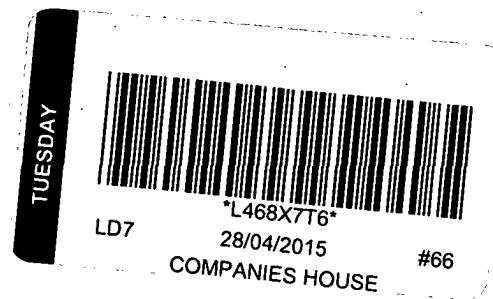


Registered number: 07939901

VALUTRADES LIMITED
(formerly MONEX CAPITAL MARKETS LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014



VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

COMPANY INFORMATION

DIRECTORS

A. K. Bahirwani
P. G. Devlin (appointed 15 December 2014)
P.A. Latchford (resigned 15 December 2014)

REGISTERED NUMBER

07939901

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 YEAR ENDED 31 DECEMBER 2014**

BUSINESS REVIEW

Building of the Valutrades brand and business continued throughout 2014. The Firm continued to build systems to support the trading solutions offered. This included on-boarding new payment solutions, re-vamping and improving the CRM system, and continued web development. In conjunction with this the Firm also continued various sales and marketing strategies for the business, with varying levels of success.

Valutrades continued to offer clients 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 well-established MT4 continued to be in favour with clients. During the middle of the year the Firm changed its MT4 white label to Valutrades CY Limited, a commonly controlled company based in Cyprus and regulated by CYSEC. By doing this the firm hopes to save costs in the long run and continue to offer valued clients highly competitive market rates.

The Firm has noted that trade volumes were very low during the first two thirds of 2014. However certain global events led to a marked increase in volumes in the last third. So whilst results are disappointing for the year, the Firm feels positive about the future given its growing client base and market price action. The return on net assets of the company for the year was -81.5% (2013: -293.1%).

To continue Valutrades growth objective within this highly competitive market place, the Firm plans; a re-launch of its website; continued growth in partnerships with Introductory Brokers; cost savings, by embarking on more effective marketing strategies, during 2015. The firm has adequate capital to continue for the foreseeable future.

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

PRINCIPAL RISKS AND UNCERTAINTIES

The principle risks and uncertainties to the firm remain the same as any young technology based 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, re-enforcing the strong foundations built, upon which the client experience can be better than our competitors. We continue therefore to invest heavily in, not only our trading solutions, but also building operational excellence so that the client journey from account opening to trading is smooth and efficient. We will do this by embarking on the plans referred to above, including the re-launch of our website.

Other risks to the business remain predominantly regulatory in nature, an issue that affects the industry in general.

This report was approved by the board on 24th April 2015 and signed on its behalf.


P. G. Devlin
Director

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

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 year, after taxation, amounted to £1,017,700 (2013 - £780,458).

No dividends were paid or proposed during the year (2013 - £Nil).

DIRECTORS

The directors who served during the year were:

A. K. Bahirwani
P. G. Devlin (appointed 15 December 2014)
P.A. Latchford (resigned 15 December 2014)

FUTURE DEVELOPMENTS

The company expects to continue with its present activities.

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

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 *24th April 2015* and signed on its behalf.



P. G. Devlin
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 year ended 31 December 2014, set out on pages 7 to 20. 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 2014 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.

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 year 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, Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

Date: 24 April 2015

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

| | Note | 31 December 2014 £ | <i>Period ended 31 December 2013 £</i> |
|--|------|--------------------------|--|
| TURNOVER | 1,2 | 315,004 | <i>(2,117)</i> |
| Administrative expenses | | (1,382,188) | <i>(803,431)</i> |
| Other operating income | 3 | 35,535 | <i>38,309</i> |
| OPERATING LOSS | 4 | (1,031,649) | <i>(767,239)</i> |
| Interest receivable and similar income | | 223 | <i>507</i> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (1,031,426) | <i>(766,732)</i> |
| Tax on loss on ordinary activities | 7 | 13,726 | <i>(13,726)</i> |
| LOSS FOR THE FINANCIAL YEAR | 13 | (1,017,700) | <i>(780,458)</i> |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 10 to 20 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 DECEMBER 2014

