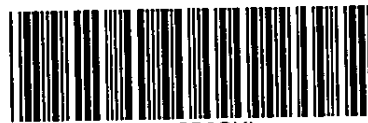


**VALUTRADES LIMITED
(formerly MONEX CAPITAL MARKETS LIMITED)**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2013

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VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

COMPANY INFORMATION

DIRECTORS	P A Latchford A K Bahirwani (appointed 5 April 2013)
REGISTERED NUMBER	07939901
REGISTERED OFFICE	The Old Bat and Ball St Johns Hill Sevenoaks Kent TN13 3PF
INDEPENDENT AUDITORS	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

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VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

BUSINESS REVIEW

The most significant event in the early part of 2013 was the granting by the Financial Conduct Authority of Valutrades Limited regulatory licence on 3rd April. Following that event, the majority of the year has been about preparing and building the business for future growth. This included the building of systems to support the trading solutions, including payment gateways, CRM solutions, and Web development. In conjunction with this we have also been developing the sales and marketing strategy for the business, which is predominantly focused on attracting retail clients via direct marketing through online channels. The office also moved, at the end of May, from its temporary lodgings in Victoria to our permanent address in the heart of the City of London, on Cannon Street.

Valutrades started trading, and advertising, at the end of the third quarter, and has subsequently started to build a client base, whom have the option of trading on either of our two platforms, Tradable, a third party FX and CFD platform, or MT4, a predominately FX platform.

The Board took the view that in offering the well-established, industry leading MT4, as well as the recently developed Tradable, Valutrades could attract a broader potential range of clients. We have been pleased to see that both platforms have performed well, with the not unexpected balance between the two slightly in favour of MT4. We put this down to switchers whom have signed to us, and have already experienced MT4 with other brokers.

It was therefore slightly disappointing at year end, that due to an issue with a similarly named company (having previously been called Monex Capital Markets Limited), we took the decision to rename the company Valutrades Limited.

The process of rebranding, took slightly longer than expected and consequently, our marketing activity was muted from the beginning of December 2013 through to the end of February 2014. This exercise inevitably has impacted our growth in the short-term both as a consequence of the reduced marketing spend and the considerable changes we had to make throughout the business to accommodate the change of name. I do expect, however, that the longer term benefits of the new name will be considerably greater than the short-term issues related to the rebrand.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to this business remain the same as any recently created business in that they are mainly related to our ability to gain traction in a highly competitive market.

The Board's stated ambition continues to be to grow the business as quickly as possible, and build strong foundations upon which the client experience can be better than our competitors. We have therefore invested heavily in, not only our trading solutions, but also in building operational excellence so that the client journey from account opening to trading is smooth and efficient. We have done this by building an effective CRM solution that will allow full automation of the on boarding and management of clients.

Other risks to the business remain predominately regulatory in nature, an issue that affects the industry in general. These regulatory issues are, for example, the risk that regulators decide that retail clients have to demonstrate higher levels of experience before trading the products, capital requirements are increased, as has been the case in the USA recently, or restrictions are imposed on levels of margin offered, as has been the case in Japan.

This report was approved by the board on 25 April 2014 and signed on its behalf



P. A. Latchford
Director

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

The directors present their report and the financial statements for the period ended 31 December 2013

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 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 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 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 period, after taxation, amounted to £780,458 (*February 2013 - £(153,385)*)

No dividends were paid or proposed during the period (*February 2013 - £Nil*)

DIRECTORS

The directors who served during the period were

P A Latchford
A K Bahirwani (appointed 5 April 2013)

FUTURE DEVELOPMENTS

The company expects to continue with its present activities

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

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 that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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

AUDITORS

The auditors, Moore Stephens LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on *25 April 2014* and signed on its behalf



**P. A. Latchford
Director**

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

We have audited the financial statements of Valutrades Limited (formerly Monex Capital Markets Limited) for the period ended 31 December 2013, set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 December 2013 and of its loss for the period 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VALUTRADES LIMITED (FORMERLY
MONEX CAPITAL MARKETS LIMITED)

