

# Dinosaur Merchant Bank Limited

Annual Report and Financial Statements

For the year ended 31 December 2021



Company Registration No. 4977073 (England and Wales)

# Dinosaur Merchant Bank Limited

## Company Information

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<b>Directors</b>	G Grossman M Abanilla P Becker J Bloch R Frith (Appointed 1 October 2021)
<b>Secretary</b>	I Choo
<b>Company number</b>	4977073
<b>Registered office</b>	Vinters Place 68 Upper Thames Street London EC4V 3BJ
<b>Auditor</b>	Moores Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP

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# Dinosaur Merchant Bank Limited

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# Dinosaur Merchant Bank Limited

## Strategic Report

For the year ended 31 December 2021

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The directors present the strategic report for the year ended 31 December 2021.

### **Fair review of the business**

The results for the period and the financial position at the end of the period were not considered satisfactory by the Directors. However, we attribute much of this to the costs of restructuring to adapt to the continuing challenges presented by Brexit and the UK's changing regulatory regime as well as:

1. Current market conditions due to the war in Ukraine, rising interest rates and worldwide inflationary concerns. This has resulted in reduced trading, and reduced financing as many of our clients have withdrawn to safe havens of cash and short term high grade securities.
2. The FCA policies and procedures for regulating companies has significantly changed over the past few years and has been much more invasive which has significantly increased our cost of doing business and diverted resources. For the past 3 years we have been subject two Section 166 skilled professionals reviews. The end results of both reviews were positive and gave assurance to our Directors that our systems and procedures are more than appropriate.
3. Electronic trading systems continuing to take on more and more market share of institutional agency brokerage and significantly reducing profit margins.
4. Closing our Milan branch which could not survive the pandemic was at great cost to the Company, as can be seen in the Profit and Loss accounts which breaks out results from discontinued operations.
5. The after affects of the pandemic including staff compensation and filling vacant positions.

In 2022, we will reduce overheads, and scale back some operations which are no longer viable, while developing new ones which are more in tune with the current market. Our focus in 2022 will continue to be to develop systems for greater efficiency and cost savings; and expand the cost and capabilities of compliance oversight as required.

One of our initiatives will be to continue to develop our coverage of emerging markets, which can involve some high risk jurisdictions which necessitates the ability to make enhanced due diligence an important requirement and capability. In 2021 and 2022 we have significantly increased our efforts in this area.

We must also increase our bank lines and financing businesses including; repurchase agreements, term loans and margin finance which goes hand in hand with custody services.

While the company has sustained repeated losses our Group continues to be profitable and continues to support the Company.

### **Principal risks and uncertainties**

As a service provider the directors consider that the key financial risk exposures faced by the company relate to counterparty risk and the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs.

The company does not take trade positions which expose it to material price risk nor does it have a material exposure to foreign exchange movements. Market risk is not so much a factor for the company, as we do not take proprietary positions and are market neutral at all times. We are concerned about counterparty risk exposure and we are increasing our surveillance of client monitoring, credit and trade date fails.

# Dinosaur Merchant Bank Limited

## Strategic Report (Continued)

For the year ended 31 December 2021

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### Key performance indicators

Key performance indicators are considered to be:

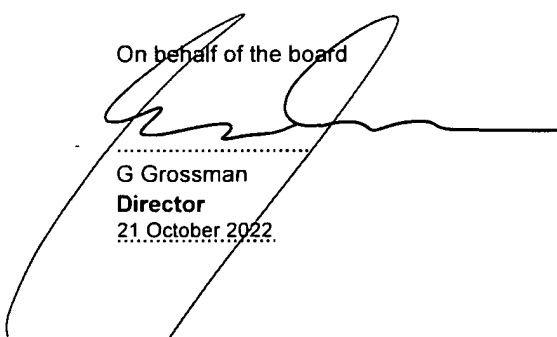
	2021, £	2020, £	2019, £
Turnover from continuing operations	13,714,956	20,463,231	11,654,046
Net assets	9,163,096	9,982,686	11,192,641
(Loss)/profit before taxation	(1,270,742)	(1,601,235)	(2,293,468)
(Loss)/profit after taxation	(1,177,604)	(1,209,955)	(2,076,692)

### Statement by the directors relating to their statutory duties under section 172(1) of the Companies Act 2006

The directors, in line with their duties under s172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its member, and in doing so have regard, amongst other matters, to the:

- Likely consequences of any decision in the long term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and the environment;
- Desirability of the company maintaining a reputation for high standards of business conduct;
- Need to act fairly as between members of the company.

On behalf of the board



.....  
G Grossman

Director

21 October 2022

# Dinosaur Merchant Bank Limited

## Directors' Report

For the year ended 31 December 2021

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The directors present their annual report and financial statements for the year ended 31 December 2021.

