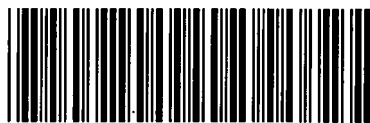


REGISTERED NUMBER: 07280005 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2017
for
Delta Financial Markets Ltd

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Contents of the Financial Statements
for the Year Ended 31 December 2017

	Page
Company Information	1
Strategic Report	2
Report of the Directors	6
Report of the Independent Auditors	8
Income Statement	10
Other Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Cash Flow Statement	14
Notes to the Cash Flow Statement	15
Notes to the Financial Statements	16

Delta Financial Markets Ltd

Company Information
for the Year Ended 31 December 2017

DIRECTORS:

V A Kisyov
N Nedkov

REGISTERED OFFICE:

3rd Floor Fairgate House
78 New Oxford Street
London
WC1A 1HB

REGISTERED NUMBER:

07280005 (England and Wales)

AUDITORS:

S H Landes LLP
Statutory Auditors
3rd Floor Fairgate House
78 New Oxford Street
London
WC1A 1HB

Strategic Report
for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

REVIEW OF BUSINESS

Delta Financial Markets Limited (DF Markets) issues the following trading update relating to the 12 months ended on the 31 December 2017.

Directors are delighted to report that 2017 has marked the most profitable year for the company since its commencement of business back in 2011. Revenue grew by 9% while gross profit increased by 30%, year-on-year. Cost of sales decreased by 13% and administrative expenses were down by 9% on an annual basis. Profit before tax rose by the record 408% compared to 2016 with the profitability indicators of gross profit margin being at 61% and net profit margin - at 22%, in 2017. The annual growth in the number of trading accounts has been rather subdued at 6%, y/y.

The modest rate of attracting new clients in the reported period has been attributed to both the discontinuance of relationships with introducers and significantly limited marketing spend. The latter has been predicated on the uncertainty borne by the emergence in 2016 of two major macro environmental factors for the business of the firm - namely, these are the UK's BREXIT vote to leave the EU and the announcement by competent authorities of proposals as well as some decisions for changes to the regulatory framework of the retail CFD and financial spread betting sector in the firm's key markets - UK and across EU. These both factors feature uncertainty in terms of outcome, implications and timings that gives rise to remarkable challenges for the directors' strategy management decision-making. Despite limited information on how exactly BREXIT will be achieved, having regard to the effect it is likely to have on EEA passporting rights for the firm, and on the specific structure of the regulatory changes to be confirmed by the European Securities and Markets Authority, the Financial Conduct Authority and its EU counterparts, directors have focused to define relevant mitigation plans for all identified and monitored risks, in order to remain ahead of the curve.

Directors believe the business is able to adapt and look forward to continuing the firm's successful development.

Plans are being put in place to advance DF Markets' CFD and financial spread betting service offerings, one of the decided on measures being launching non-leveraged CFD accounts which to feature a number of advantages for the self-directed investor in terms of lower risk, as compared to leveraged products, cost and tax efficiency, flexibility of access to the markets, to name a few.

In the overviewed period DF Markets continued investing considerable resources in innovation and platform development. A number of new upgrades to the company's flagship Spread Betting and CFD trading platforms - DFTrader (SB), DF WebTrader (SB) and DF Mobile (SB) - were released in the course of the year. Major updates covered, among others, order management functionalities and design, development of a downloadable version of the trading platform - DFTrader - for Mac, sound alerts and voice quote features, trading performance statistics, account access security, launch of cryptocurrency CFDs. It is the adopted approach to innovation and continuous product improvement that underlies the ability of the company to better position itself to meet client expectations as well as to enhance their experience with DF Markets' services.

The company continued to focus its efforts on expanding its market presence in the UK for its financial spread betting services and in the EU area for its CFD business in 2017. Relevant to the online nature of the services which are being provided on an execution-only basis, a variety of digital marketing campaigns were implemented in an attempt to drive growth in the number of new customers as well as to build DF Markets brand awareness and brand visibility in the marketplace.

The channels used included Google advertising platform, both Search and Display, as well as social media, such as Facebook and Twitter. Apart from engagement and distribution of valuable market and company products information on social media, the advertising options of these networks were utilised to reach target audiences in a more comprehensive way and in their preferred connected environment. Advertising on leading niche comparison websites was also part of the mix of marketing activities carried out in 2017.