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


Lorraine Bay (Senior statutory auditor)

for and on behalf of
Moore Stephens LLP

150 Aldersgate Street
London
EC1A 4AB

Date 25 April 2014

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	Note	Period ended 31 December 2013 £	Period ended 28 February 2013 (unaudited) £
TURNOVER	1,2	(2,117)	-
Administrative expenses		(803,431)	(153,385)
Other operating income	3	38,309	-
OPERATING LOSS	4	(767,239)	(153,385)
Interest receivable and similar income		507	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(766,732)	(153,385)
Tax on loss on ordinary activities	7	(13,726)	-
LOSS FOR THE FINANCIAL PERIOD	13	(780,458)	(153,385)

All amounts relate to continuing operations

There were no recognised gains and losses for the current or previous period other than those included in the Profit and loss account

The company has no recognised gains or losses in the current period other than the results as set out above and therefore no statement of total recognised gains or losses is presented

The notes on pages 9 to 19 form part of these financial statements

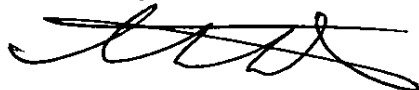
VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)
REGISTERED NUMBER: 07939901

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	31 December 2013		28 February 2013 (unaudited)	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		82,189		29,060
CURRENT ASSETS					
Debtors	9	95,166		10,151	
Cash at bank		463,060		40,421	
			<u>558,226</u>		<u>50,572</u>
CREDITORS amounts falling due within one year	10	<u>(360,412)</u>		<u>(233,016)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>197,814</u>		<u>(182,444)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>280,003</u>		<u>(153,384)</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	11		<u>(13,726)</u>		<u>-</u>
NET ASSETS/(LIABILITIES)			<u>266,277</u>		<u>(153,384)</u>
CAPITAL AND RESERVES					
Called up share capital	12		1,200		1
Share premium account	13		1,198,920		-
Profit and loss account	13		<u>(933,843)</u>		<u>(153,385)</u>
SHAREHOLDERS' FUNDS/(DEFICIT)	14		<u>266,277</u>		<u>(153,384)</u>

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

25 April 2014



P A Latchford
 Director

The notes on pages 9 to 19 form part of these financial statements

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	Note	Period ended 31 December 2013 £	Period ended 28 February 2013 (unaudited) £
Net cash flow from operating activities	15	(709,506)	(137,535)
Returns on investments and servicing of finance	16	507	-
Capital expenditure and financial investment	16	(68,481)	(29,930)
CASH OUTFLOW BEFORE FINANCING		(777,480)	(167,465)
Financing	16	1,200,119	207,886
INCREASE IN CASH IN THE PERIOD		422,639	40,421

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	Period ended 31 December 2013 £	Period ended 28 February 2013 (unaudited) £
Increase in cash in the period	422,639	40,421
Cash inflow from increase in debt and lease financing	-	(207,885)
MOVEMENT IN NET FUNDS/ (DEBT) IN THE PERIOD	422,639	(167,464)
Net debt at 1 March 2013	(167,464)	-
NET FUNDS/(DEBT) AT 31 DECEMBER 2013	255,175	(167,464)

The notes on pages 9 to 19 form part of these financial statements

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

1.2 Going concern

The financial statements have been prepared on the going concern basis

1.3 Turnover

Turnover represents profits derived from the company's principal activity. The principal activity of the company is that of trading financial products relating to foreign currencies and contracts for difference. Income is recognised as it is earned on the completion of trades.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	3 year straight line
Office equipment	-	3 year straight line
Computer equipment	-	3 year straight line

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

1 ACCOUNTING POLICIES (continued)**1.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.8 Financial assets and liabilities

Financial assets and liabilities are classified as "fair value through profit or loss" or "loans and receivables" Financial assets and liabilities are classified into their respective categories at the initial recognition date Financial assets and liabilities at fair value through profit and loss are initially recognised at fair value, with subsequent changes in fair value recognised in the profit and loss account Loans and receivables are initially valued at fair value and subsequently measured at amortised cost

Financial assets and liabilities at fair value through profit or loss Assets and liabilities in this category are usually held for short-term gain and are classified as current assets if they are either held for trading or expected to be realised within 12 months of the balance sheet date

Loans and receivables Loans and receivables are non-derivative financial assets which have a fixed or easily determinable value They are included in current assets except for those with maturities greater than 12 months after the balance sheet date, which are held in non-current assets

The company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired Any impairment loss is recognised in the profit and loss account

1.9 Trade debtors

Trade debtors are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less allowances for credit losses An allowance for credit losses is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors The amount of the allowance for credit losses is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate Movements on the allowance for credit losses are recognised in the profit and loss account

1.10 Cash and bank deposits

Cash at bank and in hand includes cash in hand and deposits held at call with banks

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES (continued)**1.11 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.12 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 balance sheet. See note 20 for details of the balances held.

