

## **Citypoint Trading Limited**

### **Annual report and financial statements**

For the year ended 31 December 2018

Registered number: 06707165



## Company Information

<b>Directors</b>	Salam Al-Aswad Nicolas John Lewis Samir Pravin Shah
<b>Company secretary</b>	St James's Corporate Services Limited
<b>Registered number</b>	06707165
<b>Registered office</b>	40 Bank Street 30th floor Canary Wharf London E14 5NR
<b>Independent auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

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## **Directors' report**

For the year ended 31 December 2018

The directors present their report together with the Strategic report and the financial statements of Citypoint Trading Limited ('the company') for the year ended 31 December 2018.

### **Results and dividends**

The loss for the year, after taxation, amounted to £637,827 (2017 - loss £530,449).

The company has declared no dividends in the current or prior year.

### **Directors**

The directors who served during the year were:

Salam Al-Aswad  
Nicolas John Lewis  
Samir Pravin Shah

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report, the Strategic 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements 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 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.

**Directors' report (continued)**

For the year ended 31 December 2018

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 25 April 2019 and signed on its behalf.



**Salam Al-Aswad**  
Director

## Strategic report

For the year ended 31 December 2018

The directors present the Strategic report of the company for the year ended 31 December 2018.

### Introduction

Citypoint Trading Limited is a company registered in England and Wales under company number 06707165 and is authorised and regulated by the Financial Conduct Authority ('the FCA') as an investment firm under FRN 606110. During the year, the company has continued to generate revenue through providing its customers with access to trading in contracts for difference ('CFDs') in forex, equities, commodities and indices on a non-advisory and execution-only basis.

The board continues to develop, strengthen and embed its governance structures and arrangements as a regulated company. As such it maintains robust risk management procedures in proportion to the nature, scale and complexity of its business. Accordingly, the company has continued to focus on delivering and maintaining its business in a professional manner and with effective practices using experienced regulatory resources, whilst developing the commercial potential of its position as a regulated company.

The company continues to implement and develop a sustainable business model to support its future plans and ambitions allowing it to successfully conduct and grow its business as a regulated firm.

### Principal activity

The company's principal activity is to provide its customers with access to trading in contracts for differences ('CFDs') in forex, equities, commodities and indices on a non-advisory and execution-only basis.

### Business review

During the year, the company offered CFD trading platforms to retail and professional clients around the world to enable them to trade forex, equities, commodities and indices on an execution-only basis. The firm generates its remuneration from the turnover of its clients' trading activity via agreements with its liquidity providers ('LPs').

Revenue generated from operations was £128,626 (2017 - £202,214), a decrease of 36.4% on the previous year.

This was largely due to a period of uncertainty within the company's sales and marketing activities within a time of a major change in ownership which was successfully resolved in Q2 2018 by the FCA approving of the firm's Changes in Control application. Since then, the company has been investing heavily in its infrastructure to regain its prominent and established position within the CFD sector while adopting all the new regulatory changes.

The return on assets, calculated as loss for the year divided by net assets, was -108% (2017: -144%).

The directors have set targets for revenue growth and an increased return on assets as the key performance indicator for the next financial year. The management information is generated by the senior management and regularly reviewed by the directors at the quarterly board meetings.

The net assets at year-end are £589,445 (2017: £367,148).

## Strategic report (continued)

For the year ended 31 December 2018

### Principal risks and uncertainties

The principal risk the firm faces is fluctuation in market conditions and changes to the regulatory landscape, resulting in clients electing not to trade.


Citypoint Trading Limited also has a credit risk with its liquidity providers. The firm holds "margin" with the liquidity providers, and receives its main revenue source from a mark-up on the spreads provided from the LPs. The risk to the company is the liquidity providers defaulting on their payments, going into insolvency, or simply ceasing to provide markets on the firms in place to dissipate the exposure to a single entity.

Citypoint Trading Limited seeks to identify the key risks that impact on the company's objectives in order to manage those risks effectively, for example, by reducing the probability of failure, or reducing the impact of such failure.

### Future Developments

The new financial year has started with a number of qualified leads and opportunities in the pipeline. The firm is looking to increase its turnover on previous years, in line with its forecast. The company shall continue to invest in building the firm's infrastructure and explore opportunities available to it, particularly in relation to the current application to upgrade the FCA licence to a €730k firm.

This report was approved by the board on 25 April 2019 and signed on its behalf.

  
Salam Al-Aswad  
Director

## **Independent auditor's report to the members of Citypoint Trading Limited**

For the year ended 31 December 2018

### **Opinion**

We have audited the financial statements of Citypoint Trading Limited (the 'company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

- the 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.

