

Company Registration Number 5166374

TradeStation Europe Limited

Annual report

31 March 2015

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**TradeStation Europe Limited**

**Annual report**

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**Year ended 31 March 2015**

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**TradeStation Europe Limited**

**Company information**

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**The board of directors**

J M Davies  
S Sredni  
T Oyagi

**Company secretary**

Mitre Secretaries Limited

**Registered office**

Tideway Yard  
Unit T14  
125 Mortlake High Street  
London  
SW14 8SN

**Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

**Bankers**

JP Morgan Chase Bank  
25 Bank Street  
London  
E14 5JP

## TradeStation Europe Limited

### Directors' report

#### Year ended 31 March 2015

The directors present their report and the audited financial statements of TradeStation Europe Limited ("the Company") for the year ended 31 March 2015.

#### Principal activities and business review

The Company is authorised by the Financial Conduct Authority ("FCA") to solicit and introduce EEA clients who are active and experienced traders to its US affiliates 1) TradeStation Securities, Inc. for equities, options and futures, 2) IBFX Inc. for foreign exchange account services and 3) TradeStation Technologies, Inc. for subscription accounts. The Company receives a portion of the revenue earned on clients solicited and introduced to its US affiliates by the Company through an intercompany recharge.

The Company has also built up international introductions outside of the EEA and the costs associated with these introductions have been passed back to the relevant affiliates by way of management recharges through transfer pricing policies.

The Company holds a "European Passport", which provides FCA authorisation to conduct similar business throughout the European Union.

The Company's key financial and other performance indicators were as follows:

	Year to 31 Mar 15	Year to 31 Mar 14
	£	£
Financial:		
Turnover	1,608,098	1,155,685
Operating profit / (loss)	14,686	(43,785)
Shareholder funds	992,935	978,249
Current assets as a percentage of current liabilities	247%	651%
Non-financial:		
Increase in net client accounts	9.7%	10.9%

#### Future developments

The Company continues to develop its network of independent agents and works with them to gain market intelligence and promote sales. During the year the Company commenced B2B software licensing agreements and plans to grow this business in the future.

#### Going concern

The Company's principal activities and review of the business are set out above. The Company's efforts to introduce new client accounts and new products and expand its network of independent agents, and the support from the parent company lead the Company's directors to believe that the Company is able to manage its business risk successfully.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of the signed financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

A letter of support has been provided by TradeStation Group, Inc. in order to ensure that the Company is able to meet its obligations as necessary.

#### Results and dividends

The profit for the year amounted to £14,686 (2014: loss £43,785). The directors are unable to recommend the payment of a dividend (2014: £Nil).

## TradeStation Europe Limited

### Directors' report (continued)

#### Year ended 31 March 2015

##### Financial risk management objectives and policies

While the Company's directors continue to be confident in the Company's business and business prospects, they believe it is very important that anyone who reads this report considers these issues, uncertainties and risk factors:

- General economic and market factors, including changes in the condition of the securities and futures markets that affect active trading and brokerage revenues, including trade volume, market volatility, market direction or trends, the level of confidence and trust in the markets, and seasonality;
- The Company's ability (or lack thereof) to maintain or increase new account additions, which may not be successful despite the Company's continued efforts to improve sales, marketing and customer service;
- Market or competitive pressure on US affiliates to lower commissions and fees charged to customers;
- Competition from large online and other large brokerage firms and smaller brokerage firms focused on active traders. There has been consolidation of online brokerage firms, as well as intense price competition;
- Fluctuation in exchange rates. The majority of the Company's revenues are generated in US dollars, which might experience future decreases due to potential weakening against sterling, resulting in lower revenues;
- New or modified rules or regulations may affect how the Company may conduct its business or may impose additional costs and burdens on Company resources.

The Company manages its risks by performing monthly review of management accounts, including revenue and account analysis. The Company conducts competitor analysis to determine if any actions are necessary in the current environment. In addition, on an ongoing basis, the Company reviews operational processes as well as regulatory requirements ensuring processes are sufficient.