| | Note | £ | 2014 £ | £ | 2013 £ |
|---|------|------------------|--------------------|------------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 8 | | 49,547 | | 82,189 |
| CURRENT ASSETS | | | | | |
| Debtors | 9 | 665,761 | | 95,166 | |
| Cash at bank and in hand | | 1,203,582 | | 463,060 | |
| | | <u>1,869,343</u> | | <u>558,226</u> | |
| CREDITORS: amounts falling due within one year | 10 | (670,313) | | (360,412) | |
| NET CURRENT ASSETS | | | 1,199,030 | | 197,814 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 1,248,577 | | 280,003 |
| PROVISIONS FOR LIABILITIES | | | | | |
| Deferred tax | 11 | | - | | (13,726) |
| NET ASSETS | | | 1,248,577 | | 266,277 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 12 | | 3,200 | | 1,200 |
| Share premium account | 13 | | 3,196,920 | | 1,198,920 |
| Profit and loss account | 13 | | <u>(1,951,543)</u> | | <u>(933,843)</u> |
| SHAREHOLDERS' FUNDS | 14 | | 1,248,577 | | 266,277 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
24th April 2015

P. G. Devlin

P. G. Devlin
 Director

The notes on pages 10 to 20 form part of these financial statements.

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

| | Note | 31 December 2014 £ | Period ended 31 December 2013 £ |
|---|------|--------------------------|--|
| Net cash flow from operating activities | 15 | (1,259,701) | (709,506) |
| Returns on investments and servicing of finance | 16 | 223 | 507 |
| Capital expenditure and financial investment | 16 | - | (68,481) |
| CASH OUTFLOW BEFORE FINANCING | | (1,259,478) | (777,480) |
| Financing | 16 | 2,000,000 | 1,200,119 |
| INCREASE IN CASH IN THE YEAR | | 740,522 | 422,639 |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

| | | 31 December 2014 £ | Period ended 31 December 2013 £ |
|--|----|--------------------------|--|
| Increase in cash in the year | | 740,522 | 422,639 |
| MOVEMENT IN NET FUNDS IN THE PERIOD | | 740,522 | 422,639 |
| Net funds/(debt) at 1 January 2014 | | 255,175 | (167,464) |
| NET FUNDS AT 31 DECEMBER 2014 | 17 | 995,697 | 255,175 |

The notes on pages 10 to 20 form part of these financial statements.

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**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 YEAR ENDED 31 DECEMBER 2014

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 YEAR ENDED 31 DECEMBER 2014

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 22 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

| | 31 December 2014 £ | <i>Period ended</i> 31 December 2013 £ |
|---|--------------------------|---|
| Rents and rent-related charges receivable | <u>35,535</u> | <u>38,309</u> |

4. OPERATING LOSS

The operating loss is stated after charging:

| | 31 December 2014 £ | <i>Period ended</i> 31 December 2013 £ |
|--|--------------------------|---|
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 32,642 | 15,352 |
| Auditors' remuneration | 12,500 | 11,500 |
| Auditors' remuneration - taxation services | 2,750 | 2,250 |
| Operating lease rentals: | | |
| - Land and buildings | 69,498 | 48,239 |
| Difference on foreign exchange | 10,574 | 93 |
| Auditors' remuneration - other | <u>1,250</u> | <u>-</u> |

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

5. STAFF COSTS

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

| | 31 December 2014 | <i>Period ended 31 December 2013</i> |
|-----------------------|-----------------------------|--|
| | £ | £ |
| Wages and salaries | 377,281 | 266,294 |
| Social security costs | 44,574 | 31,588 |
| | <u>421,855</u> | <u>297,882</u> |

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

| | 31 December 2014 | <i>Period ended 31 December 2013</i> |
|------------|-----------------------------|--|
| | No. | No. |
| Management | 2 | 2 |
| Sales | 2 | 1 |
| Marketing | 1 | 1 |
| Operations | 1 | 1 |
| | <u>6</u> | <u>5</u> |

6. DIRECTORS' REMUNERATION

| | 31 December 2014 | <i>Period ended 31 December 2013</i> |
|--------------|-----------------------------|--|
| | £ | £ |
| Remuneration | <u>224,388</u> | <u>112,500</u> |

The highest paid director received remuneration of £141,775 (2013 - £112,500).

