

Talos Securities Limited

Annual report and financial statements
for the year ended 31 December 2014

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Talos Securities Limited

Annual report for the year ended 31 December 2014

Contents

Page:

| | |
|---------------|-----------------------------------|
| 1 | Strategic report |
| 3 | Directors' report |
| 5 | Independent auditors' report |
| 7 | Income Statement |
| 8 | Statement of comprehensive income |
| 9 | Statement of financial position |
| 10 | Statement of changes in equity |
| 11 | Cash flow statement |
| 12- 40 | Notes to the financial statements |

General Information

Talos Securities Limited is a company incorporated and domiciled in the United Kingdom.

Directors

A Bataille
A Baumeister
A Buffet
M Cheval
A de Gaudemaris
B Grisoni
P Nunnerley
J Reed
P Sommelet

Company Secretary

M Lloyd

Registered office

Boatman's House
2 Selsdon Way
London
E14 9LA

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Company number

4196325

The principal activity of the company is the provision of execution only stockbroking services and one banking product, i.e. a cash ISA. The company offers trading, shares ISA, SIPP, CTF and cash ISA accounts for its customers. The trading name of the company is Selftrade.

Review of the Business

Trading levels were lower in 2014 compared to 2013. Net Banking Income was lower at £6.3m compared with 2013 (£13.2m). The company's operating expenses improved compared to 2013 due to 2013 containing a large number of exceptional items: the write-off of goodwill for £22.1m, write down of intangible assets of £8.8m, provisioning for various expenses (see note 18) for £3.3m and consultancy costs of £5.0m relating to ongoing projects.

While 2014 did not have the repetition of such exceptional expenses, expense levels have increased in general for the reasons described in more detail below.

As noted in the previous financial statements, after a strategic review that took place in late 2013, several key decisions were made and implemented during the first half of 2014 this included cancellation on 21st March 2014 of the Evolution project to upgrade the company IT platform and the announcement on 1st May of the intention to exit the UK market by selling the customer portfolio and wind down the business.

The main rationale behind this decision being made were changes in the business environment that had made operation of the existing business model increasingly unprofitable due to 1) reduced interest rates on deposits and Client Money in recent years resulting in a significant element of income falling away; 2) the company's own regulatory issues which curtailed the ability to take on new customers and grow the revenue base; and 3) following the cancellation of the Evolution project, significant IT and process improvement costs that would have required substantial capital injections from the parent until the business returned to being profitable. Based on the director's assumptions this was not expected until 2017 at the earliest.

Directors have informed the relevant regulators of the company's intention to exit the market. Accordingly, the financial statements have been prepared on a basis other than the going concern basis (please refer to note 2.1 in the financial statements).

As noted in previous financial statements the company's strategy and objectives included the intention to relinquish its deposit taking permission. The only banking product held by the firm was the Cash ISA product. During early 2014 customers who held this product were given incentives to either close or move their Cash ISA product to another provider. During Q3 2014 the remaining Cash ISA products, not closed or moved to another provider, were migrated to a trust account and thus became client money status as opposed to deposit money. Part of the same project was the change of status of the company's deposit money balances to client money. The successful conclusion of this was on the 4th September 2014 the company was able to surrender its deposit taking permission and the company thereupon ceased to be a bank regulated by the Prudential Regulation Authority.

On 2nd June 2014 a sale of the customer portfolio was agreed with Equiniti Financial Services. A joint project between the company and Equiniti was entered into to plan and execute the migration of the customer portfolio from the company to the buyer. On the week end of 24th and 25th January 2015 this project was completed with the transfer of approximately 105,000 customer accounts to the platform of the buyer.

On the 26th January 2015 the buyer paid the company a net consideration in excess of £17m for the customer portfolio. More details on this sale is covered in note 30 post balance sheet events.

A significant proportion of the existing staff in the operations and customer support functions, transferred to the buyer under the TUPE provisions on 26 January 2015 when the customer assets were transferred. Staff not due to transfer were either made redundant or opted to be retained for the wind down of the Talos group of companies with a view to being made redundant thereafter.

The wind down project largely consists of contract terminations, exiting dissenting customers who did not want to transfer to the buyer, varying the company's regulatory permissions so that it ceases to be a regulated firm and the closing of the company premises. It expected this project will reach a successful conclusion in early to mid-2015.

Talos Securities Limited is part of the Boursorama SA group; therefore the directors consider that further key performance indicator disclosures for the company within this report are not necessary or appropriate for an understanding of the development, performance or position of the business.

Principal risks and Uncertainties facing the business

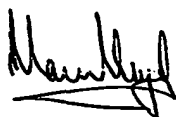
Even though the company has now sold the customer portfolio and wind down of the business is proceeding, until such time as the company ceases operation it is still required to discharge its responsibilities to customers, regulators, suppliers and staff in a compliant manner. Given this, the principal risks and uncertainties that the Company is facing are:

- Not being able to exit all dissenting customers in a manner satisfactory to the regulator to the extent it delays the variation of the company's permissions and therefore the cessation of the company's existence and costs continue to be incurred;
- Operational risks faced in the short term due to key staff leaving before the wind down of the business is successfully completed and all dissenting customers are exited; and
- Failing to control liquidation or dissolution costs satisfactorily.

The company's financial risk management objectives and policies are described in Note 21 to the financial statements.

By order of the Board

M Lloyd
Company Secretary



Date: 23 March 2015

Talos Securities Limited

Report of the directors for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

Directors

The directors who held office during the year and as at the date of this report are given below:

A Bataille
A Baumeister
A Buffet
M Cheval
A de Gaudemaris
B Grisoni
P Nunnerley
J Reed
P Sommelet

Patrick Sommelet, Benoit Grisoni and Marie Cheval are nominated as directors of the Company by the Boursorama S.A. Board. They do not receive any additional benefits as compensation for the performance of their roles as directors of the Company.

Dividends

In 2014 no dividend was paid relating to 2013 (2013: no dividend was paid relating to 2012). The directors do not recommend payment of a final dividend for the year ended 31 December 2014.

Going concern

For the reasons described in the strategic report, these financial statements have not been prepared on a going concern basis. Please refer to note 2.1 for further details.

Disclosure of information to the auditors

Each of the persons who are directors at the date of this report confirms that:

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 2006.

Auditors

As it is expected the company will be wound down during 2015 it is not anticipated that a statutory audit will be required for 2015 however Ernst & Young LLP have expressed their willingness to continue in office as auditors if a need should arise.

Talos Securities Limited

Report of the directors for the year ended 31 December 2014 (continued)

Political and charitable contributions

During 2014 the company made total charitable contributions of £17,725 (2013: £24,450). All of which was paid to The Societe Generale UK Group Charitable Trust ("SGUKCT") (2013: £24,400). SGUKCT makes donations to charities typically through fund raising events that are supported by Societe Generale Corporate Responsibility activities in the UK.

Supplier payment policy

It is the company's policy to pay suppliers per the contract terms agreed with each individual supplier. Where this is not specified in contract terms with the supplier, the company's policy is to pay suppliers within 30 days of invoice receipt.

Qualifying third party indemnity provision for directors

During the financial year a qualifying third party indemnity provision was in force for the benefit of the directors.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report, Strategic 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) 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 the profit or loss of the company for that period.

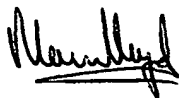
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs 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.