### Principal activities

The principal activity of the company continued to be that of a financial services company.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G Grossman

M Abanilla

P Becker

J Bloch

A Brooks

R Frith

(Resigned 21 March 2022)

(Appointed 1 October 2021)

### Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Auditor

Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# Dinosaur Merchant Bank Limited

## Directors' Report (Continued)

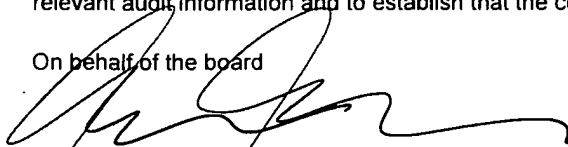
For the year ended 31 December 2021

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
G Grossman

Director

Date: 21 October 2022.

# Dinosaur Merchant Bank Limited

## Independent Auditor's Report

To the Members of Dinosaur Merchant Bank Limited

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### Opinion

We have audited the financial statements of Dinosaur Merchant Bank Limited (the 'company') for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# Dinosaur Merchant Bank Limited

## Independent Auditor's Report (Continued)

### To the Members of Dinosaur Merchant Bank Limited

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

In our opinion, based on the work undertaken in the course of our 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 and 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, 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 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.

# Dinosaur Merchant Bank Limited

## Independent Auditor's Report (Continued)

### To the Members of Dinosaur Merchant Bank Limited

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#### **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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement 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 purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the company 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 a 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.

# Dinosaur Merchant Bank Limited

## Independent Auditor's Report (Continued)

### To the Members of Dinosaur Merchant Bank Limited

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

#### **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.



Darren Jordan (Senior Statutory Auditor)  
for and on behalf of Moore Kingston Smith LLP

Date: 24 October 2022

Chartered Accountants  
Statutory Auditor

6th Floor  
9 Appold Street  
London  
EC2A 2AP

# Dinosaur Merchant Bank Limited

## Profit and loss account

For the year ended 31 December 2021

	Notes	Continuing operations £	Discontinued operations £	31 December 2021 £	Continuing operations £	Discontinued operations £	31 December 2020 £
<b>Turnover</b>	<b>3</b>	13,669,400	45,556	13,714,956	19,974,243	488,988	20,463,231
<b>Cost of sales</b>		(6,998,654)	(71,983)	(7,070,637)	(11,904,471)	(107,868)	(12,012,339)
<b>Gross profit</b>		6,670,746	(26,427)	6,644,319	8,069,772	381,120	8,450,892
<b>Administrative expenses</b>		(7,770,051)	(764,158)	(8,534,209)	(9,196,449)	(912,277)	(10,108,726)
<b>Exceptional item</b>	<b>4</b>	619,046	-	619,046	-	-	-
<b>Operating loss</b>	<b>5</b>	(480,259)	(790,585)	(1,270,844)	(1,126,677)	(531,157)	(1,657,834)
<b>Interest receivable and similar income</b>	<b>9</b>	102	-	102	56,599	-	56,599
<b>Loss before taxation</b>		(480,157)	(790,585)	(1,270,742)	(1,070,078)	(531,157)	(1,601,235)
<b>Tax on loss</b>	<b>10</b>	93,138	-	93,138	391,280	-	391,280
<b>Loss for the financial year</b>		<u>(387,019)</u>	<u>(790,585)</u>	<u>(1,177,604)</u>	<u>(678,798)</u>	<u>(531,157)</u>	<u>(1,209,955)</u>

# Dinosaur Merchant Bank Limited

## Balance Sheet

As at 31 December 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Intangible assets	12	342,887		342,887	
Tangible assets	13	46,032		66,209	
		<u>388,919</u>		<u>409,096</u>	
<b>Current assets</b>					
Debtors	14	869,717,232	599,377,404		
Cash at bank and in hand		10,146,129	18,849,504		
		<u>879,863,361</u>	<u>618,226,908</u>		
<b>Creditors: amounts falling due within one year</b>	15	(871,089,184)	(608,653,318)		
<b>Net current assets</b>		<u>8,774,177</u>		<u>9,573,590</u>	
<b>Total assets less current liabilities</b>		<u>9,163,096</u>		<u>9,982,686</u>	
<b>Capital and reserves</b>					
Called up share capital	17	12,081,135	11,723,121		
Profit and loss reserves		(2,918,039)	(1,740,435)		
<b>Total equity</b>		<u>9,163,096</u>		<u>9,982,686</u>	

The financial statements were approved by the board of directors and authorised for issue on .21.October.2022 and are signed on its behalf by:

.....  
G/Grossman  
Director

Company Registration No. 4977073

# Dinosaur Merchant Bank Limited

## Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Restated balance at 1 January 2020</b>		11,723,121	(530,480)	11,192,641
<b>Year ended 31 December 2020:</b>				
Loss and total comprehensive income for the year		-	(1,209,955)	(1,209,955)
<b>Balance at 31 December 2020</b>		11,723,121	(1,740,435)	9,982,686
<b>Year ended 31 December 2021:</b>				
Loss and total comprehensive income for the year		-	(1,177,604)	(1,177,604)
Issue of share capital	17	358,014	-	358,014
<b>Balance at 31 December 2021</b>		12,081,135	(2,918,039)	9,163,096