##### Directors

The directors who served the Company during the year were as follows:

J M Davies  
S Sredni  
T Oyagi

##### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**TradeStation Europe Limited**

**Directors' report (continued)**

**Year ended 31 March 2015**

**Disclosure of information to auditor**

Insofar as the directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the directors



Jeremy M Davies

Director

Approved by the directors on 23 July 2015

**TradeStation Europe Limited**

**Independent auditor's report to the members of TradeStation Europe Limited**

**Year ended 31 March 2015**

We have audited the financial statements of TradeStation Europe Limited for the year ended 31 March 2015 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3-4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or.
- The directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Matthew Davies (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

23 July 2015

**TradeStation Europe Limited**

**Profit and loss account**

**Year ended 31 March 2015**

	Note	Year to 31 Mar 15 £	Year to 31 Mar 14 £
Turnover	2	1,608,098	1,155,685
Operating expenses		(1,889,762)	(1,485,099)
Other operating income	3	296,350	285,629
Operating profit/(loss)	4	14,686	(43,785)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>14,686</b>	<b>(43,785)</b>
Tax on profit/(loss) on ordinary activities	7	-	-
<b>Profit/(loss) for the financial year</b>		<b>14,686</b>	<b>(43,785)</b>

All of the activities of the Company are classed as continuing.

The Company has no recognised gains or losses other than the results for the year as set out above.

There is no difference between the results shown above and their historical cost equivalents.



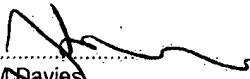
# TradeStation Europe Limited

## Balance sheet

As at 31 March 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	8	<u>36,357</u>	<u>13,000</u>
<b>Current assets</b>			
Debtors	9	309,174	898,501
Cash at bank		<u>1,508,393</u>	<u>449,875</u>
		<u>1,817,567</u>	<u>1,348,376</u>
Creditors: amounts falling due within one year	10	<u>(735,537)</u>	<u>(206,970)</u>
<b>Net current assets</b>		<u>1,082,030</u>	<u>1,141,406</u>
<b>Total assets less current liabilities</b>		<u>1,118,387</u>	<u>1,154,406</u>
Creditors: amounts falling due after more than one year	11	<u>(125,452)</u>	<u>(176,157)</u>
<b>Net assets</b>		<u>992,935</u>	<u>978,249</u>
<b>Capital and reserves</b>			
Called up equity share capital	13	50	50
Share premium account	14	697,543	697,543
Capital contributions	14	2,729,126	2,729,126
Profit and loss account	14	<u>(2,433,784)</u>	<u>(2,448,470)</u>
<b>Shareholders' funds</b>	15	<u>992,935</u>	<u>978,249</u>

These financial statements were approved by the directors and authorised for issue on 23 July 2015 and are signed on their behalf by:

  
J M Davies

Director

Company Registration Number: 5166374

## TradeStation Europe Limited

### Notes to the financial statements

Year ended 31 March 2015

#### 1. Accounting policies

##### **Basis of preparation**

The financial statements have been prepared on a going concern basis and under the historical cost convention in accordance with applicable United Kingdom accounting standards.

There have been no significant changes to UK accounting policies during the year however the accounting framework is changing as from 1 January 2015, therefore from 1 April 2015 the Company will present its financial statements in accordance with FRS 101/FRS 102/IFRS.

##### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a consolidated cash flow statement.

##### **Turnover**

Turnover represents commission, subscription income and software licensing fees which are recognised on an accruals basis when the services are rendered and no significant uncertainties remain regarding the recovery of the consideration due

The Company receives a proportion of the commission and subscription revenues generated by the clients it introduces to its affiliates.

##### **Fixed assets**

Fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes costs directly attributable to making the asset capable of operating as intended. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

##### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	over 5 years
Equipment	-	over 3 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Operating lease agreements**

Rental payments, free rent and leasehold and other incentives are recognised on a straight-line basis over the life of the lease. Leasehold improvements are amortised over the shorter of their economic life or the initial lease term.

##### **Pensions and other retirement benefits**

The Company operates a defined contribution pension plan, which requires contributions to be made to a separately administered fund. Contributions to the defined contribution plan are recognised in the profit and loss account in the period in which they become payable.

##### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

## TradeStation Europe Limited

### Notes to the financial statements

Year ended 31 March 2015

#### 1. Accounting policies (continued)

##### Taxation

The charge for taxation is based on the profit / (loss) for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

##### Share-based payments

For cash-settled share-based incentives awarded, a liability is recognised for the entitlements accrued, measured at the fair value of the liability and the expense is charged to profit or loss for the year. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss. Refer to note 17 for more information.

##### Related party transactions

The Company has taken advantage of the exemption granted under the paragraph 3(c) of FRS8 'Related party disclosures' not to disclose transactions with group companies. There were no other related party transactions.