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

7. TAXATION

| | 31 December 2014 £ | Period ended 31 December 2013 £ |
|--|--------------------------|--|
| Analysis of tax charge in the year/period | | |
| Deferred tax (see note 11) | | |
| Origination and reversal of timing differences | (13,726) | 13,726 |
| Tax on loss on ordinary activities | (13,726) | 13,726 |

Factors affecting tax charge for the year/period

The tax assessed for the year/period is the same as (2013 - the same as) the standard rate of corporation tax in the UK of 20% (2013 - 20%) as set out below:

| | 31 December 2014 £ | Period ended 31 December 2013 £ |
|--|--------------------------|--|
| Loss on ordinary activities before tax | (1,031,426) | (766,732) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 - 20%) | (206,285) | (153,346) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 484 | 6,047 |
| Capital allowances for year/period in excess of depreciation | 6,528 | - |
| Unrelieved tax losses carried forward | 199,318 | 147,299 |
| Other differences leading to an increase (decrease) in the tax charge | (45) | - |
| Current tax charge for the year/period (see note above) | - | - |

Factors that may affect future tax charges

The company has an unrecognised deferred tax asset of £373,011 (2013: £175,444) 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.

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

8. TANGIBLE FIXED ASSETS

| | Fixtures and fittings £ | Office equipment £ | Computer equipment £ | Total £ |
|--|----------------------------|-----------------------|-------------------------|------------|
| Cost | | | | |
| At 1 January 2014 and 31 December 2014 | 5,526 | 34,281 | 58,604 | 98,411 |
| Depreciation | | | | |
| At 1 January 2014 | 1,537 | 9,170 | 5,515 | 16,222 |
| Charge for the year | 1,842 | 11,427 | 19,373 | 32,642 |
| At 31 December 2014 | 3,379 | 20,597 | 24,888 | 48,864 |
| Net book value | | | | |
| At 31 December 2014 | 2,147 | 13,684 | 33,716 | 49,547 |
| At 31 December 2013 | 3,989 | 25,111 | 53,089 | 82,189 |

9. DEBTORS

| | 2014 £ | 2013 £ |
|--|----------------|---------------|
| Trade debtors | 23,781 | 10,512 |
| Amounts owed by related party undertakings | 160,605 | - |
| Financial assets at fair value through profit and loss | 281,829 | - |
| Other debtors | 12,762 | 62,942 |
| Prepayments and accrued income | 186,784 | 21,712 |
| | <u>665,761</u> | <u>95,166</u> |

Financial assets at fair value through profit or loss represent trades made by clients and the company that remain open at 31st December 2014. 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 assets in accordance with FRS 29. Any gains or losses are taken through profit or loss.

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

10. CREDITORS:

Amounts falling due within one year

| | 2014 | 2013 |
|--|----------------|----------------|
| | £ | £ |
| Loans from shareholders | 207,885 | 207,885 |
| Trade creditors | 16,184 | 102,177 |
| Other taxation and social security | 8,992 | 13,647 |
| Financial liabilities at fair value through profit or loss | 281,829 | 3,540 |
| Other creditors | 4,198 | - |
| Accruals and deferred income | 151,225 | 33,163 |
| | <u>670,313</u> | <u>360,412</u> |

Loans from shareholders, 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 2014. 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

| | 2014 | 2013 |
|--|----------|---------------|
| | £ | £ |
| At beginning of year/period | 13,726 | - |
| (Released during)/charge for year/period (P&L) | (13,726) | 13,726 |
| At end of year/period | <u>-</u> | <u>13,726</u> |

The provision for deferred taxation is made up as follows:

| | 2014 | 2013 |
|--------------------------------|----------|---------------|
| | £ | £ |
| Accelerated capital allowances | <u>-</u> | <u>13,726</u> |

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

12. SHARE CAPITAL

| | 2014 £ | 2013 £ |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 1,600 (February 2013 - 600) Ordinary A shares shares of £1 each | 1,600 | 600 |
| 1,600 (2013 - 600) Ordinary B shares shares of £1 each | 1,600 | 600 |
| | <u>3,200</u> | <u>1,200</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.

During the year 1,000 Ordinary A shares, with a nominal value of £1, were issued for £1,000,000.
During the year 1,000 Ordinary B shares, with a nominal value of £1, were issued for £1,000,000.