# Dinosaur Merchant Bank Limited

## Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	23		(9,231,388)		10,038,231
Income taxes refunded/(paid)			178,582		-
<b>Net cash (outflow)/inflow from operating activities</b>			<b>(9,052,806)</b>		<b>10,038,231</b>
<b>Investing activities</b>					
Purchase of intangible assets		-		(128,636)	
Purchase of tangible fixed assets		(8,685)		(2,888)	
Interest received		102		56,599	
<b>Net cash used in investing activities</b>			<b>(8,583)</b>		<b>(74,925)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		358,014		-	
<b>Net cash generated from/(used in) financing activities</b>			<b>358,014</b>		<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(8,703,375)</b>		<b>9,963,306</b>
Cash and cash equivalents at beginning of year			18,849,504		8,886,198
<b>Cash and cash equivalents at end of year</b>			<b>10,146,129</b>		<b>18,849,504</b>

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements

For the year ended 31 December 2021

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### 1 Accounting policies

#### Company information

Dinosaur Merchant Bank Limited is a private company limited by shares incorporated in England and Wales. The registered office is Vinters Place, 68 Upper Thames Street, London, EC4V 3BJ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

As noted in the strategic report the company performance has not been regarded as satisfactory for a few years. The company made a loss for the year ended 31 December 2021 of £1,177,604 (2020: £1,209,955) and had net assets at the balance sheet date of £9,163,096 (2020: £9,982,686). To help ensure the company has sufficient financial resources to make the appropriate investment in new services and to fund the business to profitability the Company has an ongoing facility of \$2m from its parent company to draw upon as it needs, additionally, since the year end the company has secured a subordinated loan agreement for up to \$10m which is repayable on 26 August 2027.

The directors have prepared detailed forecasts which have considered the principal risks and opportunities including cost reductions, investment in new technology and services and securing sufficient working capital to allow the business to address the changing market conditions by having adequate cash resources at its disposal in order to meet its obligations for at least a period of at least twelve months from the date of approval of the financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover represents commission on trades recognised on entry date, fees and brokerage receivable on transactions completed and interest receivable on loans provided.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.



# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	33% straight line
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#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	33% straight line
Computers	15% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in profit or loss. Transaction costs are expensed to profit or loss as incurred.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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### 1 Accounting policies

(Continued)

#### 1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

---

### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### **1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

---

### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.15 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **1.16 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

During 2020 Dinosaur Merchant Bank Limited received a claim from a creditor of a counter-party to Dinosaur Merchant Bank Limited. This counter party went into bankruptcy in 2015 and the creditor suffered losses. The statute of limitations for creditors of this counter party to file claims against the Bankrupt expired in 2018. The Administrator of the Bankrupt, a government agency, was a named co-defendant. Dinosaur Merchant Bank Limited believe the claims are without merit because, based on its own legal advice, they are filed in a country which has no jurisdiction over the contracts and the time to file such claims has expired. However, the claim has subsequently been successful in the country where the claims were made. However, the Company and its legal counsel do not believe that the judgements are enforceable in a court of competent jurisdiction for a variety of reasons. As disclosed in note 17 the Company has not provided for losses resulting from the claim as they do not believe a liability exists. In addition, the Company's parent company, Dinosaur Group Holdings LLC (DGH), has provided written confirmation that all legal fees in relation to the case shall be borne by DGH. As a result, no legal fees or liabilities have been accrued in these financial statements.

### 3 Turnover and other revenue

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Commission and fees receivable	13,714,956	20,463,231
	<u>                    </u>	<u>                    </u>
	2021 £	2020 £
<b>Other significant revenue</b>		
Interest on bank deposits and other financial instruments	102	56,599
	<u>                    </u>	<u>                    </u>

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 3 Turnover and other revenue

(Continued)

#### Turnover analysed by geographical market

The company provides services to an international client base located in various geographical areas worldwide. In the opinion of the directors, the geographical location of the markets into which the company supplies services has no material impact on the commercial interests of the company. As such the markets are not deemed to differ substantially to each other and therefore no analysis of turnover attributable to each such market is required in the financial statements.

### 4 Exceptional item

	2021	2020
	£	£
<b>Income</b>		
Reimbursed legal fees in relation to litigation	619,046	-

The company had legal proceedings against a US based payment service provider for breach of contract in 2021, the matter was settled in 2022. The settlement secured recovery of amounts due to a DMBL customer and reimbursement of legal fees DMBL had incurred. Upon settlement which was finally agreed and paid in 2022, the company recognised the reimbursement of legal fees in 2021 when the costs were expensed.

