), whereby EIM agreed to outsource certain operations of its business, particularly in relation to its trade execution activities, to EWT. As a result of this, the main trading activity of EWT is the executing of trades for EIM.

Future developments and events after the balance sheet date

Details of future developments and events after the balance sheet date can be found in the Strategic Report on page 2 and form part of this report by cross reference.

Directors

The directors who served during the year and subsequently, except as noted, were:

A J Morton
S Ray
S Roughley
K Gopaul
K West
R Gentry (resignation effective from 29 April 2016)
A Suggett (appointed 10 June 2015)
A Millett (appointed 1 September 2015)
P Whiteman (appointed 1 September 2015)
M Hay (appointed 1 December 2015)

Going Concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Review of the Company's Business section of the Strategic Report on page 2.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the Company's ultimate parent European Wealth Group Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of EWG and its subsidiaries to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of EWG, the Company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

European Wealth Trading Ltd

Directors' report

Directors' report (continued)

Auditor

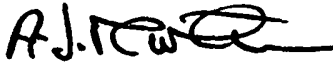
Each of the persons who are a director at the date of approval of this report confirms that:

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

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

The current auditors, Deloitte LLP were reappointed during the year and will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by the Board of Directors



A J Morton

Director . 26 April 2016

European Wealth Trading Ltd

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' in its Company accounts. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

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

Independent auditor's report to the member of European Wealth Trading Ltd

We have audited the financial statements of European Wealth Trading Ltd for the year ended 31 December 2015 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework'.

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its 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.

Opinion on matters prescribed in the Companies Act 2006

In our opinion 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.

Independent auditor's report to the member of European Wealth Trading Ltd

(continued)

Matters on which we are required to report by exception

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

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



Stephen Williams (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
26 April 2016

European Wealth Trading Ltd

Statement of comprehensive income For the year ended 31 December 2015

	Notes	2015 £	2014 £
Revenue	4	1,193,895	161,778
Cost of sales		(96,119)	(622)
Gross profit		1,097,776	161,156
Administrative expenses		(487,634)	(3,078)
Operating profit	5	610,142	158,078
Finance costs		(321)	(15)
Profit before taxation		609,821	158,063
Tax	7	11,197	(15,022)
Profit for the financial year and total comprehensive income for the period attributable to the company		621,018	143,041

Revenue and operating results for the year ended 31 December 2015 and the year ended 31 December 2014 were derived from continuing operations. There is no other comprehensive income, and as such no separate statement of other comprehensive income has been prepared.

The notes on pages 12 to 16 form an integral part of the financial statements.

European Wealth Trading Ltd

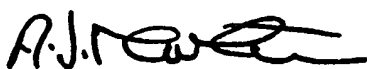
Balance sheet 31 December 2015

	Notes	2015 £	2014 £
Current assets			
Trade and other receivables	8	874,885	233,472
Cash and bank balances		23,610	413
Total assets		<u>898,495</u>	<u>233,885</u>
Current liabilities			
Trade and other payables	9	(58,614)	(15,022)
Total assets less current liabilities		<u>839,881</u>	<u>218,863</u>
Capital and equity			
Share capital	10	45,000	45,000
Retained earnings	11	794,881	173,863
Equity attributable to owners of the company		<u>839,881</u>	<u>218,863</u>

The notes on pages 12 to 16 form an integral part of the financial statements.

The financial statements of European Wealth Trading Ltd registered number 03109469 were approved by the Board of Directors and authorized for issue on 26 April 2016.

They were signed on its behalf by:



A J Morton
Director

European Wealth Trading Ltd

Statement of changes in equity 31 December 2015

	Share Capital	Retained Earnings	Total
	£	£	£
Balance at 31 December 2013	100	30,822	30,922
Profit for the period	-	143,041	143,041
Shares issued in period	44,900	-	44,900
Balance at 31 December 2014	45,000	173,863	218,863
Profit for the period	-	621,018	621,018
Balance at 31 December 2015	45,000	794,881	839,881

European Wealth Trading Ltd

Notes to the financial statements

Year ended 31 December 2015

1. General Information

European Wealth Trading Limited ("EWT" or the "Company") was incorporated on 3 October 1995 (in the name of Ernest Noad & Associates Limited) in the United Kingdom and is the trade execution arm of European Wealth Group Limited ("EWG" or the "Group"), with its main activity being the provision of trade execution services to European Investment Management Limited ("EIM").

On 6 May 2014 European Wealth Management Limited ("EWMG"), the 100 per cent. owner of EWT, was acquired by EWG, meaning that EWT is now a 100 per cent. subsidiary of EWG. Full details of the acquisition can be found on the website of EWG www.europeanwealth.com.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of EWG. The group accounts of EWG are available to the public and can be obtained as set out in note 11. The registered office address of the parent Company preparing consolidated accounts is Mill Court, La Charroterie, St Peter Port, Guernsey GY1 3QZ.

In December 2014 EIM entered into a trading and commission agreement with EWT whereby EIM agreed to outsource certain operations of its business, particularly in relation to its dealing activities, to EWT. Prior to that, for the whole of 2013 and up to December 2014, EWT was dormant.

