Hudson River Trading Europe Ltd.

Report and Financial Statements

For the year ended 31 December 2013

Registered number: 06796079 (England and Wales)

Company information

Directors	J Carroll D L Olson A Nunes
Company secretary	G Rachinsky
Company number	06796079 (England and Wales)
Registered office	10th Floor Tower 42 25 Old Broad Street London EC2N 1HQ
Independent auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

Contents

Strategic report
for the year ended 31 December 2013

The directors present their strategic report for Hudson River Trading Europe Ltd. ("HRTE" or "the company") for the year ended 31 December 2013.

Business review
The results for the year and financial position at the year end were considered satisfactory by the company's directors.

Principal activity
HRTE is a private limited company which was incorporated under the laws of England and Wales on January 20, 2009. Hudson River Trading LLC is the sole shareholder of HRTE. HRTE was organized for the purpose of providing trade facilitation and operational support services to its parent, Hudson River Trading LLC, across various United Kingdom ("UK") and European trading venues. The company became authorised and regulated by the Financial Conduct Authority ("FCA") on 1 September 2013.

The company has branches in Europe to facilitate the activities of Hudson River Trading LLC. The company ceased its trade facilitation and operational support services of its branches in the Americas at the beginning of the fiscal year.

Future developments
The principal activities of the company will remain consistent going forward.

Principal risks and uncertainties
The principal risks and uncertainties faced by the company relate to financial risk management and are as follows:

Credit risk
Credit risk is the risk of financial loss due to the failure of a counterparty performing according to the terms of a contract. The company's credit risk arises mainly from cash held in bank deposit accounts and held at its clearing firm.

Margin risk
Margin risk occurs because the company may borrow funds in order to increase the amount of capital available for investing or trading purposes.

Market risk
Market risk is the risk of loss resulting from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

Foreign currency risk
The company's normal business activities often occur in various currencies outside the company's functional currency, which creates exposure to fluctuations in foreign currency rates.

The financial risks highlighted above are transferred to Hudson River Trading LLC, on whose behalf the company executes trades.

Capital management
The company is authorized by the FCA and as such must continuously maintain adequate financial resources, as defined by the FCA. In order to ensure that the company meets these requirements, calculations and reporting of available financial resources is performed intra-day using the firm's monitoring system.

Strategic report
for the year ended 31 December 2013

Capital management (continued)
The company has a compliance oversight function which monitors this reporting. The level of capital is reviewed on a regular basis and, during the year, capital was increased by the issue of 20,273,196 ordinary shares of £1 each at par.

During the year, the company has complied with its FCA financial resources requirements. At the year end, the company's financial resources totalled £27,911,064 (2012: £not applicable).

Key performance indicators ("KPIs")
The KPIs used by the directors to aid their management of their company include cost management and cash flow forecasts. However, given the nature of the business, the directors are of the opinion that inclusion of analysis using KPIs is not necessary for users of the financial statements to understand the development, performance or position of the business.

This report was approved by the board on 9 April 2014 and signed on its behalf.

J Carroll
Director

Directors' report

for the year ended 31 December 2013

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013.

Company registration

The company is registered in England as company number 06796079.

Results and dividends

The company's profit on ordinary activities before taxation for the financial year is £1,048,300 (2012: £360,410). The directors did not recommend or pay a dividend during the year (2012: £nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J Carroll
D L Olson
A Nunes

Directors' responsibilities statement

The directors are responsible for preparing the Strategic and Directors' Reports 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Directors' report

for the year ended 31 December 2013

Pillar 3 Disclosures

The disclosures to comply with Pillar 3 of the FCA Capital Requirements Directive are publicly available at our registered office at 10th Floor, Tower 42, 25 Old Broad Street, London, EC2N 1HQ.

Compliance with The Capital Requirements (Country-by-Country Reporting) Regulations 2013

As the company is an investment firm under the Capital Requirements Directive IV, with effect from 1 January 2014, it needs to comply with the following disclosure requirements stipulated by the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

a. the name, nature of activities and geographical location of the company and any subsidaries and branches;
b. turnover; and
c. the average number of employees on a full time basis.

The above information is set out in note 7 to the financial statements.

Statement of disclosure of information to auditors

Each of the directors confirm that:

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

- the director has taken all steps that he ought to have taken as a director in order to make himself 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 s418 of the Companies Act 2006.

Independent auditors

During the year, PricewaterhouseCoopers LLP resigned and Ernst & Young LLP were appointed as the company's auditors.