### 5 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	38,085	(160,772)
Fees payable to the company's auditor for the audit of the company's financial statements	90,000	86,629
Depreciation of owned tangible fixed assets	28,862	31,133
Operating lease charges	166,714	451,202

### 6 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	90,000	86,629

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Management and Brokers	15	14
Administration	38	37
Total	<u>53</u>	<u>51</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	3,627,232	3,344,286
Social security costs	541,774	702,612
Pension costs	65,103	62,775
	<u>4,234,109</u>	<u>4,109,673</u>

### 8 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	<u>823,774</u>	<u>756,820</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	<u>275,000</u>	<u>255,883</u>

### 9 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	<u>102</u>	<u>56,599</u>

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 10 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(93,138)	(391,280)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Loss before taxation	(1,270,742)	(1,601,235)
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)</i>	(241,441)	(304,235)
Tax effect of expenses that are not deductible in determining taxable profit	5,484	20,078
Relief for research and development expenditure	62,098	-
Unutilised tax losses carried forward	179,618	(63,846)
Permanent capital allowances in excess of depreciation	(2,145)	(549)
Research and development tax credit	(109,000)	(24,538)
Under/(over) provided in prior years	15,862	(18,190)
Provisions tax adjustment	(3,614)	-
Taxation credit for the year	(93,138)	(391,280)

### 11 Discontinued operations

#### Milan branch

During the year, the company decided to close its Milan branch due to consecutive years of under performance.

### 12 Intangible fixed assets

	Development costs £
<b>Cost</b>	
At 1 January 2021 and 31 December 2021	342,887
<b>Amortisation and impairment</b>	
At 1 January 2021 and 31 December 2021	-
<b>Carrying amount</b>	
At 31 December 2021	342,887
At 31 December 2020	342,887



# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 13 Tangible fixed assets

	Fixtures and fittings	Computers	Total
	£	£	£
<b>Cost</b>			
At 1 January 2021	140,144	210,237	350,381
Additions	-	8,685	8,685
At 31 December 2021	140,144	218,922	359,066
<b>Depreciation and impairment</b>			
At 1 January 2021	130,552	153,620	284,172
Depreciation charged in the year	3,125	25,737	28,862
At 31 December 2021	133,677	179,357	313,034
<b>Carrying amount</b>			
At 31 December 2021	6,467	39,565	46,032
At 31 December 2020	9,592	56,617	66,209

### 14 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	865,946,699	595,222,919
Corporation tax recoverable	522,362	607,806
Amounts due from group undertakings	3,031,847	3,295,228
Other debtors	94,345	68,655
Prepayments and accrued income	121,979	182,796
	869,717,232	599,377,404

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 15 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	870,509,536	606,941,429
Amounts due to group undertakings	116,721	906,762
Other taxation and social security	125,084	270,450
Accruals and deferred income	337,843	534,677
	<u>871,089,184</u>	<u>608,653,318</u>

Included within trade debtors and creditors are net client money balances under title transfer collateral arrangements totalling £869,864,597 (2020: £605,982,813). The corresponding amounts (cash and securities) are included in trade debtors.

### 16 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>65,103</u>	<u>62,775</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 17 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>12,081,135</u>	<u>11,723,121</u>	<u>12,081,135</u>	<u>11,723,121</u>

On 18 March 2021, 358,014 ordinary shares were issued at par for cash.

### 18 Contingent liability

During 2020 Dinosaur Merchant Bank Limited received a claim from a creditor of a counter-party to Dinosaur Merchant Bank Limited. This counter party went into bankruptcy in 2015 and the creditor suffered losses. The statute of limitations for creditors of this counter party to file claims against the Bankrupt expired in 2018. The Administrator of the Bankrupt, a government agency, was a named co-defendant. Dinosaur Merchant Bank Limited believe the claims are without merit because, based on its own legal advice, they are filed in a country which has no jurisdiction over the contracts and the time to file such claims has expired. However, the claim has subsequently been successful in the country where the claims were made. However, the Company and its legal counsel do not believe that the judgements are enforceable in a court of competent jurisdiction for a variety of reasons. The Company has not provided for losses resulting from the claim as they do not believe a liability exists. In addition, the Company's parent company, Dinosaur Group Holdings LLC (DGH), has provided written confirmation that all legal fees in relation to the case shall be borne by DGH. As a result, no legal fees or liabilities have been accrued in these financial statements.

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 19 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	173,075	148,715
Between two and five years	497,591	402,360
In over five years	-	16,701
	<u>670,666</u>	<u>567,776</u>

### 20 Events after the reporting date

In August 2022, the company secured a subordinated loan agreement for up to \$10m, which is repayable on 26 August 2027 for the purpose of increasing its cash resources to fund and develop its business within a dynamic and changing environment.

### 21 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 section 33 'Related Party Disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group with which it is party to the transactions.

Included within trade creditors, is a balance of £18,786 (2020: £271,548) due from Park Moorgate Limited, a company related by common directorship.

Included within other debtors is an amount due from the director, G Grossman, of £1,080 (2020: £1,080). This loan is unsecured and interest free.

### 22 Ultimate controlling party

Dinosaur Group Holdings LLC, an entity incorporated in the USA, is the company's immediate and ultimate parent company.

There is no single controlling party.