By order of the Board

M Lloyd
Company Secretary



Date: 23 March 2015

We have audited the financial statements of Talos Securities Limited for the year ended 31 December 2014 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. As set out in note 2.1, these financial statements have been prepared on a basis other than that of a going concern.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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 Annual report and financial statements 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 IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

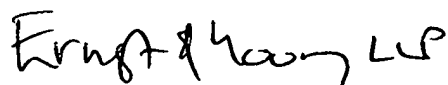
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Talos Securities Limited (continued)

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.



Simon Michaelson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom

Date: 23.2.15

Talos Securities Limited

Income statement for the year ended 31 December 2014

| | Note | 2014 £'000 | 2013 £'000 |
|--|-------------|-----------------------|-----------------------|
| Interest and similar income | 3 | 2,386 | 3,760 |
| Interest and similar expense | 3 | (230) | (388) |
| Net interest income | | 2,156 | 3,372 |
| Fees and commission income | 4 | 9,765 | 12,172 |
| Fees and commission expense | 4 | (7,048) | (5,139) |
| Net fees and commission income | | 2,717 | 7,033 |
| Other operating income | 5 | 1,425 | 2,764 |
| Net banking income | | 6,298 | 13,169 |
| Staff costs | 6 | (9,341) | (7,066) |
| Depreciation of property and equipment | 13 | (434) | (169) |
| Amortisation of intangible assets | 14 | (1,234) | (1,255) |
| Other operating expenses | 8 | (14,862) | (45,092) |
| Total operating expenses | | (25,871) | (53,582) |
| Loss before tax | | (19,573) | (40,413) |
| Income tax | 9 | 2,529 | (3,662) |
| Loss for the year after tax | | (17,044) | (44,075) |

The accompanying notes on pages 12 to 40 form an integral part of these financial statements.

Talos Securities Limited**Statement of comprehensive income for the year ended 31 December 2014**

| | Note | 2014 £'000 | 2013 £'000 |
|---|------|---------------|---------------|
| (Loss) for the year after tax | | (17,044) | (44,075) |
| Other comprehensive income | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | | | |
| Net gain/(loss) on available-for-sale financial investment | 10 | 388 | (1,143) |
| | | <hr/> | <hr/> |
| Other comprehensive income for the year, net of tax | | 388 | (1,143) |
| | | <hr/> | <hr/> |
| Total comprehensive income for the year, net of tax | | (16,656) | (45,218) |
| | | <hr/> | <hr/> |

The accompanying notes on pages 12 to 40 form an integral part of these financial statements.

Talos Securities Limited

Statement of financial position as at 31 December 2014

| | Note | 2014 £'000 | 2013 £'000 |
|--|------|---------------|---------------|
| Assets | | | |
| Cash | | 1 | 2 |
| Due from banks | | 12,813 | 83,180 |
| Financial investments – available-for-sale | 11 | - | 53,466 |
| Other assets | 12 | 3,586 | 7,126 |
| Property and equipment | 13 | - | 360 |
| Goodwill and intangible assets | 14 | - | 1,127 |
| | | <hr/> | <hr/> |
| Total assets | | 16,400 | 145,261 |
| | | <hr/> | <hr/> |
| Liabilities and equity | | | |
| Due to customers | 16 | - | 120,606 |
| Other liabilities | 17 | 2,921 | 4,650 |
| Provisions | 18 | 2,410 | 3,300 |
| | | <hr/> | <hr/> |
| Total liabilities | | 5,331 | 128,556 |
| | | <hr/> | <hr/> |
| Equity attributable to holders | | | |
| Issued share capital | 19 | 14,429 | 9,115 |
| Share premium | | 57,895 | 52,209 |
| Retained earnings | | (61,255) | (44,231) |
| Available for sale reserve | | - | (388) |
| | | <hr/> | <hr/> |
| Total equity | | 11,069 | 16,705 |
| | | <hr/> | <hr/> |
| Total liabilities and equity | | 16,400 | 145,261 |
| | | <hr/> | <hr/> |

The financial statements were approved by the board of directors on 23 MARCH 2015 and signed on its behalf by:



A Buffet
Company number 4196325

The accompanying notes on pages 12 to 40 form an integral part of these financial statements.

Talos Securities Limited

Statement of changes in equity for the year ended 31 December 2014

| | Note | Issued share capital £'000 | Share premium £'000 | Retained earnings £'000 | Available for sale reserve £'000 | Total equity £'000 |
|--|------|-------------------------------------|---------------------------|-------------------------------|---|--------------------------|
| At 1 January 2013 | | 5,216 | 37,908 | (180) | 755 | 43,699 |
| Issue of share capital | | 3,899 | 14,301 | - | - | 18,200 |
| Total comprehensive income | | - | - | (44,075) | (1,143) | (45,218) |
| Equity settled share based payments | 22 | - | - | 24 | - | 24 |
| At 31 December 2013 | | 9,115 | 52,209 | (44,231) | (388) | 16,705 |
| Issue of share capital | | 5,314 | 5,686 | - | - | 11,000 |
| Total comprehensive income | | - | - | (17,044) | 388 | (16,656) |
| Equity settled share based payments | 22 | - | - | 20 | - | 20 |
| At 31 December 2014 | | 14,429 | 57,895 | (61,255) | - | 11,069 |

The accompanying notes on pages 12 to 40 form an integral part of these financial statements.

Talos Securities Limited

Cash flow statement at 31 December 2014

| | Note | 2014 £'000 | 2013 £'000 |
|--|-------------|-----------------------|-----------------------|
| Operating activities | | | |
| Loss before tax | | (19,573) | (40,413) |
| Adjustments for: | | | |
| Change in operating assets | 23 | 2,950 | 30,111 |
| Change in operating liabilities | 23 | (123,227) | 9,974 |
| Other non-cash items included in profit before tax | 23 | 2,892 | 10,138 |
| Income tax | | 2,529 | - |
| Net cash flows (used in)/from operating activities | | (134,429) | 9,810 |
| Investing activities | | | |
| Purchase of property and equipment | 13 | (74) | (261) |
| Sale of property and equipment | 13 | 3 | - |
| Purchase of intangible assets | | (1,514) | (6,148) |
| Purchase of financial investments | | - | (35,309) |
| Sale of financial investments | | 54,646 | 21,907 |
| Net cash flows from/(used in) investing activities | | 53,061 | (19,811) |
| Financing activities | | | |
| Proceeds from share issue | | 11,000 | 18,200 |
| Net cash flows from financing activities | | 11,000 | 18,200 |
| Net (decrease)/increase in cash and cash equivalents | | (70,368) | 8,199 |
| Cash and cash equivalents at 1 st January | | 83,182 | 74,983 |
| Cash and cash equivalents at 31st December | 23 | 12,814 | 83,182 |
| Operating cash flows from interest | | | |
| Interest paid | | 259 | 285 |
| Interest received | | 2,833 | 6,666 |

The accompanying notes on pages 12 to 40 form an integral part of these financial statements.

1 Corporate Information

Talos Securities Limited is a company incorporated and domiciled in the United Kingdom, and its registered office is at Boatman's House, 2 Selsdon Way, London E14 9LA.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for available-for-sale investments which have been measured at fair value. These are described in the accompanying notes, 3 to 30.

As required by IAS 1.25, the directors are disclosing these financial statements have not been prepared on a going concern basis as on 1st May 2014 the directors announced that the intention was to sell the customer portfolio and wind down the business. The impact of this, on the carrying value of assets and liabilities stated in the Statement of Financial Position is described in more detail below. Appropriate additional disclosure has been made in the accompanying notes where relevant.