2. TURNOVER

The whole of the turnover is attributable to margins earned on trades executed by clients.

All turnover arose within the United Kingdom.

3. OTHER OPERATING INCOME

	Period ended 31 December 2013 £	<i>Period ended 28 February 2013 (unaudited) £</i>
Rents and rent-related charges receivable	38,309	-

4. OPERATING LOSS

The operating loss is stated after charging

	Period ended 31 December 2013 £	<i>Period ended 28 February 2013 (unaudited) £</i>
Depreciation of tangible fixed assets		
- owned by the company	15,352	870
Auditors' remuneration	11,500	-
Auditors' remuneration - taxation services	2,250	-
Operating lease rentals		
- Land and buildings	48,239	10,000
Difference on foreign exchange	93	-

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	Period ended 31 December 2013 £	<i>Period ended 28 February 2013 (unaudited) £</i>
Wages and salaries	266,294	-
Social security costs	31,588	-
	<u>297,882</u>	<u>-</u>

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

	Period ended 31 December 2013 No	<i>Period ended 28 February 2013 (unaudited) No</i>
Management	2	-
Sales	1	-
Marketing	1	-
Operations	1	-
	<u>5</u>	<u>-</u>

6 DIRECTORS' REMUNERATION

	Period ended 31 December 2013 £	<i>Period ended 28 February 2013 (unaudited) £</i>
Remuneration	112,500	-
	<u>112,500</u>	<u>-</u>

7. TAXATION

	Period ended 31 December 2013 £	<i>Period ended 28 February 2013 (unaudited) £</i>
Analysis of tax charge in the period		
Deferred tax (see note 11)		
Origination and reversal of timing differences	13,726	-
	<u>13,726</u>	<u>-</u>
Tax on loss on ordinary activities	<u>13,726</u>	<u>-</u>

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

7. TAXATION (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2013 - the same as) the standard rate of corporation tax in the UK of 20% (2013 - 20%) The differences are explained below

	Period ended 31 December 2013 £	Period ended 28 February 2013 (unaudited) £
Loss on ordinary activities before tax	(766,732)	(153,385)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 - 20%)	(153,346)	(30,677)
Effects of:		
Expenses not deductible for tax purposes	6,047	-
Unrelieved tax losses carried forward	147,299	30,677
Current tax charge for the period (see note above)	-	-

Factors that may affect future tax charges

The company has an unrecognised deferred tax asset of £175,444 (28 February 2013 £30,677) in relation to carried forward trading losses. The deferred tax asset has not been recognised due to the uncertainty over the timing of its recoverability.

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 March 2013	4,200	25,730	-	29,930
Additions	1,326	8,551	58,604	68,481
At 31 December 2013	5,526	34,281	58,604	98,411
Depreciation				
At 1 March 2013	695	175	-	870
Charge for the period	842	8,995	5,515	15,352
At 31 December 2013	1,537	9,170	5,515	16,222
Net book value				
At 31 December 2013	3,989	25,111	53,089	82,189
At 28 February 2013 (unaudited)	3,505	25,555	-	29,060

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

9. DEBTORS

	31 December 2013 £	28 February 2013 (unaudited) £
Trade debtors	10,512	-
Other debtors	62,942	5,150
Called up share capital not paid	-	1
Prepayments and accrued income	21,712	5,000
	<u>95,166</u>	<u>10,151</u>

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

10 CREDITORS:

Amounts falling due within one year

	31 December 2013	<i>28 February 2013 (unaudited)</i>
	£	£
Loans from shareholders	207,885	207,885
Trade creditors	102,177	22,432
Other taxation and social security	13,647	-
Financial liabilities at fair value through profit or loss	3,540	-
Accruals and deferred income	33,163	2,699
	<u>360,412</u>	<u>233,016</u>

Other loans, represents amounts owed to shareholders and the amount owed is unsecured, interest free and repayable upon demand

Financial liabilities at fair value through profit or loss represent trades made by clients and the company that remain open at 31st December 2013. The value of the open trades has been calculated with reference to their market value and adjusted for any foreign exchange rate fluctuations and as such are categorised as Level 2 financial liabilities in accordance with FRS 29. Any gains or losses are taken through profit or loss.