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 23 Cash generated from operations

	2021 £	2020 £
Loss for the year after tax	(1,177,604)	(1,209,955)
<b>Adjustments for:</b>		
Taxation credited	(93,138)	(391,280)
Investment income	(102)	(56,599)
Depreciation and impairment of tangible fixed assets	28,862	31,133
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(270,425,272)	82,397,050
Increase/(decrease) in creditors	262,435,866	(70,732,118)
<b>Cash (absorbed by)/generated from operations</b>	<b>(9,231,388)</b>	<b>10,038,231</b>

### 24 Analysis of changes in net funds

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	18,849,504	(8,703,375)	10,146,129

### 25 Capital resources management

The objectives inherent in the capital management policy of the Company are:

- To maintain a strong capital base;
- To meet regulatory requirements at all times in all jurisdictions in which the Company operates;
- To ensure that the Company can continue as a going concern; and
- To provide an adequate return to shareholders.

The Company is regulated by the Financial Conduct Authority (FCA), and is required to maintain its capital base above a minimum capital resources requirement. The Company's capital for this purpose is represented by issued share capital and reserves. The capital resources requirement is derived from requirements in respect of credit risk, market risk and operational risk.

The regulatory capital resources and capital resources requirement are calculated and monitored on a daily basis, reported to the board of directors on a monthly basis, and reported to the FCA on a quarterly basis. At 31 December 2021 the Company reported regulatory Tier One capital of £9,163,094 (2020: £9,982,688).

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 26 Risk management objectives and policies

The company's activities expose it to a number of risks, the main types consisting of financial risk, strategic risk, investment risk, reputational risk and regulatory/compliance risk. The company strives to minimise the impact of operational losses (people, processes, systems and external events) through implementing robust controls commensurate with the risks taken and seeks to comply with its legal and regulatory obligations.

#### Financial risk

The company strives to reduce the impact of financial risks (credit, market and liquidity risks) on the business plan and regularly reviews KRIs based on Company's Risk Management Framework.

#### Credit risk

Credit risk is defined as the exposure to the possibility of financial loss resulting from a client or counterparty's failure to meet its financial obligations. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the period end date.

Credit risk in the company principally arises from cash and cash equivalents which have been deposited with third party institutions and from exposures from transactions and balances with customers and counterparties. The third party institutions are subject to a periodic solvency review to ensure their credit worthiness.

The credit quality of the financial institutions in which the company has deposits is assessed by reference to the short term credit rating of these institutions. At the period end all cash and cash equivalent deposits are placed with financial institutions that are rated investment grade.

The company does not take trade positions which expose it to material price risk nor does it have a material exposure to foreign exchange movements. Market risk is not so much a factor for the company, as we do not take proprietary positions and are market neutral at all times. We are concerned about counterparty risk exposure and we are increasing our surveillance of client monitoring, credit and trade date fails.

The company operates as a matched-principal broker, acting only on client orders, as executing broker and as settlement agent for certain clients. As such exposes itself to pre-settlement risk, liquidity and certain operational risks. These risks are well understood by the Board, and there is regular reporting through senior management to ensure that risk mitigation techniques remain fit-for-purpose.

#### Credit risk exposure by exposure class

The standardised approach is used.

Exposure Class	Exposure (£)	Risk Weighted Exposure (£)	Capital Requirement (£)
Institutions	30,608,588	6,121,718	489,737
Corporates	5,632,004	5,632,004	450,560
Retail	43,080	32,310	2,585
Other	493,440	(175,064)	(14,005)
Total	36,777,112	11,610,968	928,877

# Dinosaur Merchant Bank Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 26 Risk management objectives and policies (continued)

#### *Credit risk (continued)*

The ageing analysis of amounts exposed to credit risk is as follows:

2021	Carrying amount (£)	Within one year (£)	One to two years (£)	Two to five years (£)	More than five years (£)
Cash and cash equivalents	10,146,129	10,146,129	-	-	-
Trade debtors	865,946,699	865,946,699	-	-	-
Amounts due from group undertakings	3,031,847	3,031,847	-	-	-

#### *Liquidity risk*

The company defines liquidity risk as the risk of failure to have sufficient financial resources to meet its day to day capital, and cash flow, obligations and requirements. Management does not believe liquidity risk to be a material risk area for the company due to the nature of its operations and availability of highly liquid assets.

The company's liquidity position is monitored on a daily basis within agreed procedures designed to ensure that the company has sufficient liquidity to fully meet its margin requirement at third party brokers.

#### *Market risk*

Market risk is the risk that exposures to market price fluctuations will affect the company's income or the value of its holdings of financial instruments. The company's overall exposure to market risk is mitigated by its operations as an intermediary on most transactions. As an intermediary, the company minimises its market risk by matching buyers and sellers, hence position risk is limited.

#### *Strategic risk*

The company seeks to expand and diversify its business activities globally whilst considering current and projected market conditions, and differences in culture and business practices in its chosen geographies.

#### *Investment risk*

Investment risk exposure is monitored in accordance with the market risk metrics, limits and thresholds identified as part of establishing the company's Risk Appetite Statement, hard and soft limits based on Company's Risk Management Framework policies.

#### *Reputational risk*

The company ensures that all reasonable steps are taken to minimise the probability of adverse reputational impact arising from adverse media exposure, regulatory / supervisory investigations or regulatory / supervisory non-compliance.