The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds, except when otherwise indicated.

Asset valuation

Assets have been valued at the balance sheet date and normal accounting rules have been applied however assets have been assessed for impairment under IAS 36 Impairment of Assets to take into account, if relevant, future losses expected on the recovery of assets due to the fact the entity is no longer regarded as a going concern. Internally generated intangible software assets with a finite useful economic life has either been impaired in full (if related to the Evolution project and not in current use by the business) or in the case of those assets currently being used by the business, the useful economic life has been revised such that that these assets are fully depreciated by the end of this calendar year (2014). The useful economic life of property and equipment has also been revised in the same manner. Other assets, such as prepayments have also been assessed and where the directors' do not expect recovery of the amounts, these have been written off in the current year. Refer to Note 30 post balance sheet events, the customer portfolio was sold in January 2015 and the directors expect to cease operation completely by 30 June 2015.

Liability assessment and valuation

Liabilities have only been recognised if an obligation exists at the balance sheet date. IAS 37 Provisions including the costs of restructuring where constructive obligations have been incurred prior to the balance sheet date, still applies when the entity is no longer regarded as a going concern. As such restructuring provisions have been included related to the customer transfer that include only the direct expenditure arising from the restructuring, which are those that are both: necessarily entailed by the restructuring; and not associated with the ongoing activities of the entity. As the transfer of the majority of customers did not occur until 2015 and as at the date of signing the financial statements there are remaining customer relationships to be resolved, legal and other costs related to the potential liquidation of the company and ongoing operating costs have not been recognised in these financial statements.

Significant events after the balance sheet date that do not impact conditions at the balance sheet date are dealt with as post balance sheet events and are governed by IAS 10 Events after the balance sheet date. For such events the nature of the event is disclosed and the estimate of the financial impact is stated. Where an estimate cannot be made, a statement is made to this effect.

Statement of compliance

The financial statements of Talos Securities Limited have been prepared in accordance with IFRS as issued by the IASB and adopted by the EU.

Presentation of financial statements

The company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non - current) is presented in note 24.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise assets and settle the liability simultaneously.

Income and expense is not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in these accounting policies.

Consolidated financial statements

The company has not prepared consolidated financial statements by virtue of the exemption granted by s400 CA 2006 (subsidiary undertaking of EEA).

2.2 Changes in accounting policy and disclosures

In the current year, the Company has applied and considered a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014. The effect of each of these new standards is summarised as follows:

IAS 32* Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realisation and settlement’. As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has no impact on the disclosures or on the amounts recognised in the financial statements.

IAS 36* Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by IFRS 13 Fair Value Measurements. The application of these amendments has not had any material impact on the disclosures in the financial statements.

IAS 39* Novation of Derivatives and continuation of Hedge Accounting

The amendments to IAS39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances.

As the Company does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or the amounts recognised in the financial statements.

IFRIC Interpretation 21* Levies

IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as defined by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising of the following:

- **IFRS 10* Consolidated Financial Statements**
IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee.
- **IFRS 11* Joint Arrangements**
IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for.
- **IFRS 12* Disclosure of Involvement with Other Entities**
IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.
- **IAS 27* Separate Financial Statements (as revised in 2011)**
- **IAS 28* Investments in Associates and Joint Ventures (as revised in 2011)**

Subsequent to the issues of these standards amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

The application of these standards has had no material impact on the disclosures or on the amounts recognised in the financial statements

IFRS 10, IFRS 12 and IAS 27 Investment entities* – Amendments

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity the application of the amendments has had no impact on the disclosures or amounts recognised in the financial statements.

* Endorsed by the European Union

2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which were in issue but not yet effective are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

- **IAS 1: Disclosure Initiative (amendments)** is effective for annual periods beginning on or after 1 January 2016.

- IAS19* Defined Benefit Plans: Employee Contributions (amendments) is effective for periods beginning on or after 1 July 2014.
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments is effective for annual periods beginning on or after 1 January 2016.
- IAS 16 and IAS 41 Bearer Plants – Amendments is effective for annual periods beginning on or after 1 January 2016.
- IAS 27 Equity Method in Separate Financial Statements – Amendments is effective for annual periods beginning on or after 1 January 2016.
- IFRS 9 Financial Instruments: Classification and Measurement
The IASB have announced that a mandatory date of 1 January 2015 would not allow sufficient time for entities to prepare to apply the new Standard. IFRS 9 is now effective for annual periods beginning on or after 1 January 2018.
- IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception is effective for annual periods beginning on or after 1 January 2016.
- IFRS 10 and IAS 28: Sale or Contribution of Assets between an investor and its Associate or Joint Venture – Amendments is effective for annual periods beginning on or after 1 January 2016 (to be amended after the IASB announcement that these amendments have been postponed).
- IFRS 11 Accounting for Acquisitions of Interests in Joint Ventures – Amendments is effective for annual periods beginning on or after 1 January 2016.
- IFRS 14 Regulatory Deferral Accounts is effective for periods beginning on or after 1 January 2016.
- IFRS 15 Revenue from Contracts with Customers is effective for annual periods beginning on or after 1 January 2017.
- Annual Improvements to IFRSs 2010-2012 Cycle* – These improvements are effective for annual periods beginning on or after 1 July 2014 and includes improvements to the following standards:
 - IFRS 2 Share based payments
 - IFRS 3 Business Combination
 - IFRS 8 Operating Segments
 - IFRS 13 Fair Value Measurement
 - IAS 16 Property, Plant and Equipment
 - IAS 24 Related Party Disclosures
 - IAS 38 Intangible Assets
- Annual Improvements to IFRSs 2011-2013 Cycle* – These improvements are effective for annual periods beginning on or after 1 July 2014 and includes improvements to the following standards:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards
 - IFRS 3 Business Combinations
 - IFRS 13 Fair Value Measurement
 - IAS 40 Investment Property
- Annual Improvements to IFRSs 2012-2014 Cycle – These improvements are effective for annual periods beginning on or after 1 January 2016 and includes improvements to the following standards:
 - IFRS 1 Short-term exemptions for first-time adopters

* Endorsed by the European Union

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements.

IFRS are issued by the IASB and must be adopted into European Union law, referred to as endorsement, before they become mandatory under the IAS regulation. Shown above are recent standards and interpretations that have been issued by the IASB, indicating their status of endorsement.

2.4 Significant accounting judgements, estimates and assumptions

In the process of applying these accounting policies, management has exercised judgement and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgement and estimates are as follows:

Deferred tax

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. The company has tax losses carried forward; however management has determined that it cannot recognise deferred tax assets on these tax losses. Details of the deferred tax assets are disclosed in note 9.

Provisions

A provision is recorded when the Company is determined to have a present obligation (legal or constructive) in relation to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and management are able to make a reliable estimate of the amount of the obligation. Significant judgement is required on the part of management to arrive at a reliable and reasonable estimate of the obligation and its timing. As a result, the future economic outflow of resources could be higher or lower than the amounts recognised at the balance sheet date. Details of movements in provisions during the year are disclosed in note 18. In estimating provisions given the current plans to wind up the company, the greatest sensitivity factor has been the current projection as to the cessation of all activity of the firm.

2.5 Significant accounting policies

2.5.1 Financial instruments - initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at their fair value plus transaction costs and are recognised on a settlement date basis. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the managements intention in acquiring them.