Towards the end of the year the company commissioned a series of webinars on technical analysis that were lectured by an independent seasoned professional. The initiative was well received by both current and potential clients who provided valuable feedback.

The development of company's new website that commenced in the fourth quarter of 2016 reached its final stage of pre-launch testing in the end of the year. The new website boasts a clean and modern design, intuitive and consistent site-wide navigation system with improved menu functionality designed to direct the visitor to the information most relevant to them. It is fully responsive with mobile devices and is due to be released in the first quarter of 2018.

The firm continues to explore opportunities for expansion in key markets, as well as to further improve its trading platforms and product range. The focus on technology and high-quality personalised customer service are recognised as key factors in the firm's strategic approach to retain high-value experienced premium clients, who understand the products they are trading, and to continue driving client recruitment.

Strategic Report
for the Year Ended 31 December 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The company's activities expose it to financial risks including market risk, credit risk, cash flow risk, liquidity risk and currency risk.

Market risk

Market risk is the risk of potential loss due to change in market prices. The company takes positions and these give rise to market risk in the event of price movement. Such risks are monitored and controlled by the setting of limits and the use of hedging where appropriate.

Credit risk

Credit risk is derived from the potential inability of customers to settle amounts owing to the company when due. The company regularly reviews its credit risk and will take appropriate action should excessive risk be determined. The company does not currently offer credit terms to any of its customers.

Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its cash flow obligations as they become due because of an inability to obtain funding. It is the company's policy to ensure that it will always have sufficient liquidity to meet its commitments.

The company is reliant on its ultimate parent company to provide financing in the event of a liquidity shortfall.

Currency risk

The Company is exposed to currency risk in respect of balances in currencies other than sterling. If deemed appropriate the Company will hedge exposure to minimise the risks.

Operational risk

The company has in place procedures to minimise the risk of financial loss due to errors, systems failures or failures in internal controls.

Regulation risk

The company is authorised and regulated by the Financial Conduct Authority (FCA). The company dedicates adequate resources to meet its regulatory commitments and continually works to improve its internal procedures to meet the challenges set by the changing regulatory environment.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company will continue to receive financial support from the parent company to enable it to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Strategic Report
for the Year Ended 31 December 2017

REMUNERATION POLICY

Overview

Given the size and nature of the company, the directors consider that it does not need to maintain a separate remuneration committee. This decision will be reviewed by in the event of any material changes in the business.

Remuneration of all directors and employees is directly overseen by the CEO in conjunction with the board of directors.

General Requirements

The company is required to implement and maintain a remuneration policy, procedures and practices for all directors and employees that are consistent with and promote sound effective risk management and are in accordance with the FCA's code of practice.

The policy is intended to cover all aspects of remuneration and is subject to the company's general organisation requirements under the FCA's Senior Management Arrangements, systems and controls ("SYSC"). The company is a full scope IFPRU €730K investment firm. The Company seeks to avoid creating any incentive for individuals to take inappropriate risk.

The remuneration policy is in line with the business strategy, objectives, values and long term interest of the firm, and incorporates measures to avoid conflicts of interest.

The company's business strategy is to provide clients an electronic trading platform in order to trade CFD's and spread bets in Forex and other financial products.

The company will seek to attract appropriate talent by offering some flexibility and retain confidentiality in respect of some of the terms it introduces. However, these terms will be appropriate and respect the principles of this policy.

Conflicts of Interest

The company regularly reviews potential conflicts and where appropriate updates its conflict of interest policy.

The remuneration structure discourages directors and staff from acting unfairly towards clients.

The company ensures fair treatment of clients by ensuring that its client take-on policy complies with the Financial Services and Markets Act 2000.

The company has an anti-bribery policy which prohibits the offering, the giving, the solicitation or acceptance of any bribe whether cash or inducement.

Governance

This policy will be reviewed by the board of directors on an annual basis.

Private Medical Insurance

The company does not have a Medical Insurance Scheme.

Remuneration Structures

Directors and Staff receive an annual salary paid monthly on or around the last day of each month.

Discretionary Bonuses

The company runs a discretionary bonus scheme that is based on individual performance as well as company's profitability. The bonus does not form part of the employees contractual remuneration.