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Signed on behalf of the board:

J Carroll
Director

Approved by the board on: 9 April 2014

Independent auditors' report to the members of Hudson River Trading Europe Ltd.

for the year ended 31 December 2013

We have audited the financial statements of Hudson River Trading Europe Ltd. for the year ended 31 December 2013 which comprise the Profit and loss account, the Balance sheet, the Cash flow statement, the Statement of total recognised gains or losses, and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 3 and 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB'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 Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any material misstatements or uncertainties we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of the profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Hudson River Trading Europe Ltd.
for the year ended 31 December 2013

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 by the company, 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.

Ernst & Young LLP

James Bateman (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London

Date: ~~9~~ 15 April 2014

Profit and loss account

for the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	3	**10,427,087**	10,602,395
Administrative expenses		**(9,475,270)**	(10,296,461)
Other operating income		**71,040**	—
Operating profit	4	**1,022,857**	305,934
Interest receivable and similar income		**25,443**	54,476
Profit on ordinary activities before taxation		**1,048,300**	360,410
Tax on profit on ordinary activities	6	**(205,212)**	(146,233)
Profit for the financial year	14	**843,088**	214,177

All of the company's activities were derived from continuing operations during the above financial years.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 11 to 22 form an integral part of the financial statements.

Statement of total recognised gains and losses
for the year ended 31 December 2013

	Note	2013 £	2012 £
Profit for the financial year	14	**843,088**	214,177
Translation differences	14	**431**	3,523
Total recognised gains and losses		**843,519**	217,700

The notes on pages 11 to 22 form an integral part of the financial statements.

Balance sheet
as at 31 December 2013

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	8		**47,462**		87,109
Current assets:					
Debtors	9	**912,155**		1,307,082	
Financial assets at fair value through profit or loss	2	**23,714**		1,651,150	
Cash at bank and in hand		**33,786,381**		20,708,862	
		34,722,250		23,667,094	
Current liabilities:					
Creditors: amounts falling due within one year	10	**(6,258,757)**		(15,094,154)	
Financial liabilities at fair value through profit or loss	2	—		(1,201,737)	
		(6,258,757)		(16,295,891)	
Net current assets			**28,463,493**		7,371,203
Total assets less current liabilities			**28,510,955**		7,458,312
Creditors: amounts falling due after more than one year	11		**(599,891)**		(663,963)
Net assets			**27,911,064**		6,794,349
Capital and reserves:					
Called up share capital	13		**26,984,958**		6,711,762
Translation reserve	14		**17,407**		16,976
Profit and loss account	14		**908,699**		65,611
Shareholders' funds	15		**27,911,064**		6,794,349

Approved and authorised by the Board of Directors at a meeting on 9 April 2014 and signed on its behalf by:

J Carroll
Director

The notes on pages 11 to 22 form an integral part of the financial statements.

Cash flow statement

for the year ended 31 December 2013

	Note	2013 £	2012 £
Net cash outflow from operating activities	17	**(6,985,497)**	(5,688,048)
Returns on investment and servicing of finance	18	**25,443**	54,476
Taxation paid		**(192,622)**	(633,221)
Capital expenditure and financial investment	18	**(43,432)**	135,292
Financing	18	**20,273,196**	1,869,741
Increase/(decrease) in cash in the year		**13,077,088**	(4,261,760)

Reconciliation of net cash flow to movement in net funds

	Note	2013 £	2012 £
Increase/(decrease) in cash in the year	19	**13,077,088**	(4,261,760)
Effect of foreign exchange	19	**431**	3,317
Increase/(decrease) in net funds in the year		**13,077,519**	(4,258,443)
Net funds at start of year		**20,708,862**	24,967,305
Net funds at end of year		**33,786,381**	20,708,862

Notes to the financial statements
for the year ended 31 December 2013

1 Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company has taken an exemption available in FRS 8 *Related Party Disclosures* not to disclose transactions with entities that are part of the group on the grounds that it is a wholly owned subsidiary.

Foreign branches

Operations conducted through foreign branches of Hudson River Trading Europe Ltd. are conducted as separate businesses in local currency and as such are accounted for using the closing rate/net investment method. The profits and losses of foreign branches are translated at rates applicable at the end of the month in which the transaction occurred. The differences resulting from the translation of profits and losses from month end to year end rates are taken directly to the translation reserve.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated using the rate of exchange on the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Turnover

Turnover represents fee income derived from trade facilitation and operational support services to Hudson River Trading LLC, a company incorporated in the U.S.A. Turnover is recognised on an accruals basis. The geographical split has been shown in note 3.