Financial assets

(i) Available-for-sale financial investments

Available-for-sale investments comprise debt securities only. Debt securities in this category are intended to be held for an undefined period of time and may be sold at any time in response to needs for liquidity or in response to changes in market conditions. No loans or receivables have been designated as available-for-sale.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value using open market prices. Unrealised gains and losses are recognised directly in equity (other comprehensive income) in the available-for-sale reserve. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate method ("EIR").

When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement within "Other operating income". Where the company holds more than one investment in the same security they are deemed to be disposed of on a first-in-first-out basis. Any losses arising from impairment of such investments are recognised in the income statement in "impairment losses on financial investments" and removed from the available-for-sale reserve.

(ii) Due from banks comprise cash at bank and interbank deposits of maturity less than three months.

Financial liabilities

(i) Due to customers are deposits placed by customers with the company that are repayable on demand.

Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangements; and
- Either a) the company has transferred substantially all of the risks and rewards of the asset, or b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the assets. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company is required to repay.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same counterparty on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

Determination of fair value

The fair value of financial instruments traded in active markets at the statement of financial position date is based on their quoted market price as at that date. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows from the asset have been affected.

Debt securities classified as available-for-sale financial investments are assessed individually as to whether there is objective evidence of impairment. The amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss previously recognised in the income statement. Impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

2.5.2 Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and that the amount can reliably be measured. The following specific criteria must also be met before revenue is recognised.

(i) Interest and similar income and expense

This comprises interest on deposits on the interbank market and interest on debt securities classified as available-for-sale. For interest on interbank deposits, it is recorded using the accruals basis. For interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial instrument.

(ii) Fee and commission income and expenses

The company earns fee and commission income from a diverse range of services it provides to its customers. Fees earned for the provision of services over a period of time are accrued over that period. Fees arising from negotiation or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities, are recognised on completion of the underlying transaction. Other fees are recognised when the particular services has been performed.

(iii) Other operating income

Other operating income arises from other services not provided to the firm's retail client base, and consists of introductory fees and fees for services provided to the retail clients of a third party.

2.5.3 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprise cash on hand and amounts due from banks on demand or with maturity of three months or less. No cash balances are restricted from management's use. Customer cash that is held in trust under the Financial Conduct Authority ("FCA") client money rules is segregated from that of the company. These amounts are not recognised on the statement of financial position as the company retains very limited risks on these assets.

2.5.4 Property and equipment

Property and equipment is stated at cost excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses, if any. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives.

The estimated useful lives are as follows:

| | |
|------------------------|--|
| Leasehold improvements | 4 years or to the next break clause in the lease, whichever is least |
| Fixtures and fittings | 4 years |
| Computer equipment | 3-5 years |

The Company expects the useful economic life of all property and equipment to be no longer than the expected life of the Company.

No depreciation is charged on assets that have not been brought into use.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of an asset is recognised in the income statement in the year the asset is derecognised.

2.5.5 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. This comprises already developed software purchased for immediate or near future use. Amortisation is recognised on a straight-line basis over their estimated useful economic life, typically 2-5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Company expects the useful economic life of all intangible assets acquired separately to be no longer than the expected life of the Company. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense of intangible assets with finite lives is presented as a separate line item in the income statement.

Internally-generated Intangible Assets

Internally-generated assets comprise software development costs; these are the costs that are directly attributable to the development of internally generated software which meet the development asset recognition criteria as per IAS 38 'Intangible assets'. Such costs can include but not limited to consultancy costs and the employment costs of internal software developers.

Software development costs are initially recognised at their purchase cost from the date when the intangible asset first meets the recognition criteria. Subsequent to initial recognition, internally-generated intangible assets are held at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation of the assets begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit on a straight line basis. The Company expects the useful economic life of all internally-generated intangible assets to be no longer than the expected life of the Company.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the income statement when the assets is derecognised.

2.5.6 Impairment of non-financial assets other than goodwill

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount in order to determine the extent of any impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss in the expense categories consistent with the function of the impaired asset.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating asset) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in the statement of profit or loss.

2.5.7 Share based payment transactions

The company has applied the requirements of IFRS 2 share-based payments. Boursorama SA, the intermediate parent company, and Société Générale, the ultimate parent company, issue equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period based on the company's estimate of shares that will eventually vest.

Fair value is measured by use of the Black-Scholes Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

2.5.8 Defined contribution pension plan

The company's contribution to the defined contribution plan is in proportion to the services rendered to the company by the employees and is recorded as an expense under "Personnel expenses". Unpaid contributions are recorded as a liability.

2.5.9 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

2.5.10 Segment reporting

The company only operates in one geographical segment and the directors consider the business to be one single cash generating unit and consequently no segmental analysis is presented.

2.5.11 Fair value measurement

The Company measures financial instruments, such as, available for sale assets, at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.5.12 Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those enacted or substantively enacted by the statement of financial position date.

(ii) Deferred Tax

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets are measured at the tax rates that are expected to apply in the year when the asset is realised based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

(iii) Current and Deferred Tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3 Net interest and similar income

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Interest and similar income | | |
| Due from banks | 2,189 | 2,939 |
| Financial investments – available-for-sale | 197 | 821 |
| | <u>2,386</u> | <u>3,760</u> |
| Interest and similar expense | | |
| Due to customers | 230 | 388 |
| | <u>230</u> | <u>388</u> |
| Net interest and similar income | <u>2,156</u> | <u>3,372</u> |

4 Net fees and commission income

| | 2014 | 2013 |
|------------------------------------|------------------|------------------|
| | £'000 | £'000 |
| Fees and commission income | | |
| Brokerage fees | 8,220 | 10,484 |
| Other fees received | 1,545 | 1,688 |
| | <u>9,765</u> | <u>12,172</u> |
| Fees and commission expense | | |
| Brokerage fees | 6,205 | 3,920 |
| Other fees | 843 | 1,219 |
| | <u>7,048</u> | <u>5,139</u> |
| Net fees and commission income | <u>2,717</u> | <u>7,033</u> |

5 Other operating income

| | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Gains from sales of available-for-sale financial investments | - | 71 |
| Other commission income | 1,425 | 2,693 |
| | <u>1,425</u> | <u>2,764</u> |

Included in gains from sales of available-for-sale financial investments are amounts transferred from equity to the income statement on the de-recognition of available-for-sale investments.

6 Staff costs

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Wages and salaries | 8,411 | 6,044 |
| Social security costs | 572 | 625 |
| Defined contribution pension cost | 338 | 373 |
| Equity settled share based payments (Note 22) | 20 | 24 |
| | <u>9,341</u> | <u>7,066</u> |

A defined contribution plan is a pension plan under which the company pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the company in a fund under the control of the trustees.

The average monthly number of persons (including executive directors) employed by the company during the year was:

| | 2014 Number | 2013 Number |
|--------------------------------|------------------------|------------------------|
| Directors | 3 | 3 |
| Customer relations and dealing | 29 | 32 |
| Operational support | 18 | 29 |
| Support services and marketing | 45 | 52 |
| | <u>95</u> | <u>116</u> |

7 Directors' emoluments

| | 2014 £'000 | 2013 £'000 |
|--|-----------------------|-----------------------|
| Aggregate emoluments | 905 | 1,025 |
| Company contributions to defined contribution pension scheme | - | 21 |
| | <u>905</u> | <u>1,046</u> |

Remuneration disclosed includes amounts paid to the highest paid director as follows

| | 2014 £'000 | 2013 £'000 |
|--|-----------------------|-----------------------|
| Emoluments | 296 | 348 |
| Company contributions to defined contribution pension scheme | - | 21 |
| | <u>296</u> | <u>369</u> |

There were no directors in the pension scheme (2013: one). As at 31 December 2014 the amounts outstanding for pension and any other amounts was nil (2013: nil).