ON BEHALF OF THE BOARD:

Delta Financial Markets Ltd (Registered number: 07280005)

Strategic Report
for the Year Ended 31 December 2017



.....
V A Kisyov - Director

Date: 20/04/2018

Report of the Directors
for the Year Ended 31 December 2017

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

Delta Financial Markets Limited is a company incorporated and domiciled in England and has its registered office at 3rd Floor, Fairgate House, 78 New Oxford Street, WC1A 1HB. Its principal place of business is 5 Harbour Exchange Square, London, E14 9GE.

PRINCIPAL ACTIVITY

The company's principal activity is that of market making and brokerage services in rolling spot foreign exchange contracts, financial contracts for differences and spread betting on individual shares, stock indices, commodity and financial futures - all being offered as OTC products.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

V A Kisyov
N Nedkov

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 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.

Report of the Directors
for the Year Ended 31 December 2017

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



.....
V A Kisyov - Director

Date: 20/04/2018

**Report of the Independent Auditors to the Members of
Delta Financial Markets Ltd**

Opinion

We have audited the financial statements of Delta Financial Markets Ltd (the 'company') for the year ended 31 December 2017 on pages ten to twenty three. 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).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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

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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
Delta Financial Markets Ltd**

Matters on which we are required to report by exception

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

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 Statement of Directors' Responsibilities set out on page six, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

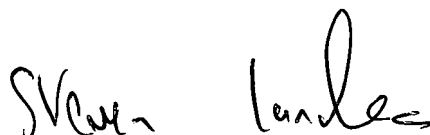
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Auditors 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. This description forms part of our Report of the Auditors.

Steven Landes (Senior Statutory Auditor)
for and on behalf of S H Landes LLP
Statutory Auditors
3rd Floor Fairgate House
78 New Oxford Street
London
WC1A 1HB



Date: 25/4/18

Delta Financial Markets Ltd (Registered number: 07280005)

Income Statement
for the Year Ended 31 December 2017

	Notes	31.12.17 £	31.12.16 £
TURNOVER		2,648,241	2,429,088
Cost of sales		1,020,575	1,179,328
GROSS PROFIT		1,627,666	1,249,760
Administrative expenses		1,035,068	1,133,115
OPERATING PROFIT	4	592,598	116,645
Interest receivable and similar income		191	98
PROFIT BEFORE TAXATION		592,789	116,743
Tax on profit	5	114,630	22,849
PROFIT FOR THE FINANCIAL YEAR		478,159	93,894

The notes form part of these financial statements

Delta Financial Markets Ltd (Registered number: 07280005)

Other Comprehensive Income
for the Year Ended 31 December 2017

	Notes	31.12.17 £	31.12.16 £
PROFIT FOR THE YEAR		478,159	93,894
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>478,159</u>	<u>93,894</u>

The notes form part of these financial statements

Delta Financial Markets Ltd (Registered number: 07280005)

Balance Sheet
31 December 2017

	Notes	31.12.17 £	£	31.12.16 £	£
FIXED ASSETS					
Tangible assets	6		4,799		6,399
CURRENT ASSETS					
Debtors	7	527,048		554,260	
Cash at bank		2,199,350		2,159,876	
		<u>2,726,398</u>		<u>2,714,136</u>	
CREDITORS					
Amounts falling due within one year	8	<u>597,517</u>		<u>1,065,014</u>	
NET CURRENT ASSETS			<u>2,128,881</u>		<u>1,649,122</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,133,680</u>		<u>1,655,521</u>
CAPITAL AND RESERVES					
Called up share capital	10		1,500,000		1,500,000
Retained earnings	11		<u>633,680</u>		<u>155,521</u>
SHAREHOLDERS' FUNDS			<u>2,133,680</u>		<u>1,655,521</u>

The financial statements were approved by the Board of Directors on 20/04/2018 and were signed on its behalf by:


.....
V A Kisyov - Director

Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	1,400,000	61,627	1,461,627
Changes in equity			
Issue of share capital	100,000	-	100,000
Total comprehensive income	-	93,894	93,894
Balance at 31 December 2016	<u>1,500,000</u>	<u>155,521</u>	<u>1,655,521</u>
Changes in equity			
Total comprehensive income	-	478,159	478,159
Balance at 31 December 2017	<u><u>1,500,000</u></u>	<u><u>633,680</u></u>	<u><u>2,133,680</u></u>