11. DEFERRED TAXATION

	31 December 2013	<i>28 February 2013 (unaudited)</i>
	£	£
At beginning of period	-	-
Charge for period (P&L)	13,726	-
At end of period	<u>13,726</u>	<u>-</u>

The provision for deferred taxation is made up as follows

	31 December 2013	<i>28 February 2013 (unaudited)</i>
	£	£
Accelerated capital allowances	<u>13,726</u>	<u>-</u>

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

12 SHARE CAPITAL

	31 December 2013 £	28 February 2013 (unaudited) £
Allotted, called up and fully paid		
600 (February 2013 - 1) Ordinary A shares shares of £1 each	600	1
600 Ordinary B shares shares of £1 each	600	-
	<u>1,200</u>	<u>1</u>

Class A shares have full dividend rights and full voting rights, with one vote per share Class B shares have full dividend rights and no voting rights

13. RESERVES

	Share premium account £	Profit and loss account £
At 1 March 2013	-	(153,385)
Loss for the financial period	-	(780,458)
Premium on shares issued during the period	1,198,920	-
	<u>1,198,920</u>	<u>(933,843)</u>
At 31 December 2013	<u>1,198,920</u>	<u>(933,843)</u>

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 2013 £	28 February 2013 (unaudited) £
Opening shareholders' deficit	(153,384)	-
Loss for the financial period	(780,458)	(153,385)
Shares issued during the period	1,199	1
Share premium on shares issued (net of expenses)	1,198,920	-
	<u>266,277</u>	<u>(153,384)</u>
Closing shareholders' funds/(deficit)	<u>266,277</u>	<u>(153,384)</u>

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

15. NET CASH FLOW FROM OPERATING ACTIVITIES

	Period ended 31 December 2013 £	<i>Period ended 28 February 2013 (unaudited) £</i>
Operating loss	(767,239)	(153,385)
Depreciation of tangible fixed assets	15,352	870
Increase in debtors	(85,015)	(10,151)
Increase in creditors	127,396	25,131
Net cash outflow from operating activities	(709,506)	(137,535)

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Period ended 31 December 2013 £	<i>Period ended 28 February 2013 (unaudited) £</i>
Returns on investments and servicing of finance		
Interest received	507	-
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(68,481)	(29,930)
Financing		
Issue of ordinary shares	1,200,119	1
Other new loans	-	207,885
Net cash inflow from financing	1,200,119	207,886

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

17. ANALYSIS OF CHANGES IN NET DEBT

	1 March 2013 (unaudited) £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	40,421	422,639	-	463,060
Debt:				
Debts due within one year	(207,885)	-	-	(207,885)
Net debt	<u>(167,464)</u>	<u>422,639</u>	<u>-</u>	<u>255,175</u>

18 OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows

	31 December 2013 £	Land and buildings 28 February 2013 (unaudited) £
Expiry date:		
Between 2 and 5 years	<u>59,787</u>	<u>-</u>

19 RELATED PARTY TRANSACTIONS

During the period costs incurred by the company were funded by a loan from the shareholder, A K Bahirwani

At the balance sheet date, the loan outstanding was £207,885, due to the shareholder. The amount owed is unsecured, interest free and repayable upon demand

20. POST BALANCE SHEET EVENTS

On 28 January 2014, the company changed its name from Monex Capital Markets Limited to Valutrades Limited

21 CONTROLLING PARTY

The controlling party is A K Bahirwani, the major shareholder of the company

22. CLIENT BANK ACCOUNTS

The company operates three client money bank accounts. As at 31st December 2013 the total balance of these accounts was £22,409 (2012 - £Nil)

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

23. FINANCIAL RISK MANAGEMENT**Market Risk**

As part of the company's usual trading operations, at the balance sheet date there are trades made by clients and the company that have yet to close. These open positions are initially recorded at fair value based on the particular quoted market price and subsequent price movements are reflected in the profit and loss. As a consequence the company is exposed to movements in the various markets being traded. The company manages its market risk exposure by hedging out the positions of all its clients' trades. As at the 31st December 2013 the directors do not believe that any movements in the underlying trades would have a material impact on the company.