No directors were granted free shares during the year (2013: 2,811). No directors have exercised share options during the year.

No directors received amounts under a long-term incentive scheme in respect of qualifying services.

In setting pay and bonus awards for directors the FCA Remuneration Code as set out in SYSC19.A (Senior Management Arrangements, Systems and Controls) in the FCA handbook, has been met.

8 Other operating expenses

| | 2014 | 2013 |
|---|---------------|---------------|
| | £'000 | £'000 |
| IT platform and custody costs | 2,030 | 3,002 |
| Advertising and marketing | 1,065 | 570 |
| Professional fees | 469 | 567 |
| Rent charges payable under operating leases | 456 | 430 |
| Administrative | 6,657 | 1,420 |
| Regulatory fees | 277 | 666 |
| Write off of Goodwill | - | 22,120 |
| Write off of Intangible assets | 1,116 | 8,761 |
| Losses from sales of available for sale financial investments | 88 | - |
| Other | 2,704 | 7,556 |
| | <u>14,862</u> | <u>45,092</u> |

Professional fees include fees payable to the auditor in relation to the statutory audit of £140,000 (2013: £105,000) and audit-related assurance services of nil (2013: nil) and £50,000 (2013: nil) in respect of other services relating to non- audit work.

Included in losses from sales of available-for-sale financial investments are amounts transferred from equity to the income statement on the de-recognition of available-for-sale investments.

9 Income tax

| | | |
|--|----------------|--------------|
| Income tax recognised in profit or loss | 2014 | 2013 |
| | £'000 | £'000 |
| <i>Current tax expense</i> | | |
| UK corporation tax | (2,529) | - |
| Prior period tax not payable | - | - |
| <i>Deferred tax expense</i> | | |
| Prior year adjustment | - | - |
| Origination and reversal of timing differences | - | 3,662 |
| | <u>(2,529)</u> | <u>3,662</u> |
| Total income tax recognised in profit or loss | (2,529) | 3,662 |

Income tax recognised in other comprehensive income

| | 2014 £'000 | 2013 £'000 |
|---|-----------------------------|-----------------------------|
| <i>Deferred tax expense</i> | | |
| Fair value measurement of available for sale financial assets | - | (245) |
| | <u> </u> | <u> </u> |
| Total income tax recognised in other comprehensive income | - | (245) |
| | <u> </u> | <u> </u> |

Reconciliation of the total tax charge

The income tax expense for the year can be reconciled to the accounting profit as follows:

| | 2014 £'000 | 2013 £'000 |
|--|-----------------------------|-----------------------------|
| Loss on ordinary activities before tax | (19,573) | (40,413) |
| | <u> </u> | <u> </u> |
| Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 21.5% (2013 – 23.25 %) | (4,208) | (9,396) |
| Effects of: | | |
| Expenses not deductible for tax purposes | (313) | 5,181 |
| Prior year deferred tax de-recognition | - | 3,662 |
| Deferred tax in respect of period not recognised | 1,992 | 4,215 |
| | <u> </u> | <u> </u> |
| Income tax expense recognised in profit or loss | (2,529) | 3,662 |
| | <u> </u> | <u> </u> |

Deferred Tax

| | Statement of financial position As at 1 January | | | Income statement | |
|---|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2014 £'000 | 2013 £'000 | 2013 £'000 | 2014 £'000 | 2013 £'000 |
| Capital Allowances | - | - | 109 | - | 109 |
| Losses available for offsetting against future taxable income | - | - | 3,553 | - | 3,553 |
| Revaluation of available for sale investments | - | - | (245) | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Deferred tax expense/(income) | | | | - | 3,662 |
| Deferred tax assets/(liabilities) | - | - | 3,417 | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> | <u> </u> | | |

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Opening balance as at 1 January | - | 3,417 |
| Tax income/(expense) recognised in profit or loss | - | (3,662) |
| Tax income/(expense) recognised in other comprehensive income | - | 245 |
| | <hr/> | <hr/> |
| Closing balance as at 31 December | - | - |
| | <hr/> | <hr/> |

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Amounts not recognised | | |
| Losses available for offsetting against | | |
| Future taxable income | 9,624 | 8,107 |
| Deductible temporary differences | 506 | 247 |
| Deferred remuneration | 14 | 15 |
| Deferred tax on AFS losses | - | 78 |
| | <hr/> | <hr/> |
| Closing balance as at 31 December | 10,144 | 8,447 |
| | <hr/> | <hr/> |

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

At the statement of financial position date, the company has unused tax losses of £48,119,000 (2013: £40,538,000) and capital allowances related temporary differences of £2,529,000 (2013: £1,233,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the trading losses and capital allowances as it is uncertain as to whether sufficient taxable profit will be available in future periods against which the deferred tax can be recovered. Losses may be carried forward indefinitely.

A reduction in the UK corporation tax rate from 23% to 21% was substantively enacted to be effective from 1 April 2014. A further reduction in the UK corporation tax rate from 21% to 20% to be effective from 1 April 2015 has been substantively enacted on 2 July 2013. Accordingly, the 20% rate has been applied in the measurement of the deferred tax asset as at 31 December 2014 being the enacted future UK corporation tax rate at the statement of financial position date.

In addition to losses the company has temporary differences in respect of share option schemes not recognised of £14,179 (2013: £15,346).

10 Components of other comprehensive income

| | 2014 | 2013 |
|---|--------------|----------------|
| | £'000 | £'000 |
| Available for-sale-financial assets | | |
| Gain/ (loss) arising during the year | 300 | (1,317) |
| Less: reclassification adjustments for gains included in profit or loss | 88 | (71) |
| | <u>388</u> | <u>(1,388)</u> |
| Other comprehensive income | 388 | (1,388) |
| Income tax relating to components of other comprehensive income | - | 245 |
| | <u>-</u> | <u>245</u> |
| Other comprehensive income for the year, net of tax | <u>388</u> | <u>(1,143)</u> |

11 Financial investments

| | 2014 | 2013 |
|---------------------------------------|--------------|---------------|
| | £'000 | £'000 |
| Available-for-sale investments | | |
| Government debt securities | - | 8,971 |
| Other debt securities | - | 44,495 |
| | <u>-</u> | <u>53,466</u> |

AFS investments comprise of debt securities only. Fair values of these quoted debt securities are determined by reference to published price quotations in the active market.