Interest receivable and similar income

Interest receivable and similar income represents interest earned from cash held at banks and prime brokerage accounts and is recorded on an accruals basis.

Cash at bank and in hand

Cash at bank and in hand includes cash on deposit with banks and the company's clearing firms.

Liquid resources

Liquid resources are bank deposits that are not available within 24 hours.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Notes to the financial statements
for the year ended 31 December 2013

1 **Accounting policies** (continued)

Financial assets and liabilities at fair value through profit or loss
Financial assets and liabilities at fair value through profit or loss are financial instruments held for trading. A financial instrument is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Financial instruments in this category are classified as current instruments if expected to be settled within 12 months; otherwise, they are classified as noncurrent.

The company provides trade facilitation and operational support services to its parent, Hudson River Trading LLC, across various UK and European trading exchanges. Any net trading gains and losses related to financial instruments are transferred to Hudson River Trading LLC.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is reported on the balance sheet if and only if there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise an asset and settle the liability simultaneously.

Deferred taxation
Deferred tax is provided on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets are not discounted.

Tangible fixed assets
Depreciation is provided on all tangible fixed assets at the following annual rates in order to write off the cost of each asset over its estimated useful life:

• Leasehold improvements	over the period of the lease
• Hardware, fixtures and fittings	25% per annum
• Equipment:	
- Office and warehouse equipment	33.33% per annum
- Communications equipment	14.29% per annum

Notes to the financial statements
for the year ended 31 December 2013

1 **Accounting policies** (continued)

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

2 **Financial risk management**

The company has exposure to the following risks from its holding of financial instruments: market risk, credit risk and liquidity risk. This note presents information about the company's exposure to each of these risks, its policies and processes for measuring and managing risk, and the company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify the risks faced by the company, to set appropriate risk limits and controls, and to monitor such risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Market risk

Market risk is the potential for changes in the value of financial assets and liabilities due to market changes, including interest and currency rate movements as well as fluctuations in the prices of financial assets and liabilities. Market risk is directly impacted by the volatility and liquidity in the markets in which the related underlying financial instruments are traded.

Interest rate risk is the risk of loss due to the fluctuation of interest rates.

Foreign exchange risk is the risk of loss due to the fluctuation of exchange rates. The valuation of the portfolio is subject to foreign exchange risk arising from non-British Pound Sterling financial assets.

Gains and losses relating to trading assets and liabilities net of commissions, direct trading related expenses, interest income and expenses, and foreign exchange differences on all trading assets and liabilities are transferred to Hudson River Trading LLC.

In respect of non-trading assets and liabilities denominated in foreign currencies, the company periodically reviews its net exposure to ensure it is kept to an acceptable level. The company executes foreign currency spot trades on an as needed basis.

Sensitivity analysis – market risk

All of the company's financial assets and liabilities are listed on recognised exchanges. As a result of the agreement with Hudson River Trading LLC, whereby the market risks in the trading book are transferred to Hudson River Trading LLC, fluctuations in market prices at 31 December 2013 would not have a material impact on the operating profit of the company.

Credit risk

Credit risk is the risk of financial loss due to the failure of a counterparty to perform according to the terms of a contract. The credit risk associated with exchange-traded financial assets and liabilities, such as futures, is mitigated by the cash held at the company's clearing firms. The company currently clears these exchange traded positions through highly rated clearing brokers.

Notes to the financial statements
for the year ended 31 December 2013

2 Financial risk management (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December 2013 was as follows:

	2013	2012
	£	£
Amounts owed by brokers	**10,714,718**	13,401,148
Amounts (owed) to brokers	**(393,156)**	(776,302)
Net amounts receivable from brokers	**10,321,562**	12,624,846
Cash at commercial banks	**23,260,719**	7,544,685
	33,582,281	20,169,531

The company has no financial assets which are past due or impaired. Cash at commercial banks is held at banks with investment grade credit ratings, as rated by Standard & Poor's.

Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its obligations as they fall due.

Substantially all of the company's financial liabilities are payable on demand or in accordance with normal trade settlement cycles, therefore no separate disclosure of contractual maturities is made within these financial statements.

