

# **European Wealth Trading Ltd**

## **Annual Report and Financial Statements For the year ended 31 December 2017**

**Company Registration No. 03109469**

TUESDAY



A19 \*A78YD060\*  
26/06/2018 #167  
COMPANIES HOUSE

# **European Wealth Trading Ltd**

## **Contents**

## **Page**

Officers and professional advisers	1
Strategic report	2
Directors' report	4
Directors' responsibilities statement	6
Independent Auditor's report	7
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

## **European Wealth Trading Ltd**

### **Officers and professional advisers**

#### **Directors**

G Butler (Appointed 5/4/18)  
H Evans (Appointed 24/8/17)  
D Hudd (Appointed 26/3/18)  
M Ismail  
D Kaplan (Appointed 28/9/17)  
J Massing (Appointed 1/8/17)  
A Millett  
K West  
G Wilder (Appointed 28/9/17)  
P Whiteman  
A Suggett (resignation effective from 20 January 2017)  
K Gopaul (resignation effective from 26 June 2017)  
A J Morton (resignation effective from 18 September 2017)  
S Ray (resignation effective from 31 December 2017)  
S Roughley (resignation effective from 15 February 2018)

#### **Company Secretary**

M Horton

#### **Registered Office**

Ellenborough House  
Wellington Street  
Cheltenham  
Gloucestershire  
GL50 1YD

#### **Registered Number**

03109469

#### **Auditor**

Moore Stephens LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

# **European Wealth Trading Ltd**

## **Strategic report**

### **Review of the Company's Business**

European Wealth Trading Limited ("EWT"), a business that provides trade execution services, earned revenue in the year to 31 December 2017 of £1.7m (2016: £2m) and the business made a pre tax profit of £0.7m (2016: £1.3m).

The net asset position of EWT increased to £2.8m from the 2016 position of £2.1m.

### **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 are 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 wider Group.

# **European Wealth Trading Ltd**

## **Strategic report**

### **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.

### **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. These have been analysed in the review of the Company's 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 on the Company's website. 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. There were no 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:



.....  
**M Ismail**

Director

Date: 25 April 2018

# **European Wealth Trading Ltd**

## **Directors' report**

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

### **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:

G Butler (Appointed 5/4/18)  
H Evans (Appointed 24/8/17)  
D Hudd (Appointed 26/3/18)  
M Ismail  
D Kaplan (Appointed 28/9/17)  
J Massing (Appointed 1/8/17)  
A Millett  
K West  
G Wilder (Appointed 28/9/17)  
P Whiteman  
A Suggett (resignation effective from 20 January 2017)  
K Gopaul (resignation effective from 26 June 2017)  
A J Morton (resignation effective from 18 September 2017)  
S Ray (resignation effective from 31 December 2017)  
S Roughley (resignation effective from 15 February 2018)

### **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 ("EWG") 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**

#### **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, Moore Stephens LLP will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by the Board of Directors



**M Ismail**

Director

Date: 25 April 2018

## **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 members of European Wealth Trading Ltd**

### **Opinion**

We have audited the financial statements of European Wealth Trading Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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

### **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.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

## **Independent auditor's report to the members of European Wealth Trading Ltd**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

## **Independent auditor's report to the members of European Wealth Trading Ltd**

concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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



Jeremy Watkins, Senior Statutory Auditor  
For and on behalf of Moore Stephens LLP, Statutory Auditor  
150 Aldersgate Street  
London  
EC1A 4AB

Date: 25 April 2018

# European Wealth Trading Ltd

## Statement of comprehensive income

For the year ended 31 December 2017

	Notes	2017 £	2016 £
Revenue	2b	1,713,568	2,036,567
Cost of sales	2c	(141,469)	(182,641)
<b>Gross profit</b>		<b>1,572,099</b>	<b>1,853,926</b>
Administrative expenses		(856,950)	(599,021)
<b>Operating profit</b>	5	<b>715,149</b>	<b>1,254,905</b>
Finance costs		(1,393)	(410)
<b>Profit before taxation</b>		<b>713,756</b>	<b>1,254,495</b>
Tax	7	-	-
<b>Profit for the financial year and total comprehensive income for the period</b>		<b>713,756</b>	<b>1,254,495</b>

Revenue and operating results for the year ended 31 December 2017 and the year ended 31 December 2016 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 13 to 16 form an integral part of the financial statements.