12 Other assets

| | 2014 | 2013 |
|-------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade receivables | - | 59 |
| Accrued income | 426 | 2,491 |
| Prepayments | 309 | 886 |
| Other debtors | 2,851 | 3,690 |
| | <u>3,586</u> | <u>7,126</u> |

Included within accrued income are amounts for accrued interest on available-for-sale investments of nil (2013: £1,200,861)

13 Property and equipment

| | Leasehold Improvements £'000 | Fixtures & Fittings £'000 | Computer Equipment £'000 | Total £'000 |
|---------------------------------|------------------------------------|---------------------------------|--------------------------------|----------------|
| Cost | | | | |
| At 1 January 2014 | 204 | 61 | 677 | 942 |
| Additions | - | 11 | 63 | 74 |
| Disposals | - | - | - | - |
| | <u>204</u> | <u>72</u> | <u>740</u> | <u>1,016</u> |
| At 31 December 2014 | 204 | 72 | 740 | 1,016 |
| Accumulated depreciation | | | | |
| At 1 January 2014 | (193) | (36) | (353) | (582) |
| Charge for the year | (11) | (36) | (387) | (434) |
| Disposals | - | - | - | - |
| | <u>(204)</u> | <u>(72)</u> | <u>(740)</u> | <u>(1,016)</u> |
| At 31 December 2014 | (204) | (72) | (740) | (1,016) |
| Net book value | | | | |
| At 31 December 2013 | 11 | 25 | 324 | 360 |
| | <u>11</u> | <u>25</u> | <u>324</u> | <u>360</u> |
| At 31 December 2014 | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

During the year gains on disposals of fixed assets of £3k was made, these assets were fully depreciated when disposed of. Assets have been written down to nil at the balance sheet date due to the wind down of the business.

During the year the company conducted a review of its tangible assets, due to changes in the company's status. As a result the expected useful economic lives of all assets decreased. The effect of these changes on actual and expected depreciation expense in current and future years is as follows:

| | 2014 £'000 | 2015 £'000 | 2016 £'000 | 2017 £'000 | 2018 £'000 |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| (Decrease)/Increase | 259 | (122) | (82) | (51) | (4) |

14 Goodwill and other intangible assets

| | Goodwill £'000 | Intangible Development £'000 | Intangible Software £'000 | Total £'000 |
|---------------------------------|---------------------------|---|--|------------------------|
| Cost | | | | |
| At 1 January 2014 | 22,120 | 2,959 | 544 | 25,623 |
| Additions | - | 1,131 | 92 | 1,223 |
| Disposals | - | (1,116) | - | (1,116) |
| | <u>22,120</u> | <u>2,974</u> | <u>636</u> | <u>25,730</u> |
| At 31 December 2014 | 22,120 | 2,974 | 636 | 25,730 |
| | <u>22,120</u> | <u>2,974</u> | <u>636</u> | <u>25,730</u> |
| Accumulated amortisation | | | | |
| At 1 January 2014 | (22,120) | (2,114) | (262) | (24,496) |
| Charge for the year | - | (860) | (374) | (1,234) |
| Disposals | - | - | - | - |
| Impairment | - | - | - | - |
| | <u>(22,120)</u> | <u>(2,974)</u> | <u>(636)</u> | <u>(25,730)</u> |
| At 31 December 2014 | (22,120) | (2,974) | (636) | (25,730) |
| | <u>(22,120)</u> | <u>(2,974)</u> | <u>(636)</u> | <u>(25,730)</u> |
| Net book value | | | | |
| At 31 December 2013 | - | 845 | 282 | 1,127 |
| | <u>-</u> | <u>845</u> | <u>282</u> | <u>1,127</u> |
| At 31 December 2014 | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Goodwill represents the excess of cash consideration over net assets purchased from Squaregain Limited on 3 July 2006. An impairment loss of £22,120K was recognised in 2013 as a result of continued losses and the strategy revision of the business, therefore the value of goodwill as at 31 December is nil.

In 2014, following the decision of the directors, not to prepare these financial statements on a going concern basis and for the reasons described in the Strategic report, costs capitalised in Quarter 1 2014 relating to the Evolution project have been written down to nil. This has been recognised in the statement of profit or loss as other operating expense £1.1 (2013: £8.7m).

During the year the company conducted a review of its intangible assets, due to changes in the company's status. As a result the expected useful economic lives of all assets decreased. The effect of these changes on actual and expected amortisation expense in current and future years is as follows:

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| (Decrease)/Increase | 668 | (410) | (196) | (75) | (13) |

15 Investments

The company owns the following subsidiary undertakings:

| | Equity Interest |
|--------------------------------|------------------------|
| Self Trade UK Nominees Limited | 100 % |
| ST (UK) Nominees Limited | 100 % |

Both companies are incorporated in Great Britain and registered in England and Wales. The subsidiaries did not trade during the year, and both have capital of 2 ordinary shares of £1 each.

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Société Générale, a company incorporated in France, and is included in the consolidated financial statements of that company.

16 Due to customers

| | 2014 | 2013 |
|---|--------------|----------------|
| | £'000 | £'000 |
| Retail share trading and savings accounts | - | 120,606 |
| | <u>-</u> | <u>120,606</u> |
| | - | 120,606 |
| | <u>-</u> | <u>120,606</u> |

During the year customer deposits were reclassified to client money status and therefore are no longer included on the statement of financial position.

17 Other liabilities

| | 2014 | 2013 |
|---------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Interest payable | 4 | 135 |
| Accounts payable and sundry creditors | 2,917 | 4,515 |
| | <u>2,921</u> | <u>4,650</u> |

18 Provisions

| | Restructuring Costs £'000 | Other Provisions £'000 | Total £'000 |
|-------------------------|--|---------------------------------------|------------------------|
| At 1 January 2014 | - | 3,300 | 3,300 |
| Arising during the year | 2,938 | - | 2,938 |
| Utilised | (359) | (1,610) | (1,969) |
| Unused amounts reversed | (169) | (1,690) | (1,859) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2014 | 2,410 | - | 2,410 |
| | <hr/> | <hr/> | <hr/> |

A provision was recorded in 2014 for expected costs in relation to the restructuring costs, buyout costs and costs arising from the termination of contracts. These costs are expected to be realised by the end of the next calendar year.

19 Issued capital and reserves

| | Number | £'000 |
|-----------------------------------|-------------------|---------------|
| Ordinary shares of £1 each | | |
| Issued and fully paid | | |
| At 1 January 2013 | 5,216,300 | 5,216 |
| Issued on 22 April 2013 | 266,904 | 267 |
| Issued on 14 June 2013 | 788,346 | 788 |
| Issued on 23 December 2013 | 2,843,602 | 2,844 |
| At 31 December 2013 | 9,115,152 | 9,115 |
| Issued on 21 January 2014 | 5,314,010 | 5,314 |
| | <hr/> | <hr/> |
| At 31 December 2014 | 14,429,162 | 14,429 |
| | <hr/> | <hr/> |

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at the meetings of the company.

The company had one share issue during 2014, details of which are below.

| Date | No of shares issued | Cash Raised £ | Total £ |
|---------------------|------------------------|---------------------|------------|
| | | | |
| Issued January 2014 | 5,314,010 | 11,000,001 | 2.07 |
| | <u>5,314,010</u> | <u>11,000,001</u> | |

Shares were issued at £1 with the excess of £1.07 recognised as share premium.

All shares issued in 2014 carry the same rights.

20 Fair value of financial instruments

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction. The following methods were used to estimate the fair values:

- All available-for-sale assets are held at fair value which has been determined by reference to quoted market prices available from the active markets the debt securities are traded on.
- Cash and cash equivalents, other debtors and amounts due to customers are held at book value which equals the fair value largely due to the short term maturities of these instruments.

Fair value hierarchy

All financial instruments carried at fair value within the company at 31 December 2014 and 31 December 2013 are designated as available-for-sale instruments and are categorised as level 1 instruments.

