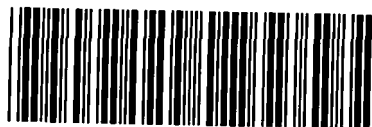

VALUTRADES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

THURSDAY



LD3 *L7DY4MCZ* #103
06/09/2018
COMPANIES HOUSE

VALUTRADES LIMITED

COMPANY INFORMATION

Directors

A. K. M. Bahirwani
J. B. P. Ng
G. A. Watkins
L. A. Bonfield

Registered number

07939901

Registered office

1 Primrose Street
London
EC2A 2EX

Independent auditors

Hillier Hopkins LLP
Chartered Accountants & Statutory Auditor
Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

VALUTRADES LIMITED

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VALUTRADES LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Introduction

The financial statements of the company are drawn up for the year ended 31 December 2017. Except where otherwise indicated, all financial information is presented in GBP.

The company is a United Kingdom company limited by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is 1 Primrose Street, London, England, EC2A 2EX.

VALUTRADES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Business review

Our Business

Valutrades Limited is an online financial services business that offers clients trading of forex, CFDs and commodities via the Metatrader4 platform and FIX API connectivity. Valutrades acts as principle to each trade and operates on a matched principal, back-to-back basis by instantaneously hedging client trades with the Firm's counterparties.

Business Model

Valutrades business model maximises use of the extensive experience the management team has within the industry to deliver competitive products supported by high levels of customer service and relevant content encouraging client engagement.

Geographical Reach

Valutrades focus is on all markets where it is allowed to operate covered by our core language competencies; English, Chinese, German, Portuguese, Russian and Spanish.

Our Objectives

Client Services: Clients are at the core of our business. We aim to provide high levels of customer service, as well as delivering educational content, to enhance our clients financial knowledge. Our ideology is to be a broker which people can trust and regularly communicate with, creating a loyal client base.

Pricing: Valutrades understand that one of the key considerations for our clients is the cost of trading. We look to always provide a competitively priced service, so our clients can focus on their trading strategies rather than cost.

Innovation: We continually look to improve our clients trading experience by improving our systems to support the trading solutions offered. This includes building additions to our CRM system, onboarding additional payment solutions & supplying our clients with option to multiple trading indicators.

Achieving our Objectives

People: Valutrades is committed to the recruitment of skilled and experienced people who have the determination and vision to help us build our firm into a market leader. We provide ongoing training to help the continuous development of our staff and value all staff's ideas and input.

Risk Management: Risk appetite is controlled via strong governance and oversight within defined risk parameters, approved by the board.

Financial strength: Valutrades maintains a capital and liquidity structure that is appropriate for the current size of the firm and for the future growth of the business. We have committed shareholders experienced in this industry willing to support the business.

BUSINESS ENVIRONMENT

Market Overview

Our market is a highly competitive market with numerous established companies. Our strategy for acquiring clients and retaining clients is to focus on excellent client service, competitive pricing and innovative technology. We believe in providing a personal experience tailored to an individual needs and engaging content. This helps engage with clients while keeping our marketing costs below industry averages.

Our People

We recognise that developing people's skills and expertise is the right thing for them, for us and for our clients.

VALUTRADES LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

We believe that with the right environment and motivation, all employees will reach their full potential with us. Each employee is treated the same and we encourage free speech where everyone can voice their ideas, this enables us to keep on improving our service to our clients.

Equality and Diversity

The company is committed to promoting and developing equality opportunity in all areas. We are an equal opportunities employer and do not discriminate on the grounds of gender, sexual orientation, marital or civil or partner status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age.

Employee Gender Diversity

	Female	Male
Employees	44%	56%

Environment Matters

Given the nature of its activities, there is limited scope for the company to have a major impact on environmental matters. Nevertheless, the Directors are mindful of their responsibilities in this regard and strive to seek opportunities where improvements may be made; these are generally concentrated in areas of energy conservation, recycling and waste control.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Principal risks and uncertainties

IFPRU 2.2.7 (2) of the FCA handbook refers to the identification and management of major sources of risk in specific categories where they are relevant to the Firm given the nature and scale of its business:

- Credit and Counterparty Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Concentration Risk
- Residual Risk
- Business Risk

In terms of the remaining risk categories listed in IFPRU 2.2.7 (2):

- Residual Risk, Securitisation Risk, Interest Rate risk, Group Risk and Risk of excessive leverage: Do not apply given the nature of Valutrades business model.

Credit and Counterparty Risk: The Company has a credit exposure to the banks with which it deposits funds and the counterparties with which it hedges its market positions. The Company mitigates this risk by ensuring diversification of counterparties and setting minimum levels of creditworthiness for Company counterparties.