Credit Risk

It is the company's policy not to grant credit to clients. Insofar as the underlying contracts represent a leveraged trading service, the 'credit' applicable to the client's account is limited to the amount of margin within that account such that there is no exposure to the company.

The company has in place sophisticated systems on both trading platforms it offers that will not permit a client to trade in excess of the margin balance on their account. Given the assessment mentioned above it is thought that the company's exposure to credit risk is particularly low.

Liquidity Risk

All the firm's non-derivative financial liabilities are due for payment within one year.

The firm manages its liquidity through the management of its working capital requirements.

Interest Rate Risk

The company has limited exposure to interest rate risk on its cash positions and any borrowing. Such exposures are managed as efficiently as possible, given that working capital needs to be maintained. Cash at bank is usually held within instant access current accounts. Borrowings consist of a loan with the shareholder. The effect of a 100 basis points increase/decrease in interest rates would not have a material impact on pre-tax losses or equity.

Capital Risk Management

The company manages its capital, defined as the company's equity capital and reserves, to ensure that it is able to operate as a going concern and exceeds the minimum capital requirements set out by the FCA. The company held surplus capital over the FCA requirements throughout the period.

Fair Value of Financial Assets and Liabilities Held at Amortised Cost

The separate disclosure of the fair value of financial assets and liabilities held at amortised cost is not deemed necessary as the carrying amount is considered to be a reasonable approximation of fair value.

Capital Requirements Directive – Pillar 3 Disclosure

Introduction

Regulatory Context

The Pillar 3 disclosure of Valutrades Limited ("the Firm") is set out below as required by the FCA's "Prudential Sourcebook for Banks, Building Societies and Investment Firms" (BIPRU) specifically BIPRU 11.3.3 R (for ICAAP) and BIPRU 11.5.18 R (for remuneration). This follows the introduction of the Capital Requirements Directive ("CRD") which represents the European Union's application of the Basel Capital Accord. The regulatory aim of the disclosures is to improve transparency and thereby to protect consumers.

The FCA framework consists of three Pillars:

- Pillar 1 sets out the minimum capital requirements that a firm needs to retain to meet its credit, market and operational risks.
- Pillar 2 requires the firm and the FCA to take a view on whether it needs to hold additional capital against firm specific risks not covered by Pillar 1.
- Pillar 3 requires a firm to develop a set of disclosures which will allow market participants to assess key information about its underlying risks, risk management controls and capital position.

Frequency (BIPRU 11.4.4)

The Firm will be making Pillar 3 disclosures annually. The disclosures will be as at the Accounting Reference Date ("ARD") which is currently 31 December.

Media and Location (BIPRU 11.3)

The disclosure is published in our Accounts only and will be available from the Registered Office on request.

Verification (BIPRU 11.3)

The information contained in this document has not been audited by the Firm's external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgement on Valutrades Limited.

Materiality and Confidentiality (BIPRU 11.4.1 & BIPRU 11.4.2 & BIPRU 11.4.3)

The rules provide that we may omit one or more of the required disclosures if we believe that the information is immaterial. Materiality is based on the criterion that the omission or misstatement of any information would be likely to change or influence the decision of a reader relying on that information. Where we have considered a disclosure to be immaterial, we have stated this in the document.

In addition, we may also omit one or more of the required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

19.2 Corporate Background

19.2.1 The Firm

The Firm is incorporated in the UK and is authorised and regulated by the FCA to provide execution only trading services. Valutrades Limited Markets is permitted to deal with all customer types – retail, professional and eligible counterparties. The firm may hold and control client money. The Firm's activities give it the BIPRU categorisation of "Limited Licence" and a "BIPRU €125K" firm.