#### *Regulatory/Compliance risk*

The company recognises that its regulatory standing is an important factor and will ensure it has in place the necessary systems and controls to comply with legal and regulatory requirements.



Dinosaur Merchant Bank Limited

# Pillar 3 Disclosure

Year Ending 31 December 2021

December 2021

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## Dinosaur Merchant Bank Limited Pillar 3 Disclosure

### 1. Overview

#### 1.1. Introduction

The Pillar 3 disclosure is prepared in accordance with the EU's Capital Requirements Directive (CRD). The purpose of the Pillar 3 disclosure is to encourage the stability of the financial markets by allowing market participants to assess key information on firms' capital adequacy and risk and control processes.

The three Pillars aim to implement a more risk sensitive framework for the calculation of regulatory capital:

- Pillar 1: Sets eligible capital resources of the firm and calculations of minimum levels of Own Funds Requirement;
- Pillar2: Ensures that a firm has sufficient capital to support the risks not fully captured by the minimum capital requirements, in accordance with the firm's internal models and assessment;
- Pillar 3: Covers external communication of the firm's regulatory capital and risk exposures and is designed to increase transparency and confidence about the firm's exposure to risk and the overall adequacy of its regulatory capital.

Dinosaur Merchant Bank Limited (DMBL) has a formal policy, approved by the Board, which details its approach in complying fully with the Pillar 3 disclosure requirements as laid out in BIPRU chapter 11. Materiality is based on the criterion that the omission or misstatement of information would be likely to change or influence the decision of a reader relying on that information for the purpose of making economic decisions. Where the Company has considered a disclosure to be immaterial, this was not included in the document.

#### **Disclosures and Confidential Information**

The Chapter 11 also provides that institutions may omit one or more disclosures, if such disclosures are regarded as confidential or proprietary. The FCA handbook defines proprietary as if sharing that information with the public would undermine its competitive position. It may include information on products or systems which, if shared with competitors, would render an institution's investments therein less valuable.

Information is regarded as confidential if there are obligations to customers or other counterparty relationships binding an institution to confidentiality. Under the light of the above, the Company avoided to disclose such confidential information in this report.

#### **Frequency**

The Company's policy is to publish the disclosures required on an annual basis. The frequency of disclosure will be reviewed should there be a material change in approach used for the calculation of capital, business structure or regulatory requirements.

#### **Medium and location of publication**

Institutions may determine the appropriate medium, location and means of verification to comply effectively with the disclosure requirements. In this respect, the Company's Pillar III disclosures are part of the audited financial statements.

## Dinosaur Merchant Bank Limited Pillar 3 Disclosure Verification

The Company's Pillar III disclosures are subject to internal review and validation prior to being submitted to the Board for approval. The Company's Pillar III disclosures have been reviewed and approved by the Board. Quantitative disclosures in this document are made as of 31<sup>st</sup> December 2021.

There are no known current or foreseen practical or legal impediments to the prompt transfer of capital resources or repayments of liabilities between the Firm and its holding company except to the extent these items are required to meet the regulatory capital requirements of the holding company.

Chart 1: Group Structure as of December 31<sup>st</sup>, 2021

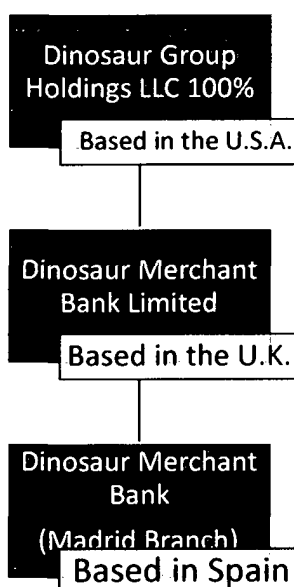


Chart 1 above includes only the entities that are in scope for the purposes of Dinosaur Merchant Bank Limited

Table 1: Regulated entities and regulator(s) as of December 31<sup>st</sup>, 2021

Dinosaur Entity	Financial Services Regulator(s)
Dinosaur Merchant Bank Limited (DMBL)	Financial Conduct Authority ("FCA")
<b>European Branches</b>	
Spain	No regulatory activity undertaken. Only provides support services

## Dinosaur Merchant Bank Limited Pillar 3 Disclosure

### 2. Risk management objectives and policies

#### 2.1. Corporate Governance Structure

The Directors and senior management of the Firm are fully aware of the benefits of robust and effective corporate governance. Apart from the evident advantages that clarity and accountability bring to management, the value it adds to commercial activities is acknowledged.