### **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.



## **Independent auditor's report to the members of Citypoint Trading Limited (continued)**

For the year ended 31 December 2018

### **Other information (continued)**

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.

### **Opinion 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 Directors' report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and the Strategic 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 Directors' report or the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 on page 1, 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.

## **Independent auditor's report to the members of Citypoint Trading Limited (continued)**

For the year ended 31 December 2018


### **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 Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Chapman (Senior statutory auditor)  
for and on behalf of  
**Buzzacott LLP**  
130 Wood Street  
London  
EC2V 6DL

25 April 2019

## Statement of comprehensive income

For the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	128,626	202,214
Cost of sales		(34,224)	(22,511)
<b>Gross profit</b>		<b>94,402</b>	<b>179,703</b>
Administrative expenses		(732,926)	(724,922)
<b>Operating loss</b>		<b>(638,524)</b>	<b>(545,219)</b>
Interest receivable and similar income	9	1,426	9,118
Interest payable and expenses		(729)	-
<b>Loss before tax</b>		<b>(637,827)</b>	<b>(536,101)</b>
Tax on loss		-	5,652
<b>Loss for the financial year</b>		<b>(637,827)</b>	<b>(530,449)</b>

All amounts relate to continuing operations.

There was no other comprehensive income for 2018 or 2017.

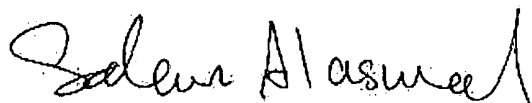
The notes on pages 12 to 24 form part of these financial statements.

## Statement of financial position

As at 31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	12	756	12,568
Tangible assets	13	3,118	1,548
		<u>3,874</u>	<u>14,116</u>
<b>Current assets</b>			
Debtors	14	253,415	101,144
Cash at bank and in hand	15	502,292	404,009
		<u>755,707</u>	<u>505,153</u>
Creditors: amounts falling due within one year	17	(170,136)	(152,121)
<b>Net current assets</b>		<u>585,571</u>	<u>353,032</u>
<b>Total assets less current liabilities</b>		<u>589,445</u>	<u>367,148</u>
<b>Net assets</b>		<u>589,445</u>	<u>367,148</u>
<b>Capital and reserves</b>			
Called up share capital	18	1,150,000	289,876
Capital redemption reserve	20	350,000	350,000
Profit and loss account	20	(910,555)	(272,728)
		<u>589,445</u>	<u>367,148</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 April 2019.



Salam Al-Aswad  
Director

The notes on pages 12 to 24 form part of these financial statements.

## Statement of changes in equity

For the year ended 31 December 2018

	Called up share capital £	Capital redemption reserve £	Retained earnings £	Total equity £
<b>At 1 January 2017</b>	<b>289,876</b>	<b>350,000</b>	<b>257,721</b>	<b>897,597</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(530,449)	(530,449)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(530,449)</b>	<b>(530,449)</b>
<b>At 1 January 2018</b>	<b>289,876</b>	<b>350,000</b>	<b>(272,728)</b>	<b>367,148</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(637,827)	(637,827)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(637,827)</b>	<b>(637,827)</b>
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	860,124	-	-	860,124
<b>Total transactions with owners</b>	<b>860,124</b>	<b>-</b>	<b>-</b>	<b>860,124</b>
<b>At 31 December 2018</b>	<b>1,150,000</b>	<b>350,000</b>	<b>(910,555)</b>	<b>589,445</b>

The notes on pages 12 to 24 form part of these financial statements.

## Statement of cash flows

For the year ended 31 December 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(637,827)	(530,449)
<b>Adjustments for:</b>		
Amortisation of intangible assets	12,387	17,115
Depreciation of tangible assets	1,963	2,568
Loss on disposal of tangible assets	-	208
Interest paid	729	-
Interest received	(1,426)	(9,118)
Taxation charge	-	(5,652)
(Increase)/decrease in debtors	(152,271)	235,128
Increase/(decrease) in creditors	18,015	(1,627)
Corporation tax received	-	5,652
<b>Net cash generated from operating activities</b>	<b>(758,430)</b>	<b>(286,175)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(575)	(1,599)
Purchase of tangible fixed assets	(3,533)	(280)
Interest received	1,426	9,118
<b>Net cash from investing activities</b>	<b>(2,682)</b>	<b>7,239</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	860,124	-
Interest paid	(729)	-
<b>Net cash used in financing activities</b>	<b>859,395</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>98,283</b>	<b>(278,936)</b>
Cash and cash equivalents at beginning of year	404,009	682,945
<b>Cash and cash equivalents at the end of year</b>	<b>502,292</b>	<b>404,009</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	502,292	404,009
	<b>502,292</b>	<b>404,009</b>

The notes on pages 12 to 24 form part of these financial statements.