21 Financial risk management objectives and policies

The company's principal financial liabilities comprise amounts due to customers and trade and other payables. With the surrender of the banking permission in Q3 2014 amounts due to customers ceased to exist. The main purpose of these financial liabilities is to facilitate the provision of services to customers with respect to the former and to allow the company to operate by meeting its trading liabilities with respect to the latter. The company has various financial assets such as trade and other receivables and cash and short term deposits which arise directly from its operations. The company also held available-for-sale investments during the year but does not do so at the statement of financial position date.

The main risks related to financial instruments generated by the company's activities are as follows:

- **Credit risk:** the risk of loss resulting from the inability of customers, sovereign and supranational debt issuers, and interbank counterparties to cover their financial commitments to the Company;
- **Liquidity risk:** the risk that the Company cannot meet its obligations as they fall due;
- **Market risk:** includes interest rate risk which is the risk of loss resulting from changes in interest rates due to differences in repricing dates for assets and liabilities; and
- **Concentration risk:** the risk of loss resulting from lack of diversification of financial assets.

The company's senior management oversees the management of these risks. Senior management is supported by the Selftrade Asset and Liability Committee (Alco) which comprises attendees from finance, risk and marketing and which is chaired by the CEO. All of these risks are assessed on a regular basis by Selftrade Alco and the Boursorama Financial Committee.

Credit Risk

Talos Securities Limited is exposed to the counterparty risks on its portfolio of interbank loans as well as its portfolio of debt securities classified as assets available-for-sale. The authorised counterparties as well as the maximum nominal authorised for each maturity are approved by the Selftrade Alco, the Boursorama Financial Committee, and the risk department of Société Générale. The amount of outstandings by maturity and by counterparty is monitored weekly by the CFO and CEO, and monthly by the two committees referred to above.

Available for sale assets

Talos Securities Limited purchases debt securities issued by the UK Government and by Supranational organisations approved to form part of the Liquid Assets Buffer (LAB) required by the PRA (see liquidity risk below). The company has also purchased assets classified as available-for-sale that do not form part of the LAB but for PRA purposes are classified as high quality corporate bonds and low credit risk. As noted above when the company surrendered its banking permission by that time it no longer held available for sale assets and with the surrender of the deposit taking permission it ceased to be regulated by the PRA.

Interbank loans

The Company follows the FCA rules regarding exposures to connected and non-connected counterparties, and also to internal limits defined within the Counterparty and Credit Risk Policy. New counterparties are proposed by the Alco after a preliminary risk assessment, with a more in-depth assessment subsequently being performed by the Société Générale risk department before any funds are placed.

The company has specified limits that can be deposited with any banking group or financial institution, as specified by the Counterparty and Credit Risk Policy. These limits are in line with FCA credit concentration rules to 100% of regulatory capital, which was £11,070k as at the statement of financial position date. The FCA concentration risk limit for any group of counterparties connected to Talos Securities Limited is set at 25% of regulatory capital.

Overdrawn customer balances

Talos Securities Limited does not offer credit to its customers. Overdrawn customer balances are managed using the company's processes for such balances.

Liquidity risk

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is monitored and controlled via the policies, processes and procedures described in the Individual Liquidity Adequacy Assessment document (ILAA). The ILAA also defines the internal liquidity restrictions for various maturity buckets that the Company operates by, and these include high minimum limits for on-call cash. With the surrender of the deposit taking permission during the period the company's liquidity risk management was solely governed by the FCA's requirements and the company's own internal policies, the requirement to produce and be guided by an ILAA ceased.

Market Risk

Market risk comprises of four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include deposits and available-for-sale investments. The company does not deal in commodities and virtually all assets and liabilities are sterling denominated, therefore the company has nil exposure to commodity and currency risk.

Interest rate risk

Interest rate risk arises due to the mismatch between the deposit profile, the investment policy and the commercial policy. The assessment of interest rate risk is performed by the finance department and presented to and discussed within the Alco, and is based on a parallel shift in interest rates of $\pm 2\%$. The risk at the statement of financial position date was measured as -£32k (2013: -£459k) under a +2% shift and £33k (2013: £574k) under a -2% shift.

Concentration risk

Concentration risk is effectively limited due to compliance with the FCA's credit concentration requirements detailed in the credit risk section above.

22 Share-based payments

Talos Securities Limited recognised total expenses of £20,000 related to equity-settled share-based payment transactions in 2014 (2013: £24,000).

Free shares (share award scheme)

Société Générale granted 40 free shares to each of 101 employees on 2 November 2010. 16 shares per employee will vest on 31 March 2015 on condition the employee remains employed within the Société Générale group at that date and that Société Générale achieve a return on equity of 10% or greater in 2012. 24 shares per employee will vest on 31 March 2016 on condition the employee remains employed within the Société Générale group at that date and that Société Générale achieve their customer satisfaction objective (as assessed by independent firms) by 31 March 2014. As at 31 December 2014, 1,960 vestable shares belonging to 49 employees remained.

Société Générale granted 4,030 free shares to 7 employees on 14 March 2013. The shares will vest on 31 March 2017 on condition that the employee remains employed within the Société Générale group at that date and on condition that one performance criteria (relating to profit) are met. As at 31 December 2014, 1,739 vestable shares belonging to 3 employees remained.

The fair value of the free shares that have not yet vested is £100,464.

23 Additional cash flow information

| Change in operating assets | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Net change in due from banks | - | 9,018 |
| Net change in financial investments – Available-for-sale | 328 | 1,394 |
| Net change in other assets | 2,622 | 19,699 |
| | <u>2,950</u> | <u>30,111</u> |

Talos Securities Limited**Notes to the financial statements for the year ended 31 December 2014**

| Change in operating liabilities | 2014 £'000 | 2013 £'000 |
|--|-----------------------|-----------------------|
| Net change in due to customers | (120,606) | 6,625 |
| Net change in other liabilities | (2,621) | 3,349 |
| | <hr/> | <hr/> |
| | (123,227) | 9,974 |
| | <hr/> | <hr/> |

The significant net change in due to customers is largely due to the reclassification of the company's deposit money balances being reclassified as client money; this is described in more detail in the Strategic Review.

| Non-cash items included in the profit before tax | 2014 £'000 | 2013 £'000 |
|---|-----------------------|-----------------------|
| Depreciation of property and equipment | 434 | 169 |
| Amortisation of intangible assets | 1,234 | 1,255 |
| Disposal/Write off of intangible assets | 1,116 | 8,761 |
| Loss/(Gain) on sale of financial investment | 88 | (71) |
| Share based payment transactions | 20 | 24 |
| | <hr/> | <hr/> |
| | 2,892 | 10,138 |
| | <hr/> | <hr/> |

| Cash and cash equivalents | 2014 £'000 | 2013 £'000 |
|---|-----------------------|-----------------------|
| Cash in hand | 1 | 2 |
| Due from banks with original maturity of less than 3 months | 12,813 | 83,180 |
| | <hr/> | <hr/> |
| | 12,814 | 83,182 |
| | <hr/> | <hr/> |

24 Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered and settled.