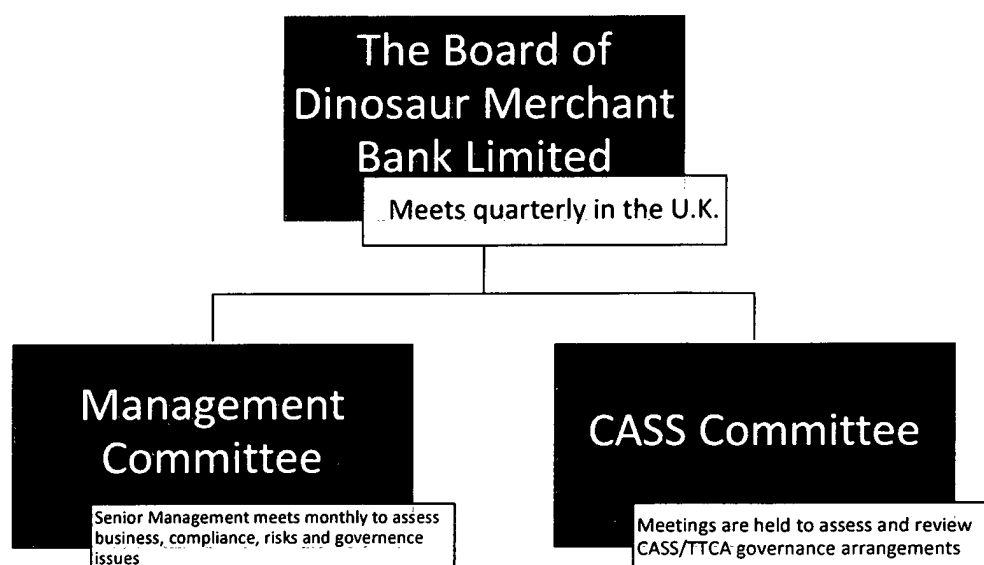
The Board has put in place a governance structure which it believes is appropriate to the operations of a financial services firm that services professional and eligible counterparts, or the equivalent depending on the jurisdictions in which it operates with very little retail clients onboarded on exceptional basis and is aligned to the delivery of the Group's strategic objectives. The governance structure is regularly reviewed and monitored, and any changes are subject to Board approval and amended as required to ensure its regulatory responsibilities and the needs of the Group's businesses are fulfilled. The senior management of in the European branches paying attention to the needs of the local customer base, local regulations and legislation where applicable.

The objectives of the corporate governance structure are:

- A. to satisfy the needs of the business for proper consideration and decision making;
- B. to provide a clear management support and monitoring framework to add value to the business and identify and control risks;
- C. to ensure the Group's internal controls and risk management systems are appropriate and implemented in line with Board approved policies and procedures; and
- D. to ensure good governance principles are followed, including:
  - to provide clear remits and definitions of responsibility, authority, accountability and lines of report;
  - provision of appropriate delegated authority, particularly where the senior management of an overseas subsidiary or branch will be held accountable by the national competent authority or other government agency;
  - to provide a framework to facilitate effective checks and balances in management and oversight processes;
  - to allow and encourage effective and constructive challenge of the executive; and
  - to apply good practice governance principles appropriate to the business.

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Chart 2: Group corporate governance structure as at December 31<sup>st</sup>, 2021



### 2.2. Risk Appetite Statement

The Board has agreed qualitative risk appetite statements and put in place quantitative metrics to ensure that the firm remains within its risk appetite.

#### Key risk appetite statements

Dinosaur Merchant Bank Ltd strives to minimise the impact of operational losses (people, processes, systems and external events) through implementing robust controls commensurate with the risks taken and seeks to comply with its legal and regulatory obligations.

#### Financial Risk

Dinosaur Merchant Bank Ltd strives to reduce the impact of financial risks (credit, market and liquidity risks) on the business plan and regularly reviews KRIs based on Company's Risk Management Framework.

#### Strategic Risk

Dinosaur Merchant Bank Ltd seeks to expand and diversify its business activities globally whilst considering current and projected market conditions, and differences in culture and business practices in its chosen geographies.

#### Investment Risk

Investment risk exposure is monitored in accordance with the market risk metrics, limits and thresholds identified as part of establishing the DMBL Risk Appetite Statement, hard and soft limits based on Company's Risk Management Framework policies.

#### Reputational Risk

Dinosaur Merchant Bank Ltd ensures that all reasonable steps are taken to minimise the probability of adverse reputational impact arising from adverse media exposure, regulatory / supervisory investigations or regulatory / supervisory non-compliance.

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### Regulatory Risk / Compliance Risk

Dinosaur recognises that its regulatory standing is an important factor and will ensure it has in place the necessary systems and controls to comply with legal and regulatory requirements.

### 3. Risk assessment and management tools

DMBL takes a holistic and firm wide approach to risk management. There is an appointed Risk Manager whose responsibilities include ensuring that there are adequate policies, procedures and systems in place to ensure that the key appetite statements above can be met.

#### Risk Profile

DMBL does not take positions which will create any market risks. The firm does have permission to hold client money and fulfils its obligations to its clients and the FCA in this regard. However, the majority of its larger institutional clients are from high-Risk jurisdictions which represent an overall 'high risk' from a regulatory, money laundering and financial crime perspective

The firm operates as a matched-principal broker, acting only on client orders, as executing broker and as settlement agent for certain clients. As such exposes itself to pre-settlement risk, liquidity and certain operational risks. These risks are well understood by the Board, and there is regular reporting through senior management to ensure that risk mitigation techniques remain fit-for-purpose.