## European Wealth Trading Ltd

### Balance sheet

31 December 2017

	Notes	2017 £	2016 £
<b>Current assets</b>			
Trade and other receivables	8	3,458,365	2,115,725
Cash and bank balances		903	6,694
<b>Total assets</b>		<b>3,459,268</b>	<b>2,122,419</b>
<b>Current liabilities</b>			
Trade and other payables	9	(651,136)	(28,043)
<b>Total assets less current liabilities</b>		<b>2,808,132</b>	<b>2,094,376</b>
<b>Equity</b>			
Share capital	10	45,000	45,000
Retained earnings		2,763,132	2,049,376
<b>Equity attributable to owners of the Company</b>		<b>2,808,132</b>	<b>2,094,376</b>

The notes on pages 13 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 authorised for issue.

They were signed on its behalf by:

*Marianne L Ismail*

M Ismail  
Director

25 April 2018

## **European Wealth Trading Ltd**

### **Statement of changes in equity**

31 December 2017

	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 31 December 2015</b>	<b>45,000</b>	<b>794,881</b>	<b>839,881</b>
<b>Profit for the period</b>	<b>-</b>	<b>1,254,495</b>	<b>1,254,495</b>
<b>Balance at 31 December 2016</b>	<b>45,000</b>	<b>2,049,376</b>	<b>2,094,376</b>
<b>Profit for the period</b>	<b>-</b>	<b>713,756</b>	<b>713,756</b>
<b>Balance at 31 December 2017</b>	<b>45,000</b>	<b>2,763,132</b>	<b>2,808,132</b>

# European Wealth Trading Ltd

## Notes to the financial statements

Year ended 31 December 2017

### 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 England & Wales 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 % owner of EWT, was acquired by EWG, meaning that EWT is now a 100 % subsidiary of EWG. Full details of the acquisition can be found on the website of EWG [www.europeanwealth.com](http://www.europeanwealth.com).

Moor Park Capital Partners LLP as Security Agent and Trustee for Kingswood LLP, have a charge over the assets of the Company.

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

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.

### 2. Significant Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### Basis of accounting

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the FRC.

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 will be available from EWG's website shortly [www.europeanwealth.com](http://www.europeanwealth.com)

#### 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.

# **European Wealth Trading Ltd**

## **Notes to the financial statements**

Year ended 31 December 2017

### **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.

### **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.

### **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.

### **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.

### **4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the preparation of these financial statements, the directors do not consider that there have been any material judgements or estimates made.

### **5. Auditor's remuneration**

The auditor is remunerated for audit and other services by the ultimate parent undertaking EWG. In 2017 the audit fees in relation to EWT totalled £10,000 (2016: £9,500).

Fees in relation to EWT charged by the auditor in relation to non-audit services totalled £4,500 (2016: £4,500) and were incurred in reporting to the FCA on client money and assets.

# European Wealth Trading Ltd

## Notes to the financial statements

Year ended 31 December 2017

### 9. Trade and other payables

	2017	2016
	£	£
Amounts falling due within 1 year:		
Trade payables	19,184	8,043
Other payables	7,056	20,000
Amounts owed to group undertakings	624,896	-
	<u>651,136</u>	<u>28,043</u>

### 10. Share capital

	2017	2016
	£	£
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 2014 the Company's parent undertaking EWMG, was acquired by 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](http://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 Directors transactions during the year £2,571 (2016: none).

During the year ended 31 December 2017, EWT charged fees totalling £2,571 (2016: £3,141) 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

There were no other subsequent events.