#### 2. Turnover

	Year to 31 Mar 15 £	Year to 31 Mar 14 £
Commission income	976,386	1,034,937
Subscription income	113,947	120,748
Software licensing income	517,765	-
	<u>1,608,098</u>	<u>1,155,685</u>

Through an agreement with TradeStation Technologies Inc., 99% of software licensing income recognised during the year was paid away to affiliates. As such £512,587 is recognised within operating expenses.

#### 3. Other operating income

	Year to 31 Mar 15 £	Year to 31 Mar 14 £
Management recharges	<u>296,350</u>	<u>285,629</u>

The Company has built up international introductions outside of the EEA and the costs associated with these introductions have been passed back to the relevant affiliates by way of management recharges through transfer pricing policies.

## TradeStation Europe Limited

### Notes to the financial statements

#### Year ended 31 March 2015

#### 4. Operating profit

Operating profit / (loss) is stated after (crediting) / charging:

	Year to 31 Mar 15 £	Year to 31 Mar 14 £
Depreciation of owned fixed assets	8,275	2,283
Auditor remuneration:		
- Audit of these financial statements	12,500	12,000
- Audit related assurance services	5,000	5,000
Operating lease costs:		
- Land and buildings	100,254	145,748
Net loss on foreign currency translation	6,420	75,669

#### 5. Staff numbers and costs

The average number of staff, including directors, employed by the Company during the financial year can be analysed as follows:

	Year to 31 Mar 15 No	Year to 31 Mar 14 No
Administrative	5	5

The aggregate payroll costs of these persons were as follows:

	Year to 31 Mar 15 £	Year to 31 Mar 14 £
Wages and salaries	552,827	398,995
Share based payments	5,224	232,329
Social security costs	98,230	78,512
Other pension costs	48,929	45,850
	705,210	755,686

## TradeStation Europe Limited

### Notes to the financial statements

#### Year ended 31 March 2014

#### 6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	Year to 31 Mar 15 £	Year to 31 Mar 14 £
Directors' emoluments	221,040	234,865
Amounts received under long term incentive schemes	105,121	13,074
Company contributions to money purchase pension schemes	20,400	20,400
	<u>346,561</u>	<u>268,339</u>

The above amounts relate to the highest paid director.

In addition to the above and included within staff costs is £170,706 (2014: £109,864) relating to accrued entitlements under the Company's share-based incentive plans.

During the year, the other two directors were employed and remunerated as executives of TradeStation Group, Inc. and Monex in respect of their services to the Monex group as a whole. They received no remuneration in respect of their services to the company (2014: £Nil).

#### 7. Taxation on ordinary activities

##### Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is at a lower rate than the standard rate of corporation tax in the UK of 21% (2014: 23%).

	Year to 31 Mar 15 £	Year to 31 Mar 14 £
Profit / (loss) on ordinary activities before taxation	<u>14,686</u>	<u>(43,785)</u>
Profit on ordinary activities multiplied by rate of tax	3,084	(10,071)
Expenses not deductible for tax purposes	2,778	2,571
Depreciation in excess of capital allowances	(5,293)	(2,357)
Unrelieved/ (Utilisation) of tax losses	40,087	(33,781)
Other short term timing differences	<u>(40,656)</u>	<u>43,638</u>
Total current tax	<u>-</u>	<u>-</u>

## TradeStation Europe Limited

### Notes to the financial statements

#### Year ended 31 March 2015

#### 7. Taxation on ordinary activities (continued)

##### Factors that may affect future tax charges

The following deferred tax assets are unrecognised at 31 March 2015 in view of the Company's overall tax position, which, in the view of the directors, makes the recovery of the asset uncertain. This asset will be recognised when the Company has greater certainty on sufficiency of taxable profits.