Dealing as an execution only broker on matched principal basis, Valutrades fully understands the impact of Credit and Counterparty Credit Risk on its business and therefore have put in place adequate controls and procedures to monitor these risks on a continuous basis. These would be monitored through use of technology through which reports would be generated for management review, real time identification of problem accounts, monitoring of exposure, and client margins.

Market Risk: Valutrades business model is not subject to market risk in respect of the Firm's trading activities. In terms of non-trading book activities, the Firm's cash holdings in currencies other than GBP attract market risk, however the level of this risk is not material.

Liquidity Risk: Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company has established policies and a liquidity risk management framework to manage its liquidity risk, including daily production of liquidity reports that summarise current liquidity and liabilities. Liquidity is monitored daily by the directors.

Operational Risk: Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. VTL can count on operational support from the Directors should the need arise. However, as an independent firm, Valutrades' approach to mitigating operational risk is as follows:

- We have adequate working capital to cover expenses, savings would be held in highly rated bank deposit
- The recruitment, retention and motivation of high quality professionals
- Appropriate apportionment of responsibilities amongst senior management
- A risk based monitoring plan, the outcomes of which are reported to the senior partners
- Robust policies and procedures in respect of regulatory compliance, anti-money laundering and finance
- Regular maintenance and update of IT systems
- Continual reviewing and upgrading of internal controls and procedures

Concentration Risk: Concentration Risk is the probability of loss arising from heavily lopsided exposure to a particular group of counterparties. Valutrades mitigates this risk by using multiple liquidity providers and placing the company cash with more than one bank.

Business Risk: Business Risk is the exposure of Valutrades' business to risk caused by uncertainty in the macroeconomic environment, with specific consideration of earnings volatility and cost overruns in severely adverse conditions.

VALUTRADES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Business Risk is managed with a mid-term focus and is assisted by careful development of business plans, appropriate management oversight and an embedded corporate governance framework. Strategic Risk can be a manifestation of business risk as it is any diversion away from the business plan/risk appetite statement, due to changes in the environment or because management is unable to deliver the strategy as intended.

Pension Obligation Risk: Pension obligation risk is the risk to a firm caused by its contractual or other liabilities to, or with respect to, a pension scheme (whether established for its employees or those of a related company or otherwise). It also means the risk that the firm will make payments or other contribution to, or with respect to, a pension scheme because of a moral obligation or because the firm considers that it needs to do so for some other reason.

Valutrades operate a pension scheme in line with Government expectations via a reputable pension provider. The pension contributions are calculated by an external payroll company and are processed alongside salary payments.

Financial key performance indicators

Valutrades uses the following key performance indicators to measure its financial and operational performance on delivering the strategic goals of the business.

- Revenue
- Gross Profit
- Profit before tax
- Retail client funds held

The following information shows the key performance indicators at 31 December 2017 against the same period in the prior year.

KPI	2017	2016	Change
Revenue	£1,222,685	£692,690	+77%
Gross Profit	£878,556	£380,969	+131%
Profit/ (Loss) before Tax	(£296,329)	(£720,018)	-58%
Retail client funds held	£2,301,481	£1,097,603	+110%

LOOKING FORWARD

Valutrades hope to build on our strong growth trend in 2018 and continue our strategy to enhance the Valutrades brand and business, focusing on the regions we were so successful in 2017, as well as targeting new markets.

Valutrades expects to hire aggressively to support the strong growth trends in 2017 and commit more funds to our marketing budget while following the same client service and marketing strategies used in 2017.

We will be launching various new initiatives in 2018, including the MT5 trading platform, enhanced website and improved client area. Valutrades will also continue our plan to deliver additional training tools to our clients including webinars, e-books, blogs etc... so our clients can enhance their financials IQ, this will differentiate us from other brokers.

Valutrades understands there will be headwinds from increased regulation and well as tough competition and lower profit margins across the industry. This has been the trend for several years and Valutrades factors this into all its forward looking forecasts. Throughout 2018 Valutrades expects to take various measures to ensure continuing regulatory compliance and well as lowering transactional costs.

VALUTRADES LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

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



.....
G. A. Watkins
Director

Date: 23/04/2018

VALUTRADES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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 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 judgments 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.

Results and dividends

The loss for the year, after taxation, amounted to £296,329 (2016 - loss £720,018).

No dividends were paid or proposed during the year (2016 - £Nil).

Directors

The Directors who served during the year were:

A. K. M. Bahirwani
J. B. P. Ng
G. A. Watkins
L. A. Bonfield

Future developments

The company expects to continue with its present activities.