The Firm is considered a Proportionality level three firm for the purposes of the FCA's Remuneration Code. This allows it to disapply many of the technical requirements of the Code and proportionately apply the Code's rules and principles in establishing its Remuneration Policy.

19.2.2 Scope of Disclosure (BIPRU 11.4.5 & BIPRU 11.5.2)

The scope of this Pillar 3 disclosure applies to Valutrades Limited, the disclosure is produced on an individual basis.

19.3 Risk Management and Risk Categories (BIPRU 11.5.1)

19.3.1 Risk Management

The Firm's Chief Executive Officer ('CEO') is ultimately responsible for the overall risk management approach of the Firm and for approving and monitoring risk strategies, setting limits, applying principles and ensuring appropriate risk reduction strategies and procedures are coordinated and implemented.

The Firm has exposure to the following risks:

- Credit Risk
- Liquidity Risk
- Operational Risk
- Foreign Exchange Risk

19.3.2 Risk Management by Category

Market Risk – Trading

All transactions that are executed are done so on a Principal basis by Valutrades Limited. All completed transactions are systematically matched to clients' orders. However, no order shall be executed if the client does not have sufficient collateral within their client account. Valutrades Limited are therefore never entering a transaction that will not be netted off to the client and as such Valutrades Limited are acting as a Matched Principal only, taking no market positions themselves and therefore having no market risk.

Credit Risk (BIPRU 11.5.7 & BIPRU 11.5.8)

The Firm has credit risk with banks with which it deposits funds and market counterparties. The firm sets limits as to the maximum exposure for each counterparty and where possible requests for its funds to receive client money protection to reduce exposure to credit risk. The Firm's credit risk is also the risk that clients will cause a financial loss for the Firm by failing to discharge their financial obligations to it.

The Firm has negligible client credit risk as it requires clients to place a margin or deposit in their account for all trades before they are permitted to deal with the Firm. The Firm has a formal margin policy and clients must top up their margin to pre-set levels if they fall below these, or the Firm may enforce the liquidation of one or more of their open positions.

The Firm does not extend credit over and above clients being permitted to trade at the Firm's pre-set margin levels, nor does it accept financial instruments other than cash by way of collateral. This further mitigates any credit risk to the Firm.

Liquidity Risk

Liquidity risk is the risk that the Firm will encounter difficulty in meeting its financial obligations. The Firm's approach to liquidity is to ensure that as far as possible it will always have sufficient liquidity to meet its clients' and brokers' margin requirements and liabilities when they fall due. This is achieved by ongoing monitoring of the Firm's available working capital as compared with the amounts due to clients and counterparties, as settled daily to their respective P&Ls.

Any failure by the Firm to meet its payment obligations could result in market counterparties closing the Firm's hedging positions or failure to meet client withdrawal requests, either of which would have material adverse consequences for the Firm's business. The cash position of the Firm is therefore monitored closely and contingency plans are always in place to meet unexpected demands.

Operational Risk

The Firm's operational risk is the risk that the Firm will derive losses through inherent failure in its processes, personnel, technology or infrastructure or by external forces impacting on any of these. These risks are countered through regular assessment of the likelihood of these risks as part of the Firm's ongoing internal risk management procedures, including maintaining a fully up-to-date risk register and ICAAP, and contingency planning for how to deal with such risks arising. The Firm's ICAAP also details expected costs which would be associated with risks which cannot be fully mitigated, and these are taken into account when planning the Firm's capital.

Foreign Exchange Risk

The Firm operates globally and uses pounds sterling as its functional currency and is thus exposed to foreign exchange risk arising from various currency combinations. Foreign currency-denominated assets and liabilities together with expected cash flows give rise to foreign exchange exposures. Due to changes in global markets currency combinations will also change within a financial year.

19.4 Capital

19.4.1 Capital Management (BIPRU 11.5.4)

The Firm's objectives when managing capital are to safeguard the Firm's ability to continue as a going concern and to ensure there is always adequate capital to meet trading requirements, margin requirements, ongoing working capital requirements and the FCA's capital requirements.

In order to maintain or adjust the capital structure, the Firm may issue new shares to its shareholders.

Capital is managed through budgeting, forecasting and monthly entity and consolidated capital reporting.