## Notes to the financial statements

For the year ended 31 December 2018

### 1. General information

The company is a private company limited by shares. It is both incorporated and domiciled in England and Wales with registration number 06707165. The registered office address and principal place of business of the company is 40 Bank Street 30th floor, Canary Wharf, London, E14 5NR.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', ('FRS 102') and the Companies Act 2006.

The company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

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

The following principal accounting policies have been applied:

#### 2.2 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is GBP.

##### Transactions and balances

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

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

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

All foreign exchange gains and losses are presented in the Statement of comprehensive income within 'administrative expenses'.

## Notes to the financial statements

For the year ended 31 December 2018

### 2. Accounting policies (continued)

#### 2.3 Turnover

Turnover represents profit derived from the company's principal activity and is recognised on the execution of trades.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

##### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 2.4 Operating leases

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

#### 2.5 Interest receivable

Interest receivable is recognised in the Statement of comprehensive income using the effective interest method.

#### 2.6 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.7 Pensions

##### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.



## Notes to the financial statements

For the year ended 31 December 2018

### 2. Accounting policies (continued)

#### 2.8 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software development	-	33 % straight line
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Amortisation and impairment of intangible assets are recognised within administrative expenses.

#### 2.10 Tangible fixed assets

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

## Notes to the financial statements

For the year ended 31 December 2018

### 2. Accounting policies (continued)

#### 2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	33%	straight line
Office equipment	-	33%	straight line
Computer equipment	-	33%	straight line

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

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

#### 2.11 Debtors

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

#### 2.12 Cash and cash equivalents

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

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

#### 2.13 Client bank accounts

The company operates segregated client bank accounts in accordance with the Client Money regulations of the FCA. These accounts do not represent funds of the company and so the deposits are not recognised on the company's Statement of financial position. See note 16 for details of the balances held.

#### 2.14 Creditors

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

#### 2.15 Financial instruments

The company only enters into transactions that result in the recognition of basic financial instruments like trade and other debtors and creditors and loans from related parties.

Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are

## Notes to the financial statements

For the year ended 31 December 2018

### 2. Accounting policies (continued)

#### 2.15 Financial instruments (continued)

measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Due to the simplicity of the company's transaction streams and year end financial position, the directors consider there to be no critical judgements, estimates or assumptions in the preparation of these financial statements.

### 4. Turnover

The whole of the turnover is attributable to the company's principal activity.

All turnover arose from activities performed within the United Kingdom.

### 5. Operating loss

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

	2018 £	2017 £
Loss on disposal of tangible fixed assets	-	208
Bad debt expense	-	33,000
Exchange differences	(185)	45,515
Operating lease rentals	88,234	76,688
	<u>88,234</u>	<u>76,688</u>

## Notes to the financial statements

For the year ended 31 December 2018

### 6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>7,000</u>	<u>11,000</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

Amounts in the prior year relate to the company's previous auditors.

### 7. Staff costs and average Number of employees

Staff costs, including director's remuneration, during the year were as follows:

	2018 £	2017 £
Wages and salaries	334,661	379,809
Social security costs	36,114	28,857
Cost of defined contribution scheme	4,353	1,998
	<u>375,128</u>	<u>410,664</u>

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

	2018 Number	2017 Number
Administrative staff	4	4
Directors	3	3
	<u>7</u>	<u>7</u>

## Notes to the financial statements

For the year ended 31 December 2018

### 8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	148,639	192,540
Company contributions to defined contribution pension schemes	1,942	725
	<u>150,581</u>	<u>193,265</u>

The highest paid director received remuneration of £59,277 (2017 - £120,000).

### 9. Interest receivable

	2018 £	2017 £
Other interest receivable	1,426	9,118
	<u>1,426</u>	<u>9,118</u>

### 10. Interest payable and similar expenses

	2018 £	2017 £
Other loan interest payable	729	-
	<u>729</u>	<u>-</u>

### 11. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Adjustment in respect of prior periods	-	(5,652)
	<u>-</u>	<u>(5,652)</u>
<b>Taxation on loss on ordinary activities</b>	<u>-</u>	<u>(5,652)</u>

## Notes to the financial statements

For the year ended 31 December 2018

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	<u>(637,827)</u>	<u>(536,101)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(121,187)	(103,199)
Effects of:		
Expenses not deductible for tax purposes	184	593
Adjustments to brought forward values	(55)	-
Capital allowances for year in excess of depreciation	-	3,610
Adjustment in respect of prior period	-	(5,652)
Adjustment to bring deferred tax to average rate of 19%	12,743	98,996
Deferred tax not recognised	108,315	-
<b>Total tax charge for the year</b>	<u>-</u>	<u>(5,652)</u>

#### Factors that may affect future tax charges

A deferred tax asset, at 17% of £193,739 could be utilised against future profits. This deferred tax asset has not been recognised due to the uncertainty of future profits arising.