	Year to 31 Mar 15 £	Year to 31 Mar 14 £
Tax losses	442,735	404,557
Other timing differences	36,711	53,319
Accelerated capital allowances	(5,589)	(548)
	<u>473,857</u>	<u>457,328</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 19% by 2017 and to 18% by 2020. This will reduce the company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

#### 8. Tangible fixed assets

	Fixtures & Fittings £	Equipment £	Total £
<b>Cost or valuation</b>			
At 1 April 2014	9,353	55,898	65,251
Additions	26,889	4,743	31,632
Disposals	-	-	-
<b>At 31 March 2015</b>	<u>36,242</u>	<u>60,641</u>	<u>96,883</u>
<b>Depreciation</b>			
At 1 April 2014	2,449	49,802	52,251
Charge for the year	4,529	3,746	8,275
Disposals	-	-	-
<b>At 31 March 2015</b>	<u>6,978</u>	<u>53,548</u>	<u>60,526</u>
<b>Net book value</b>			
At 31 March 2015	<u>29,264</u>	<u>7,093</u>	<u>36,357</u>
At 31 March 2014	<u>6,904</u>	<u>6,096</u>	<u>13,000</u>

**TradeStation Europe Limited**

**Notes to the financial statements**

**Year ended 31 March 2015**

**9. Debtors**

	2015 £	2014 £
Amounts owed by group undertakings	211,009	845,481
Other debtors	64,454	40,641
Prepayments and accrued income	33,711	12,379
	<u>309,174</u>	<u>898,501</u>

**10. Creditors: amounts falling due within one year**

	2015 £	2014 £
Amounts owed to group undertakings	532,534	-
VAT	9,959	4,592
Accruals and deferred income	193,044	202,378
	<u>735,537</u>	<u>206,970</u>

**11. Creditors: amounts falling due after more than one year**

	2015 £	2014 £
Accruals and deferred income	<u>125,452</u>	<u>176,157</u>

Included within accruals and deferred income is £6,697 of share-based payment liability expected to be paid after more than five years from 31 March 2015 (2014: £Nil).

**12. Commitments**

Annual commitments under operating leases are as follows:

	Land and buildings	
	2015 £	2014 £
Operating leases which expire:		
Within one year	9,959	4,592
In the second to fifth years inclusive	193,044	202,378
	<u>735,537</u>	<u>206,970</u>

**TradeStation Europe Limited**  
**Notes to the financial statements**  
**Year ended 31 March 2015**

**13. Share capital**

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
50 Ordinary shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

**14. Reserves**

	Share premium account £	Capital contributions £	Profit and loss account £
Balance brought forward	697,543	2,729,126	(2,448,470)
Profit / (loss) for the year	-	-	14,686
Balance carried forward	<u>697,543</u>	<u>2,729,126</u>	<u>(2,433,784)</u>

**15. Reconciliation of movements in shareholders' funds**

	2015 £	2014 £
Profit / (loss) for the financial year	<u>14,686</u>	<u>(43,785)</u>
Net addition / (subtraction) to shareholders' funds	14,686	(43,785)
Opening shareholders' funds	<u>978,249</u>	<u>1,022,034</u>
Closing shareholders' funds	<u>992,935</u>	<u>978,249</u>



## TradeStation Europe Limited

### Notes to the financial statements

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Year ended 31 March 2015

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#### 16. Ultimate parent company

The Company's immediate parent is TradeStation Group, Inc., a company incorporated in the United States of America. The ultimate parent undertaking and controlling party is Monex Group, Inc. ("Monex"), a company incorporated in Japan.

Monex's financial statements include the results of the Company and may be obtained from the investor relations section of the Monex website at [www.monexgroup.jp](http://www.monexgroup.jp).

#### 17. Share based payments

On 17 June 2011, 29 June 2012, 28 June 2013, and 30 June 2014, the immediate Parent issued employees phantom stock awards with aggregate values of \$160,000, \$82,500, \$45,000, and \$82,600 respectively. The value of the awards is recorded based on the value of Monex's stock on the grant date and is adjusted each reporting period to reflect the change in the value of Monex's stock, which is publicly traded on the Tokyo Stock Exchange. Certain awards granted on 17 June 2011 vest 25% on the third, fourth, fifth, and sixth anniversaries from the grant date, while others vest 30% on the second, 10% on the third, and 20% on the third, fourth, fifth, and sixth anniversaries from the grant date. The expense associated with these awards is recognised over the vesting periods. The awards granted on 29 June 2012 and 28 June 2013 vest 25% on the first, second, third, and fourth anniversaries of the grant date and the expense is recognised over the vesting periods. Certain awards granted on 30 June 2014 vest 25% on the third, fourth, fifth, and sixth anniversaries from the grant date, while others vest 25% on the first, second, third, and fourth anniversaries of the grant date. At 31 March 2015, the Company recognised a liability of £183,555 (2014: £275,017) in relation to share based payments.