13. RESERVES

| | Share premium account £ | Profit and loss account £ |
|--|----------------------------------|---------------------------------|
| At 1 January 2014 | 1,198,920 | (933,843) |
| Loss for the financial year | - | (1,017,700) |
| Premium on shares issued during the year | 1,998,000 | - |
| | <u>3,196,920</u> | <u>(1,951,543)</u> |
| At 31 December 2014 | <u>3,196,920</u> | <u>(1,951,543)</u> |

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2014 £ | 2013 £ |
|--|------------------|----------------|
| Opening shareholders' funds/(deficit) | 266,277 | (153,384) |
| Loss for the financial year/period | (1,017,700) | (780,458) |
| Shares issued during the year/period | 2,000 | 1,199 |
| Share premium on shares issued (net of expenses) | 1,998,000 | 1,198,920 |
| | <u>1,248,577</u> | <u>266,277</u> |
| Closing shareholders' funds | <u>1,248,577</u> | <u>266,277</u> |

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

15. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 31 December 2014 £ | <i>Period ended 31 December 2013 £</i> |
|--|--------------------------|--|
| Operating loss | (1,031,649) | (767,239) |
| Depreciation of tangible fixed assets | 32,642 | 15,352 |
| Increase in debtors | (570,594) | (85,015) |
| Increase in amounts owed by related party undertakings | (160,605) | - |
| Increase in creditors | 309,901 | 127,396 |
| Net cash outflow from operating activities | (1,259,701) | (709,506) |

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

| | 31 December 2014 £ | <i>Period ended 31 December 2013 £</i> |
|--|--------------------------|--|
| Returns on investments and servicing of finance | | |
| Interest received | 223 | 507 |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | - | (68,481) |
| Financing | | |
| Issue of ordinary shares | 2,000,000 | 1,200,119 |

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

17. ANALYSIS OF CHANGES IN NET FUNDS

| | 1 January 2014 £ | Cash flow £ | Other non-cash changes £ | 31 December 2014 £ |
|---------------------------|------------------------|----------------|-----------------------------------|--------------------------|
| Cash at bank and in hand | 463,060 | 740,522 | - | 1,203,582 |
| Debt: | | | | |
| Debts due within one year | (207,885) | - | - | (207,885) |
| Net funds | 255,175 | 740,522 | - | 995,697 |

18. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | |
|-----------------------|--------------------|-----------|
| | 2014 £ | 2013 £ |
| Expiry date: | | |
| Within 1 year | 39,858 | - |
| Between 2 and 5 years | - | 59,787 |

19. RELATED PARTY TRANSACTIONS

During the year 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 (2013 - £207,885), due to the shareholder. The amount owed is unsecured, interest free and repayable upon demand.

During the year the company provided services to Valutrade CY Limited, a company registered in Cyprus, and a company under common control, amounting to £273,894 (2013 - £NIL). At the balance sheet date the company was owed £160,605 from Valutrade CY Limited (2013 - £NIL).

During the year the company received services from Monex Investindo Futures, a company under common control, for £NIL consideration. These services included: outsourcing of telephone answering during non-working UK hours, web development, customer support, CFO review of monthly management accounts and financial advice.

20. CONTROLLING PARTY

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

21. CLIENT BANK ACCOUNTS

The company operates three client money bank accounts. As at 31st December 2014 the total balance of these accounts was £400,247 (2013 - £22,409).

VALUTRADES LIMITED (FORMERLY MONEX CAPITAL MARKETS LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

22. 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 2014 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

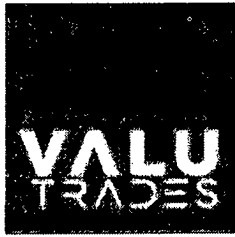
The company has limited exposure to interest rate risk on its cash positions and any borrowing. Such exposures are managed as efficiently as possible, given that working capital needs to be maintained. Cash at bank is usually held within instant access current accounts. Borrowings consist of a loan with 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.



Valutrades Limited

Pillar 3 Disclosures

2014

Capital Requirements Directive - Pillar 3 Disclosure

Introduction

Pillar 3 complements the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The requirements of the CRD have been outlined by Financial Conduct Authority (FCA) rules and guidance within the General Prudential Sourcebook (GENPRU) and the Prudential Sourcebook for Investment Firms (IFPRU). Pillar 3 also incorporates the provisions of Systems and Controls (SYSC 19) related to remuneration.