As at 31 December 2014

| | Less than 12 mths £'000 | Over 12 mths £'000 | Total £'000 |
|--------------------------|-------------------------------|--------------------------|-------------------|
| Assets | | | |
| Cash | 1 | - | 1 |
| Due from banks | 12,813 | - | 12,813 |
| Other assets | 3,586 | - | 3,586 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | 16,400 | - | 16,400 |
| | <u> </u> | <u> </u> | <u> </u> |
| Liabilities | | | |
| Other liabilities | 2,921 | - | 2,921 |
| Provisions | 2,410 | - | 2,410 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | 5,331 | - | 5,331 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net | 11,069 | - | 11,069 |
| | <u> </u> | <u> </u> | <u> </u> |

As at 31 December 2013

| | Less than 12 mths £'000 | Over 12 mths £'000 | Total £'000 |
|--|-------------------------------|--------------------------|-------------------|
| Assets | | | |
| Cash | 2 | - | 2 |
| Due from banks | 83,180 | - | 83,180 |
| Financial Investments – available-for-sale | 53,466 | - | 53,466 |
| Other assets | 7,126 | - | 7,126 |
| Property and equipment | - | 360 | 360 |
| Goodwill and other intangible assets | - | 1,127 | 1,127 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | 143,774 | 1,487 | 145,261 |
| | <u> </u> | <u> </u> | <u> </u> |

| (continued) | Less than 12 mths £'000 | Over 12 mths £'000 | Total £'000 |
|-----------------------|-------------------------------|--------------------------|--------------------|
| Liabilities | | | |
| Due to customers | 120,606 | - | 120,606 |
| Other liabilities | 4,650 | - | 4,650 |
| Provisions | 3,300 | - | 3,300 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>128,556</u> | <u>-</u> | <u>128,556</u> |
| Net | <u>15,218</u> | <u>1,487</u> | <u>16,705</u> |

25 Contingent liabilities, commitments and leasing arrangements

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2014 are as follows:

| | 2014 £'000 | 2013 £'000 |
|---------------------------|-------------------|-------------------|
| Land and buildings | | |
| Within one year | - | 130 |
| Within two to five years | - | - |
| After five years | - | - |
| | <u> </u> | <u> </u> |
| | - | 130 |

Talos Securities Limited signed an agreement to obtain a £10m liquidity facility from Boursorama SA, its parent company, on 27th October 2011. The agreement does not contain any restriction on the use of the cash obtained via this facility, and none of the facility had been drawn down as at the statement of financial position date. During the year the Company paid £1.9K premium for the liquidity facility. Following the surrender of the deposit taking permission, the agreement was cancelled on 4th September 2014.

On 31 May 2012, Boursorama SA entered into an agreement to provide a parental guarantee to Equiniti, a custodian of Talos Securities Limited, to ensure that they will receive any balances due to them. The guarantee has not been utilised as at the statement of financial position date. During the year the Company paid £4.5K premium for the guarantee.

26 Related party disclosures

Transactions between the company and its fellow group companies are summarised below:

| Related company | Purchase of goods and services | | Sale of goods and services | | Amounts owed to related parties | | Amounts owed from related parties | |
|---|--------------------------------|--------------------------|----------------------------|--------------------------|---------------------------------|--------------------------|-----------------------------------|--------------------------|
| | Year Ended 2014 £'000 | Year Ended 2013 £'000 | Year Ended 2014 £'000 | Year Ended 2013 £'000 | Year Ended 2014 £'000 | Year Ended 2013 £'000 | Year Ended 2014 £'000 | Year Ended 2013 £'000 |
| Boursorama SA | 459 | 583 | - | - | 266 | 421 | - | - |
| Talos Holdings Limited | - | - | - | - | - | - | - | - |
| Self Trade UK Services Limited | - | - | - | - | - | - | - | - |
| Self Trade UK Marketing Services Limited | - | - | - | - | - | - | - | - |
| Société Générale | 186 | 22 | - | 7 | - | - | 2,529 | - |
| Société Générale Securities Services UK Limited | 6,820 | 5,777 | 417 | 1,685 | 805 | 374 | 14 | 450 |

Self Trade UK Services Limited and Self Trade UK Marketing Services Limited are related parties because they are fellow subsidiaries of Talos Holdings Limited.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The company considers the members of the Executive committee to constitute key management personnel for purposes of IAS 24.

The following table presents the compensation expense of key management personnel

| | 2014 £'000 | 2013 £'000 |
|------------------------------|---------------|---------------|
| Short term employee benefits | 1,347 | 1,129 |
| Post-employment benefits | 33 | 46 |
| Share based payments | 2 | 80 |
| | <u>1,382</u> | <u>1,255</u> |

Short term employee benefits

The amount constitutes salaries and social security contributions, other benefits and bonus payments. This also includes non-monetary benefits.

Post-employment benefits

The amounts represent the actual cost to the company of providing defined contribution pensions.

Share-based payments

This is the cost to the company of the executive committee's participation in share-based payment plans. The plans in which they have participated in are Equity-settled share option scheme and Société Générale Free shares. For details of these plans refer to note 22.

The above mentioned balances arose from the ordinary course of business. Outstanding balances at the statement of financial position date are unsecured. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2014, the company has not made any provision for doubtful debts relating to amounts owed by related parties (2013: Nil).

27 Client Money

At 31 December 2014, amounts held by Talos Securities Limited on behalf of clients in accordance with the FCA Client Asset rules (CASS sourcebook) amounted to £425,130,187 (2013: £397,162,729). The company had no beneficial interest in these deposits and accordingly they are not included in the statement of financial position.

28 Parent undertaking and controlling party

The immediate parent is Talos Holdings Limited, whose immediate parent undertaking is Boursorama SA, which is incorporated in France. It has included the company in its group financial statements, which is the smallest group into which the company's results are consolidated. Copies of the consolidated financial statements are available from 18 Quai du Point du Jour, 92100 Boulogne-Billancourt, France.

The ultimate parent undertaking and controlling party is Société Générale which is incorporated in France. Copies of the Société Générale group financial statements, which is the largest group into which the company's results are consolidated, are available from 92972 Paris-La Défense, Cedex, France.

29 Capital

The company maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the company's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision.

The primary objectives of the company's capital management policies are to ensure that it complies with externally imposed capital requirements and that it maintains healthy capital ratios in order to support the business. The company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

The externally imposed capital requirements are established by the Basel Committee on Banking Supervision are enforced and regulated by the FCA, previously enforced by the PRA when the firm held deposit taking permission. The FCA requires the company to maintain a capital surplus over its capital requirement at all times. To this end the company will calculate its surplus formally as a part of the regulatory reporting process quarterly. In addition the total capital after deductions is calculated monthly. The company has complied with all externally imposed capital requirements.

The regulatory capital position of the company at year end is summarised as follows:

| | 2014 | 2013 |
|--------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Tier 1 capital | 11,070 | 20,888 |
| Deductions from tier 1 capital | - | (4,126) |
| | <hr/> | <hr/> |
| Total capital after deductions | 11,070 | 16,762 |
| | <hr/> | <hr/> |

Regulatory capital consists of Tier 1 capital only, which comprises share capital, share premium and audited reserves less goodwill and other intangible assets. The regulators approach to measurement of capital adequacy is primary based on monitoring the relationship of the Capital Resources Requirement to available capital resources.

30 Post balance sheet events

On the 2nd June 2014 the terms for the sale of the customer portfolio was agreed with the buyer. On the week end of 24th and 25th January 2015, following completion of the business sale agreement with the buyer, approximately 105,000 customer accounts were transferred onto the systems of the buyer. The buyer paid the company a net consideration of £17,600,940 on 26th January 2015 for the customer portfolio sold.

ST (UK) Nominees Limited, a subsidiary of Talos Securities Limited, has now been struck off the Companies House register as of 24th February 2015.