The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to Financial Reporting Standard 101 ("FRS 101") issued by the Financial Reporting Council ("FRC") in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

2. Significant Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout

a) Basis of accounting

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council ("FRC"). Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 as issued by the FRC and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the FRC.

Having reviewed the financial statements, the Company has not identified any material adjustments that have arisen from the change in accounting framework.

For qualifying entities adopting FRS 101 for the first time, there is now an exemption from the requirement of IFRS 1 to present an opening statement of financial position.

Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the FRC. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2015.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement, standards not yet effective and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of European Wealth Group Limited ("EWG"). The group accounts of EWG are available to the public and can be obtained as set out in note 11.

European Wealth Trading Ltd
Notes to the financial statements
Year ended 31 December 2015

2. Significant accounting policies (continued)

b) Revenue recognition

Revenue is measured at the fair value of the consideration received/receivable. Revenue represents the amounts receivable (excluding value added tax and trade discounts) in the ordinary course of business for the services provided. The Company recognises its revenue as follows:

- Dealing commission is recognised when the deals have fully settled.

Revenue is generated in the UK and relates solely to the principal activity of the Company.

c) Cost of sales

Cost of sales are the direct costs attributable to the revenue generated by the Company. These costs are recognised in the period in which they relate to.

d) Taxation

The tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

e) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

European Wealth Trading Ltd
Notes to the financial statements
Year ended 31 December 2015

3. Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Review of the Company's Business section of the Strategic Report on page 2.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the Company's parent European Wealth Group Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of EWG and its subsidiaries to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of EWG, the Company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

4. Revenue

The revenue and profit before taxation is attributable to the one principal activity of the company, and relates wholly to services provided in the United Kingdom.

5. Operating profit

There is no deduction from operating profit in relation to audit fees, as the total costs for the Group of £52,700 are borne by European Wealth Group Limited, the ultimate parent company.

6. Directors' emoluments and staff costs

The Company's Directors are not remunerated for their service to the Company; but by other Group companies.

No staff are directly employed by EWT. However, staff salaries of £416,792 (2014: £nil) were recognised in the statement of comprehensive income.

European Wealth Trading Ltd
Notes to the financial statements
Year ended 31 December 2015

7. Tax

	2015 £	2014 £
United Kingdom standard corporation tax at 20.25% (2014: 21.5%) based on the profit for the year	<u>(11,197)</u>	<u>15,022</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax, is as follows:

	2015 £	2014 £
Profit before tax	609,821	158,063
Tax on profit on ordinary activities at standard rate of 20.25% (2014: 21.5%)	123,489	33,984
Transfer pricing adjustment	(40,279)	-
Deductions for group relief	(83,210)	(18,962)
Adjustment to Previous years tax charge	<u>(11,197)</u>	<u>-</u>
	<u>(11,197)</u>	<u>15,022</u>

8. Trade and other receivables

	2015 £	2014 £
Amounts falling due within 1 year:		
Prepayments	351	-
Amounts owed by group undertakings	<u>874,534</u>	<u>233,472</u>
	<u>874,885</u>	<u>233,472</u>

European Wealth Trading Ltd
Notes to the financial statements
Year ended 31 December 2015

9. Trade and other payables

	2015	2014
	£	£
Amounts falling due within 1 year:		
Corporation tax due	3,825	15,022
Trade payables	6,516	-
Other payables	27,488	-
Amounts owed to group undertakings	20,785	-
	<u>58,614</u>	<u>15,022</u>

10. Share capital

	2015	2014
	£	£
Authorised, issued and fully paid share capital		
Ordinary shares of £1 each	<u>45,000</u>	<u>45,000</u>

11. Ultimate controlling party and related party transactions

During the prior year the company's parent undertaking European Wealth Management Group Limited ("EWMG"), was acquired by European Wealth Group Limited ("EWG") (a company incorporated in Guernsey and listed on the Alternative Investment Market (AIM)) whereby the shareholders exchanged 100% of their shares in EWMG for the corresponding value in shares in EWG. This agreement took effect on 7 May 2014, and consequently the company became a wholly owned subsidiary of EWG.

At the year end the company's immediate and ultimate parent company and controlling party was EWG, being the parent of the smallest and largest group of which the Company was a member and for which group financial statements are prepared. Copies of the financial statements of EWG will be available from EWG's website shortly (www.europeanwealth.com) or from 10-11 Austin Friars, London, EC2N 2HG. No individual party exercises control over EWG by means of their shareholding.

There were no Directors transactions during the year (2014: none)

During the year ended 31 December 2015, EWT charged fees totalling £11,723 (2014: £nil) to related parties who have assets managed by EIM. This cash was managed at the standard rate for staff and related parties and was all fully paid in the year.

12. Events after the balance sheet date

On 25 April 2016, European Wealth Group Limited, the 100 per cent. owner of EWT, announced that Rod Gentry, a director of EWT, resigned from EWT with effect from 29 April 2016.