Cash Flow Statement
for the Year Ended 31 December 2017

	Notes	31.12.17 £	31.12.16 £
Cash flows from operating activities			
Cash generated from operations	1	62,121	399,904
Tax paid		(22,838)	(15,018)
Net cash from operating activities		<u>39,283</u>	<u>384,886</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(4,281)
Interest received		191	98
Net cash from investing activities		<u>191</u>	<u>(4,183)</u>
Cash flows from financing activities			
Share issue		-	100,000
Net cash from financing activities		<u>-</u>	<u>100,000</u>
Increase in cash and cash equivalents		<u>39,474</u>	<u>480,703</u>
Cash and cash equivalents at beginning of year	2	2,159,876	1,679,173
Cash and cash equivalents at end of year	2	<u><u>2,199,350</u></u>	<u><u>2,159,876</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 December 2017

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.17	31.12.16
	£	£
Profit before taxation	592,789	116,743
Depreciation charges	1,600	1,778
Finance income	(191)	(98)
	<hr/>	<hr/>
	594,198	118,423
Decrease/(increase) in trade and other debtors	27,212	(286,751)
(Decrease)/increase in trade and other creditors	(559,289)	568,232
	<hr/>	<hr/>
Cash generated from operations	62,121	399,904
	<hr/>	<hr/>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	2,199,350	2,159,876
	<hr/>	<hr/>

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	2,159,876	1,679,173
	<hr/>	<hr/>

Notes to the Financial Statements
for the Year Ended 31 December 2017

1. STATUTORY INFORMATION

Delta Financial Markets Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified for certain financial instruments measured at fair value in accordance with the accounting policies set out below.

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

After reviewing the forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The Company does not have any estimates which could have significant effect on the financial statements.

Turnover

Turnover represents gains and losses on foreign currency, CFD (Contracts for Difference), precious metals and spread betting trading on a trade date basis and any commissions earned on individual trades. Gains and losses are recognised on closed positions as they occur and on open positions using a mark-to-market valuation. Commission or any fees paid to brokers or referring parties relating to the trades is recorded within cost of sales. Costs relating to promotional incentives from credit campaigns which are eligible for conversion into a client balance are offset against trading revenue.

Provisions are made against client loss when amounts are not deemed recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost include the purchase cost and all other costs necessary to bring it in present location and conditions.

Depreciation is provided at the following annual rates in order to write off each asset over its useful life.

Plant & Machinery - 25% on NBV

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

The financial statements are presented in GBP, which is also the functional currency of the company. Transactions in currencies, other than the functional currency of the company, are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. Exchange differences are recognised in profit or loss in the period in which they arise. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Trade and other debtors

Trade and other debtors comprise amounts due from clients, brokers and the parent undertaking arising from trading activities and open positions. All debtors except for trading positions are categorised as loans and receivables and initially measured at cost and are subsequently measured at amortised cost using the effective interest rate method where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Trading positions are stated at the market bid or offer price and are classified as at Fair Value Through Profit and Loss (FVTPL). A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank, market deposits and other short-term bank deposits with an original maturity of three months or less and therefore are subject to an insignificant risk of changes in value.

Client monies are segregated from the Company's own monies and are excluded from Cash at bank and in hand.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Trade and other creditors

Trade and other creditors comprise amounts due to clients and brokers from trading activities and open positions. Trading positions are stated at the market bid or offer price and are classified at FVTPL. Trade and other creditors except for trading positions are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Trading positions are measured at fair value subsequent to initial measurement.

3. EMPLOYEES AND DIRECTORS

	31.12.17	31.12.16
	£	£
Wages and salaries	233,165	243,559
Social security costs	20,963	23,354
Other pension costs	5,861	977
	<u>259,989</u>	<u>267,890</u>

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

	31.12.17	31.12.16
Settlement, back office & administration	2	1
Sales and customer support	3	3
	<u>5</u>	<u>4</u>

	31.12.17	31.12.16
	£	£
Directors' remuneration	<u>108,000</u>	<u>117,000</u>

4. OPERATING PROFIT

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

	31.12.17	31.12.16
	£	£
Other operating leases	38,146	39,570
Depreciation - owned assets	1,600	1,778
Auditors' remuneration	16,200	16,200
Auditors' remuneration for non audit work	29,640	26,965
Foreign exchange differences	<u>(74,236)</u>	<u>(149,328)</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.17	31.12.16
	£	£
Current tax:		
UK corporation tax	<u>114,630</u>	<u>22,849</u>
Tax on profit	<u>114,630</u>	<u>22,849</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

5. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.17 £	31.12.16 £
Profit before tax	592,789	116,743
Profit multiplied by the standard rate of corporation tax in the UK of 19.246% (2016 - 20%)	114,088	23,349
Effects of:		
Expenses not deductible for tax purposes	232	-
Capital allowances in excess of depreciation	-	(500)
Depreciation in excess of capital allowances	310	-
Total tax charge	114,630	22,849

6. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1 January 2017 and 31 December 2017	11,238
DEPRECIATION	
At 1 January 2017	4,839
Charge for year	1,600
At 31 December 2017	6,439
NET BOOK VALUE	
At 31 December 2017	4,799
At 31 December 2016	6,399

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.17 £	31.12.16 £
Amounts owed by group undertakings	214,156	286,305
Other debtors	293,912	242,896
Prepayments	18,980	25,059
	527,048	554,260

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.17	31.12.16
	£	£
Trade creditors	442,400	890,063
Corporation tax	114,653	22,861
Social security and other taxes	9,973	16,413
Other creditors	12,491	117,677
Accrued expenses	18,000	18,000
	<u>597,517</u>	<u>1,065,014</u>

9. FINANCIAL INSTRUMENTS

The table below sets out the classification of each class of financial assets and liabilities.

'Cash at bank and in hand' represents cash held on demand and on deposit with the financial institutions.

'Trade and other receivables' represents balances owed to the company by brokers and clients, Open positions with client and brokers that are neither past due nor impaired are disclosed as Fair Value Through Profit and Loss (FVTPL). Closed positions with client and brokers are disclosed as loans and receivables.

'Trade and other payables' represents balances where the combination of client's cash held on account and the valuation of financial derivatives open positions results in amounts payable by the company.

Financial assets	31.12.17	31.12.16
At amortised cost:	£	£
Amounts due from parent undertaking - loans and receivables	214,156	286,305
Amounts due from third parties - loans and receivables	213,865	203,257
Cash at bank and in hand	2,199,350	2,159,876
At Fair Value Through Profit and Loss:		
Amounts due from clients - FVTPL	80,047	9,191
Non-financial assets	18,980	61,906
Total assets	<u>2,726,398</u>	<u>2,720,535</u>
Financial liabilities		
Amortised cost		
Trade creditors and accruals	597,517	1,065,014
Total liabilities	<u>597,517</u>	<u>1,065,014</u>

The directors believe that the carrying value of the company's financial instruments approximates their fair value. All financial assets and liabilities are due to mature within a year and repayable on demand.

The company's derivatives are level two financial instruments and are derived directly from market foreign exchange rates, indices and share prices.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	31.12.17 £	31.12.16 £
Number:	Class:			
1,500,000	Ordinary		<u>1,500,000</u>	<u>1,500,000</u>

11. RESERVES

	Retained earnings £
At 1 January 2017	155,521
Profit for the year	<u>478,159</u>
At 31 December 2017	<u>633,680</u>

12. RELATED PARTY DISCLOSURES

As at 31 December 2017, £214,156 (2016: £286,305) of company's funds were held in a trading account with the parent company, Deltastock AD Bulgaria.

During the period, the company was charged £433,481 (2016: £250,199) by the parent company, Deltastock AD Bulgaria in respect of outsourcing of the trading platform. At the year end £226,781 is payable to Deltastock AD Bulgaria.

During the year remuneration of £108,000 was paid to key management personnel.

13. ULTIMATE CONTROLLING PARTY

The company's ultimate controlling entity and immediate parent company is Deltastock AD Bulgaria, a company incorporated in Bulgaria, controlling directly 100% of the issued share capital of the company. The parent undertaking of the smallest and largest group, which includes the company and for which group accounts are prepared, is Deltastock AD Bulgaria.

The directors believe that no one individual has overall control.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

14. FINANCIAL RISK MANAGEMENT

The company's principal business activities result in exposure to market, foreign currency and credit risks. Effective identification, assessment and management of these risks is critical to the success and stability of the company. As a result, risk management procedures have been established to identify, monitor and control each of these major risks.