VALUTRADES LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

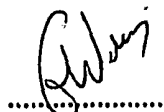
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
G. A. Watkins
Director

Date: 23/01/2018

VALUTRADES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VALUTRADES LIMITED

Opinion

We have audited the financial statements of Valutrades Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, 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).

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 Auditors' 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.

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 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 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 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.

VALUTRADES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VALUTRADES LIMITED
(CONTINUED)**

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.

VALUTRADES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VALUTRADES LIMITED
(CONTINUED)

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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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.

VALUTRADES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VALUTRADES LIMITED
(CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 7, 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.

Auditors' 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 Auditors' 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. This description forms part of our Auditors' Report.



Simon Speller FCA (Senior Statutory Auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: 24 April 2018

VALUTRADES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	1,222,685	692,690
Cost of sales		(344,129)	(311,721)
Gross profit		878,556	380,969
Administrative expenses		(1,175,928)	(1,101,122)
Operating loss	5	(297,372)	(720,153)
Interest receivable and similar income	9	1,043	135
Loss before tax		(296,329)	(720,018)
Loss for the financial year		(296,329)	(720,018)
Other comprehensive income for the year			
Total comprehensive income for the year		(296,329)	(720,018)

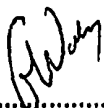
The notes on pages 17 to 26 form part of these financial statements.

VALUTRADES LIMITED
REGISTERED NUMBER: 07939901

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets		41,919	-
Tangible assets	11	7,401	1,361
		49,320	1,361
Current assets			
Debtors: amounts falling due within one year	12	1,554,037	3,687,646
Cash at bank and in hand	13	1,186,504	973,493
		2,740,541	4,661,139
Creditors: amounts falling due within one year	14	(1,903,134)	(3,506,982)
Net current assets		837,407	1,154,157
Total assets less current liabilities		886,727	1,155,518
Net assets		886,727	1,155,518
Capital and reserves			
Called up share capital	16	4,408,005	4,408,005
Profit and loss account	17	(3,521,278)	(3,252,487)
		886,727	1,155,518

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



G. A. Watkins
 Director

Date: 23/04/2018
 The notes on pages 17 to 26 form part of these financial statements.

VALUTRADES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	4,408,005	(2,532,469)	1,875,536
Loss for the year	-	(720,018)	(720,018)
	<hr/>	<hr/>	<hr/>
At 1 January 2017	4,408,005	(3,252,487)	1,155,518
Loss for the year	-	(296,329)	(296,329)
	<hr/>	<hr/>	<hr/>
Taxation in respect of items of other comprehensive income	-	27,538	27,538
	<hr/>	<hr/>	<hr/>
At 31 December 2017	<u>4,408,005</u>	<u>(3,521,278)</u>	<u>886,727</u>

VALUTRADES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
Loss for the financial year	(296,329)	(720,018)
Adjustments for:		
Amortisation of intangible assets	7,015	-
Depreciation of tangible assets	2,882	2,686
Loss on disposal of tangible assets	-	(1,215)
Interest received	(1,043)	(135)
(Increase)/decrease in debtors	(112,599)	21,265
Decrease/(increase) in amounts owed by groups	2,246,207	(3,507,932)
(Decrease)/increase in creditors	(1,804,147)	3,389,671
Increase in amounts owed to groups	200,000	-
PY adjustment	27,538	-
Net cash generated from operating activities	269,524	(815,678)
Cash flows from investing activities		
Purchase of intangible fixed assets	(48,934)	-
Purchase of tangible fixed assets	(8,922)	(1,485)
Sale of tangible fixed assets	-	1,215
Interest received	1,043	135
Net cash from investing activities	(56,813)	(135)
Cash flows from financing activities		
Issue of ordinary shares	-	1,000,000
Net cash used in financing activities	-	1,000,000
Net increase in cash and cash equivalents	212,711	184,187
Cash and cash equivalents at beginning of year	973,493	789,306
Cash and cash equivalents at the end of year	1,186,204	973,493
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,186,504	973,493
Bank overdrafts	(300)	-
	1,186,204	973,493

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Valuetrades Limited is a limited company incorporated in the United Kingdom, registered office is as stated on the accounts. The principal activity of the company is included within the business review section of the strategic report.

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 the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Income is recognised on the completion of trades.

Turnover, represents profits derived from the company's principal activity. The principal activity is that of trading financial products relating to foreign currencies and contracts for difference.

2.3 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.

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:

Office equipment	- Straight line over 3 years
Computer equipment	- Straight line over 3 years

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.4 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.

2.5 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.