#### Examples of key risk mitigation techniques

- a) Well-designed AML and Financial Crime control systems such as Risk profiling clients, conducting Enhanced Due Diligence with specialist input where required, ongoing enhanced due diligence
- b) The firm will take margin from its settlement agent client base, only transact with clients that have been subjected to know-your-client ("KYC") and anti-money laundering ("AML") controls, and there is daily reporting to ensure that there are no unmatched trades.

## 4. Capital Resources

### 4.1. Capital management

Ensuring that capital requirements are met, and capital is adequately managed is the responsibility of the Board. The Board is supported by the Finance Department. There is regular reporting to the Board members and the firm is required to report its capital requirements and resources to the FCA on a quarterly basis.

### 4.2. Capital requirements and resources

The risk weighted exposures and capital requirements can be seen in the following tables as can the credit risk exposures. DMBL resources were £ 9,163,094 as of December 31st, 2021.

Item	31 December 2021
Share capital	12,081,135
Retained Earnings	(1,740,433)
Profit (Loss) for the year 2020	(1,177,608)
Common Equity Tier 1 (CET 1) Capital	9,163,094
Additional Tier 1 (AT 1)	

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Tier 1	9,163,094
Tier 2	
Own Funds	9,163,094

DMBL has a capital surplus of £ 7,029,542 therefore was holding approximately 429% of capital requirements.

Table 4: Capital requirements and capital ratio as of December 31st, 2021

The total capital requirement for the firm is calculated as the greater of a) the sum of market and credit risk, b) the fixed overhead requirement, c) 125,000 euros. As of December 31st, 2021, fixed overhead was the greatest. Therefore, the capital requirement is calculated as £ 2,133,552. The ratio of total risk weighted exposure to capital resources is 34.36%.

Risk Type	Risk Weighted Exposure (£)	Capital Requirement (£)
Market Risk	1,589,203	127,136
Credit Risk	11,610,968	928,877
Fixed Overhead	26,669,403	2,133,552
Minimum capital requirement (the highest from market and credit risk and fixed overheads)		2,133,552

Table 5: Credit risk exposure by exposure class as of December 31<sup>st</sup>, 2021

The standardised approach is used.

Exposure Class	Exposure (£)	Risk Weighted Exposure (£)	Capital Requirement (£)
Institutions	30,608,588	6,121,718	489,737
Corporates	5,632,004	5,632,004	450,560
Retail	43,080	32,310	2,585
Other	493,440	(175,064)	(14,005)
Total	36,777,112	11,610,968	928,877

#### 4.3. Internal Capital Adequacy Assessment Process (ICAAP)

Dinosaur Merchant Bank Limited will be undertaking an ICAAP during 2022, taking into consideration the upcoming provisions of the new prudential regulatory regime (IFPR), and whilst under pillar 1 is not subject to the operational risk capital requirement, assessed operational risks as part of its pillar 2 process. The ICAAP review document used the operational risk categories as defined by the "event type category" from BIPRU 6.5.25.

The ICAAP review also will include an internal assessment of financial, business and reputation risk. The review will be discussed by the senior management and will be approved by the Board. The results of the Pillar 2 assessment will be provided to the U.K regulator, the FCA as part of the firm's annual reporting requirement to submit report number "FSA019".

## 5. Remuneration

The Company has established remuneration controls to ensure that the Company takes into consideration the salaries and benefits of the staff, in accordance with the provisions of FCA's Remuneration Code set out in the SYSC Sourcebook, where these comply with specific principles in a way and to the extent that is appropriate to the Company's size, internal organization and the nature, scope and complexity of its activities. Furthermore, the Company's remuneration strategy is designed to reward and motivate the people who are committed to maintaining a long-term career with the Company and performing their role in the interests of the Company.

The governing body is responsible for the maintenance of appropriate practices and for preventing and dealing with any relevant risks that the firms remuneration policies and practices can create.

The Firm's remuneration methodology is concerned with practices of the Firm for those categories of staff whose professional activities have a material impact on its risk profile, i.e. the Senior Management and members of the Board; the said practices are established to ensure that the rewards for the 'executive management' are linked to the Firm's performance, to provide an incentive to achieve the key business aims and deliver an appropriate link between reward and performance whilst ensuring base salary levels are not set at artificially low levels. The Firm uses remuneration as a significant method of attracting and retaining key employees whose talent can contribute to the Firm's short- and long-term success.

The Firm's remuneration system takes into account the highly competitive sector in which the Firm operates, and the considerable number of resources the Firm invests in each member of the staff.

The total remuneration of staff, whose professional activities have a material impact on the risk profile of the Firm currently, consists of a fixed and a variable component. The remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, experience, accountability, and responsibility needed for a staff member to perform each position/role. DMBL will not be awarding any variable remuneration that consist of shares or equivalent ownership interests at this time as the board have determined that the size and scale of DMBL does not currently allow for such a strategy.

Where assessments of financial performance are used to calculate variable remuneration components, these will be principally based on profits, where these have been adjusted for current and future risks.

DMBL takes into account the quality of business undertaken and services provided when assessing the performance of relevant employees.