The UK government has introduced legislation to reduce the corporation tax rate to 17% from 1 April 2020.

## Notes to the financial statements

For the year ended 31 December 2018

### 12. Intangible assets

	Software development £
<b>Cost</b>	
At 1 January 2018	79,391
Additions	575
At 31 December 2018	<u>79,966</u>
<b>Amortisation</b>	
At 1 January 2018	66,823
Charge for the year	12,387
At 31 December 2018	<u>79,210</u>
<b>Net book value</b>	
At 31 December 2018	<u><u>756</u></u>
At 31 December 2017	<u><u>12,568</u></u>

## Notes to the financial statements

For the year ended 31 December 2018

### 13. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2018	562	18,249	1,209	20,020
Additions	-	-	3,533	3,533
At 31 December 2018	562	18,249	4,742	23,553
<b>Depreciation</b>				
At 1 January 2018	344	16,919	1,209	18,472
Charge for the year	145	1,229	589	1,963
At 31 December 2018	489	18,148	1,798	20,435
<b>Net book value</b>				
At 31 December 2018	73	101	2,944	3,118
At 31 December 2017	218	1,330	-	1,548

### 14. Debtors

	2018 £	2017 £
Trade debtors	159,000	33,000
Other debtors	59,972	47,209
Prepayments and accrued income	34,443	20,935
	<b>253,415</b>	<b>101,144</b>

Other debtors include a rent deposits totaling £13,200 (2017 - £nil) due in more than one year.



## Notes to the financial statements

For the year ended 31 December 2018

### 15. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	502,292	404,009
	<u>502,292</u>	<u>404,009</u>

### 16. Client bank accounts

The company operates segregated client money bank accounts. At 31 December 2018, the total balance of these accounts was £Nil (2017 - £Nil).

### 17. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	51,453	25,888
Other taxation and social security	10,796	13,811
Other creditors	59,546	78,215
Accruals and deferred income	48,341	34,207
	<u>170,136</u>	<u>152,121</u>

### 18. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
1,150,000 (2017 - 289,876) Ordinary shares of £1.00 each	<u>1,150,000</u>	<u>289,876</u>

During the year 860,124 Ordinary shares were issued at par.

### 19. Analysis of net debt

An analysis of changes in net debt has not been presented as all the company's cash flows relate to movements in cash, and the company has no items to include in such an analysis other than the cashflows in the Statement of cash flows.

## Notes to the financial statements

For the year ended 31 December 2018

### 20. Reserves

#### *Capital redemption reserve*

This reserve represents consideration for the purchase of the company's own shares for cancellation.

#### *Profit and loss account*

This account includes all current and prior years' retained earnings.

### 21. Contingent liabilities

There were no contingent liabilities at 31 December 2018 or 31 December 2017.

### 22. Capital commitments

The company had no capital commitments at 31 December 2018 or 31 December 2017.

### 23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £4,353 (2017 - £1,998). Contributions totaling £1,668 (2017 - £292) were payable to the fund at 31 December 2018 and are included in creditors.

### 24. Commitments under operating leases

At 31 December 2018, the company was committed to make future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	79,854	27,315
Later than 1 year and not later than 5 years	13,200	-
	<u>93,054</u>	<u>27,315</u>

## Notes to the financial statements

For the year ended 31 December 2018

### 25. Related party transactions

Salam Al-aswad, a director of the company, is also the sole director of ABC Dynamics Limited. During the year, ABC Dynamics Limited provided services totalling £72,450 (2017 - £nil) to the company which has been included within administrative expenses. At 31 December 2018, there was a balance of £8,190 (2017 - £nil) due to ABC Dynamics Limited which is included in trade creditors.

During the year, a director provided a working capital loan of £25,000 (2017 - £nil) to the company. The full balance is included in other creditors. During the year, interest of £729 (2017 - £nil) has accrued on this loan and is included in interest payable and similar expenses and in accruals.

### 26. Controlling party

The immediate and ultimate parent undertaking is Allen Market Limited, an entity incorporated in England and Wales. The registered office address of Allen Market Limited is Level 30, 40 Bank Street, Canary Wharf, London, England, E14 5NR.

The largest and smallest group of undertakings for which group accounts have been drawn up which include the company is headed by Allen Market Limited.

The ultimate controlling party is considered to be Mr Zhijan Wang by virtue of 100% ownership of all the shares in Allen Market Limited.