2.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are 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, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Creditors

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

2.8 Client bank accounts

The company operates designated client bank accounts in accordance with the Client Money regulations of the Financial Conduct Authority (FCA). These accounts do not represent funds of the Company and so the deposits are not recognised in the company's statement of financial position. See note 19 for details of the balances held.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.10 Operating leases: the Company as lessee

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

2.11 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.12 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 balance sheet date in the countries where the Company operates and generates income.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgments or estimations are necessarily applied are summarised below.

Depreciation and Intangible Assets

The Directors have reviewed the asset lives and associated residual values of all fixed and intangible assets, and have concluded that asset lives and residual values are appropriate.

4. Turnover

Turnover is attributable to multiple income streams, including: Margins, Rebates, Swaps, and Rental Income.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	807,292	178,139
Cyprus	415,393	514,551
	<u>1,222,685</u>	<u>692,690</u>

5. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	2,882	2,686
Amortisation of intangible assets, including goodwill	7,015	-
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,000	18,000
Exchange differences	49,138	(103,252)
Other operating lease rentals	69,966	61,706
Defined contribution pension cost	1,920	-
	<u>1,222,685</u>	<u>692,690</u>

VALUTRADES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,000	18,000
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	-	1,000
All other services	3,750	2,000
	3,750	3,000

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	377,800	467,933
Social security costs	33,649	43,480
Cost of defined contribution scheme	1,920	-
	413,369	511,413

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

	2017 No.	2016 No.
Management	2	2
Sales & marketing	2	3
Operations	3	3
	7	8

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	<u>204,356</u>	<u>200,316</u>

The highest paid Director received remuneration of £107,425 (2016 - £107,115).

9. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>1,043</u>	<u>135</u>

10. Taxation

	2017 £	2016 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax	<u>-</u>	<u>-</u>

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(296,329)</u>	<u>(720,018)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(57,043)	(144,004)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,347	-
Capital allowances for year in excess of depreciation	(1,163)	1,739
Changes in provisions leading to an increase (decrease) in the tax charge	45	-
Unrelieved tax losses carried forward	53,814	142,265
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

On 8 July 2015 the Chancellor of the Exchequer announced a reduction in the main rate of UK corporation tax to 19 per cent with effect from 1 April 2017 and 18 per cent with effect from 1 April 2020. These changes were substantively enacted on 26 October 2015.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2017	-	1,485	1,485
Additions	399	8,523	8,922
At 31 December 2017	<u>399</u>	<u>10,008</u>	<u>10,407</u>
Depreciation			
At 1 January 2017	-	124	124
Charge for the year on owned assets	89	2,793	2,882
At 31 December 2017	<u>89</u>	<u>2,917</u>	<u>3,006</u>
Net book value			
At 31 December 2017	<u>310</u>	<u>7,091</u>	<u>7,401</u>
At 31 December 2016	<u>-</u>	<u>1,361</u>	<u>1,361</u>

12. Debtors

	2017 £	2016 £
Trade debtors	46,592	20,317
Amounts owed by related parties	1,386,511	3,632,718
Other debtors	79,527	3,359
Prepayments and accrued income	41,407	31,252
	<u>1,554,037</u>	<u>3,687,646</u>

VALUTRADES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,186,504	973,493
Less: bank overdrafts	(300)	-
	1,186,204	973,493

14. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	300	-
Trade creditors	32,962	43,826
Other taxation and social security	14,567	17,740
Other creditors	1,806,778	3,421,817
Accruals and deferred income	48,527	23,599
	1,903,134	3,506,982

15. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,186,504	973,493
Financial assets that are debt instruments measured at amortised cost	1,533,058	3,656,394
	2,719,562	4,629,887
Financial liabilities		
Financial liabilities measured at amortised cost	(93,890)	(67,425)
	(93,890)	(67,425)

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors and accruals.

VALUTRADES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

16. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
2,204,003 Ordinary A shares shares of £1 each	2,204,003	2,204,003
2,204,002 Ordinary B shares shares of £1 each	2,204,002	2,204,002
	<u>4,408,005</u>	<u>4,408,005</u>

17. Reserves

Profit and loss account

Profit and loss account includes all the current and prior period retained profits and losses.

18. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	81,406	-
	<u>81,406</u>	<u>-</u>

19. Client Bank Accounts

The company operates eleven client money bank accounts. At the reporting date the total balance of these accounts was £2,246,467 (2016 - £1,097,603)

20. Related party transactions

During the year the Company provided services to AMB Prime, a company under common control, amounting to £514,678 (2016: £514,551). As the year end the Company was owed £1,386,511 (2016: £3,632,718) from AMB Prime.

21. Controlling party

The controlling party is A. K. M. Bahirwani, the majority shareholder of the Company.