The board of directors are responsible for monitoring and oversight of activities and risk exposure of the company.

Market risk

Market risk is the risk of potential loss due to changes in market prices. The company takes positions and these gives rise to market risk in the event of price movement. Such risks are monitored and controlled by the setting of limits and the use of hedging where appropriate. The company therefore has exposure to market risk to the extent that it has a residual un-hedged position. No sensitivity analysis has been performed as the net market risk is the sum of unconnected positions across a range of different markets.

In the directors' opinion, as a result of hedging undertaken by the company, Market risk is not significant and no sensitivity analysis is presented as the impact of reasonably possible market movements is immaterial.

Foreign currency risk

The company undertakes transactions denominated in foreign currencies. Hence, exposure to exchange rates fluctuations arise. At the year end, the carrying amounts of the company's foreign currency denominated monetary assets are as follows:

Foreign currency risk	31.12.17	31.12.16
	£	£
USD	153,820	139,592
Euro	1,888,022	1,682,635

The company did not have any foreign currency denominated monetary liabilities as at the year end. The directors believe that there is no significant foreign exchange risk exposure.

Interest rate risk

The company is not exposed to interest rate risk. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

Management believes that the company has exposure to credit risk in respect of its clients. Company is exposed to default risk arising from the potential that clients or counterparties may fail to satisfy their obligations. The company seeks to control the risks associated with its client margin activities by requiring clients to maintain collateral in compliance with regulatory and internal guidelines. The company operates a real time mark-to-market trading platform with clients' profits and losses being credited and debited automatically to their account. Client credit risk can arise where there are significant sudden movements in the underlying market for the product they are trading. Credit loss mitigation is achieved by ensuring clients collateralise their accounts at an appropriate level and by the utilisation of an automated close out facility which liquidates a client's risk positions appropriately if liquidation thresholds are broken.

Concentrations of credit risk

The company's exposure to credit risk associated with its principal activities is measured on an individual counterparty basis, as well as by groups of counterparties that share similar attributes. Concentration of credit risk can be affected by changes in political, industry, or economic factors. To reduce the potential for risk concentration, credit limits are established and monitored in light of changing counterparty and market conditions. As at 31 December 2017 and 2016, the company did not have material concentrations of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. The company has established procedures for measuring funding requirements and identifying potential liquidity mismatches.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

The company maintains a highly liquid balance sheet with majority of assets comprising of cash held with banks and clearing houses. Cash and cash equivalents as at 31 December 2017 was £2,199,350 (31 December 2016 - £2,159,876).

15. CAPITAL MANAGEMENT

The company's capital management objectives are:

- To ensure the company's ability to continue as a going concern, and
- To meet regulatory capital requirements at all times.

These objectives are primarily met by managing the market risks that the company faces on a regular basis.

The company is regulated by the Financial Conduct Authority (FCA), and is required to adhere to a minimum capital requirement. Capital is represented by issued share capital and reserves. The capital requirements are derived from credit risk, operational risk, market risk and counterparty risk.

There have been no changes to the capital management objectives, policies and procedures since the prior period.

As at the reporting date capital resources, capital requirements and capital surplus were as follows:

	31.12.17 £('000)	31.12.16 £('000)
Capital reserves	2,133	1,656
Capital requirements	1,388	1,388
Surplus	745	268

The regulatory capital requirements are calculated daily and monitored on an intraday basis. The regulatory capital requirements and resources are reported to the FCA on a quarterly basis.

There have been no changes in the company's management of capital and its capital has been in excess of the capital requirement throughout the period.

The company has surplus cash at the reporting date, and it has adequate forecast financial resources in order to meet its liabilities as they fall due.

In the opinion of the directors the company is a going concern based on the following key indicators:

- Increase in trading volumes
- Increase in number of trading clients

All of the above have been forecast in line with the company's expansion plans and are adequate to meet the capital requirements.

In light of the above, the going concern basis of accounting is deemed to be appropriate for the company.

16. CLIENT MONEY

The company holds client money in accordance with client money regulations of the Financial Conduct Authority (FCA). Such money and corresponding liabilities are not shown on the balance sheet as the company is not beneficially entitled thereto.

At 31 December 2017, amounts held by the firm on behalf of clients amounted to £4,062,878 (31 December 2016: £6,823,685). These amounts are not incorporated in the company's balance sheet.