19.4.2 Capital Resources (BIPRU 11.5.3)

The Firm regards its capital position to include all financial assets and liabilities, therefore the year end capital position was £299,603 77

19.4.3 Capital Adequacy (BIPRU 11.5.12 & BIPRU 11.5.14)

As the firm is a BIPRU €125,000 Firm, it has calculated its capital resources in accordance with GENPRU 2.2 The firm's Pillar 1 capital resource requirements is the higher of the base capital requirements and the variable capital resource requirements

Base Capital requirement	€125,000 (conservative sterling equivalent £100,000)
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Variable capital resource requirement

The higher of:

(1) The sum of the Credit Risk Capital Requirement and the Market Risk Capital Requirement, or (2) The fixed overhead requirement

19.4.4 Capital Requirement

The firm's Pillar 1 requirement is £185,000

Based on an assessment of risks, it is the opinion of the Directors that the processes and procedures and governance structure of the firm are suitable to remove any additional capital requirement held above the Pillar 1 assessment

There is a surplus of reserves above the capital resource requirement deemed necessary to cover the risks identified

19.5 Remuneration (BIPRU 11.5.18 - BIPRU 11.5.21)

19.5.1 Remuneration Disclosure

Under the FCA's Remuneration Code, Valutrades Limited Markets has determined that it is a Level 3 firm, which allows it to disapply many of the technical requirements of the Code and proportionately apply the Code's rules and principles in establishing its Remuneration Policy

19.5.2 Decision making Process for Remuneration Policy

Given that the business only commenced trading during 2013 and its size and scale, the Remuneration Policy was determined and administered by the Firm's Directors

The Firm's does not currently pay variable remuneration All employees' remuneration is fixed

19.5.3 Code Staff Criteria

The following groups of employees have been identified as meeting the FCA's criteria for Code Staff

- Any employee holding a significant influence function

19.5.4 The Link between Pay and Performance for Code Staff

Code staff remuneration is made up of fixed (basic salary) only

19.5.5 Aggregate Quantitative Information on Remuneration for Code Staff

For the year ending 31st December 2013, there were two Code Staff (as defined above) Both were senior management Aggregate remuneration expenditure in respect of Code Staff was £187,500

Remuneration expenditure was divided between fixed and variable remuneration as follows

- Fixed remuneration £187,500
- Variable remuneration £0
- Number of beneficiaries 2

Fixed remuneration consists of basic salaries only while variable remuneration consists of bonus payments

19.6 BIPRU 11.5 Technical criteria on disclosure not relevant to The Firm

19.6.1 BIPRU 11.5.5 & BIPRU 11.5.6:

These disclosures are not required as the Firm has not adopted the Internal Ratings Based approach to Credit Risk and therefore is not affected by BIPRU 11.5.4R (3).

19.6.2 BIPRU 11.5.9 Credit risk and dilution risk

This disclosure is not required as the Firm does not make Value Adjustments and Provisions for Impaired exposures that need to be disclosed under BIPRU 11.5.8R (9)

19.6.3 BIPRU 11.5.10: Firms calculating risk weighted exposure amounts in accordance with the standardised approach

This disclosure is not required as the Firm uses the Simplified method of calculating Risk Weights (BIPRU 3.5)

19.6.4 BIPRU 11.5.11: Firms calculating Risk Weighted Exposure amounts using the IRB Approach

This disclosure is not required as the Firm has not adopted the Internal Ratings Based approach to Credit and therefore is not affected by BIPRU 11.5.4R (3)

19.6.5 BIPRU 11.5.13: Use of VaR model for calculation of market risk capital requirement

This disclosure is not required as the Firm does not use a VaR model for calculation of Market Risk Capital Requirement

19.6.6 BIPRU 11.5.15 Non-trading book exposures in equities

This disclosure is not required as the Firm does not have a Non-Trading Book Exposure to Equities

19.6.7 BIPRU 11.5.16: Exposures to Interest Rate Risk in the Non-Trading Book

Although the Firm has cash balances on its Balance Sheet, there is currently no significant exposure to Interest Rate fluctuations

19 6.8 BIPRU 11.5 17: Securitisation

This disclosure is not required as the Firm does not securitise its assets