On 26 June 2013 the European Parliament and Council approved the Capital Requirements Regulation ("CRR") and Capital Requirements Directive ("CRD"), which together comprise CRD IV. This came in to force from 1 January 2014 with the CRR directly binding on all EU member states while the CRD needed to be incorporated into national law by the same date. CRD IV replaces the existing capital requirements for banks, building societies and a number of investment firms and, for firms within its scope, is applicable at a solo (entity), sub-consolidated and consolidated basis. Under CRD IV, Valutrades Limited will become an IFPRU 125k firm (as defined by the FCA) and will need to comply with the EU CRR and the FCA's IFPRU handbook. CRD IV introduced a stricter definition of capital resources, increased capital requirements, increased reporting obligations (COREP), binding liquidity ratios and new requirements on remuneration. However, the existing Pillar 2 ICAAP assessment, and the FCA's Individual Capital Guidance ("ICG"), is materially unchanged from the previous regime and has been effectively transcribed into the IFPRU handbook.

The changes arising from the implementation of CRD IV have been considered by the Firm in its latest ICAAP assessment, which shows that the Firm remains comfortably in excess of its minimum capital requirements under CRD IV. This document has been developed and published by Valutrades Limited ("the Firm") in order to provide material information for market participants to assess key information about the Company's risk management objectives and controls, its remuneration policies and its capital position.

Overview

The Capital Requirements Directive IV ("CRD") of the European Union created a revised regulatory capital framework across Europe governing how much capital financial services firms must retain. The rules are set out in the CRD under three pillars:

- Pillar 1 sets out the minimum capital resource requirement firms are required to maintain to meet credit, market and operational risks.
- Pillar 2 requires firms to assess firm-specific risks not covered by Pillar 1 and, where necessary, maintain additional capital.
- Pillar 3 requires firms to disclose information regarding their risk assessment process and capital resources with the aim to encourage market discipline by allowing market participants to assess key information on risk exposure and the risk assessment process.

The rules in the PRA and FCA Prudential Sourcebook for Investment Firms ("IFPRU") set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 disclosure obligations.

Frequency

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

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

Verification

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 judgment on Valutrades Limited.

Materiality and Confidentiality

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 the Firm has 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.

Corporate Background

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 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 categorisation of an IFPRU €125k "Limited Licence" 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 applies the Code's rules and principles in establishing its Remuneration Policy.

Scope of Disclosure

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

Risk Management and Risk Categories

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

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

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.

Capital

Capital Management

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.

Capital Resources

The Firm regards its capital position to include all financial assets and liabilities; therefore the year end capital position was £1,248,577.

Capital Adequacy

As the firm is a IFPRU €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 £97,500) |
| 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

Capital Requirement

The firm's Pillar 1 requirement is £214,780.

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.

Remuneration

Remuneration Disclosure

Under the FCA's Remuneration Code, Valutrades Limited 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.

Decision making Process for Remuneration Policy

Due to the Firm's size and scale, the Remuneration Policy was determined and administered by the Firm's Directors.

The Firm's currently pays discretionary variable remuneration, but only to a limited extent. Not all employees' remuneration is fixed. Variable, discretionary and periodic bonuses are agreed where necessary by the Firm's Directors.

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

The Link between Pay and Performance for Code Staff

Code staff remuneration is made up of fixed (basic salary), plus discretionary bonuses.

Aggregate Quantitative Information on Remuneration for Code Staff

For the year ending 31st December 2014, there were three Code Staff employed across the year (as defined above).

All three were senior management. Aggregate remuneration expenditure in respect of Code Staff was £224,388.

Remuneration expenditure was divided between fixed and variable remuneration as follows:

- Fixed remuneration: £209,888
- Variable remuneration: £14,500
- Number of beneficiaries: 3

Fixed remuneration consists of basic salaries only while variable remuneration consists of bonus payments or severance payments.

Technical criteria on disclosure not relevant to The Firm

Risk exposures IRB approach

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

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.

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.

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.

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.

Non-trading book exposures in equities

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

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.

Securitisation

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