Fair value of financial instruments
The company has adopted the amendment to FRS 29 for financial instruments that are recorded on the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Notes to the financial statements
for the year ended 31 December 2013

2 **Financial risk management** (continued)

The following table presents the company's assets and liabilities that are measured at fair value

Assets	2013 Level 1 £	2013 Total £	2012 Level 1 £	2012 Total £
Common stocks (listed)	23,714	23,714	1,651,150	1,651,150
	23,714	23,714	1,651,150	1,561,150

Liabilities	2013 Level 1 £	2013 Total £	2012 Level 1 £	2012 Total £
	—	—	1,201,393	1,201,393
	—	—	344	344
	—	—	1,201,737	1,201,737

The company's common stock positions are traded in active markets and are recorded at the closing price published by the listing exchange. They are recorded as financial assets at fair value through profit or loss on the balance sheet.

A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1. Instruments included in level 1 comprise long or short common stock positions classified as financial assets or liabilities at fair value through profit and loss.

3 **Turnover**

There is only one segment line, trade facilitation and operational support services. A geographical analysis of turnover is as follows:

	2013 £	2012 £
Europe	10,427,087	9,661,187
Americas	—	941,208
	10,427,087	10,602,395

Notes to the financial statements
for the year ended 31 December 2013

4 Operating profit

Operating profit on ordinary activities before taxation is stated after charging/(crediting).

	2013 £	2012 £
Auditors' remuneration		
- Audit services	**53,510**	40,548
- Regulatory assurance services	**13,377**	—
- Taxation compliance services – Paid to previous auditor	**66,312**	139,778
- Taxation advisory services – Paid to previous auditor	**53,745**	—
Depreciation	**71,457**	203,939
Loss/(profit) on disposal of fixed assets	**11,622**	(630)
Foreign exchange (profits)/losses	**(71,040)**	633,836
Operating lease rentals		
- Plant and machinery	**181,145**	119,282
- Other	**2,449,488**	2,850,887

5 Staff costs

	2013 £	2012 £
Wages and salaries	**2,578,290**	2,668,009
Social security costs	**369,750**	388,427
	2,948,040	3,056,436

The above staff costs pertain to an average of 9 employees during the year (2012 – 7). The directors' aggregate remuneration in respect to qualifying services performed while appointed as director (salary and benefits) was £1,358,395 (2012 - £377,614). Directors' aggregate remuneration in respect of qualifying services while appointed as director include £1,358,395 (2012 - £377,614) paid in respect of the highest paid director.

6 Tax on profit on ordinary activities

(a) Taxation

	2013 £	2012 £
Current tax:		
United Kingdom corporation tax based on the results for the year as adjusted for taxation purposes at 23.25% (2012 – 24.5%)	—	133,307
Adjustments in respect of previous periods	**(8,331)**	(1,292)
Foreign tax	**71,089**	102,423
Total current tax	**62,758**	234,438
Deferred tax (note 12)		
Prior year adjustments	—	—
Deferred tax charge/(credit) for the year	**142,454**	(88,205)
Taxation charge	**205,212**	146,233

Notes to the financial statements
for the year ended 31 December 2013

6 **Tax on profit on ordinary activities** (continued)

Factors affecting the tax charge for the year:

Effective 1 April 2013, the standard rate of United Kingdom corporation tax decreased from 24% to 23%. Further changes to the United Kingdom corporation tax rate were announced in the March 2013 budget to reduce the rate to 21% to apply from 1 April 2014, with a further reduction to 20% to apply from 1 April 2015. As these reduced rate changes had been substantially enacted at the balance sheet date, the relevant deferred tax balances have been re-measured at 21% on the basis that it is anticipated that the company's deferred tax balances will unwind at this rate.

As a result of a United Kingdom corporation tax taxable loss, the company's profits for this accounting period are taxed at an effective rate of 0%.

(b) Reconciliation of corporation tax charge for the year

The current tax charge for the year 2013 is lower (2012: higher) than that at the effective rate (23.25%) (2012 – 24.5%). The differences are set out below.

	2013	2012
	£	£
Profit on ordinary activities before tax	**1,048,300**	360,410
Corporation tax at 23.25% (2012 – 24.5%)	**243,491**	93,817
Taxation adjustments and expenses disallowed for tax purposes		
Adjustments in respect of previous periods	**(8,331)**	(1,292)
Unrelieved tax losses	**5,308**	—
Other timing differences	**(251,472)**	130,135
Loss on disposal of fixed assets	**2,673**	—
Overseas taxation	**71,089**	102,423
Allowable foreign tax credits	**—**	(90,645)
Current tax charge for the year	**62,758**	234,438

Notes to the financial statements
for the year ended 31 December 2013

7 Capital Requirements (Country-by-Country Reporting) Regulations 2013

The disclosure requirements stipulated by the Capital Requirements (Country-by-Country Reporting) Regulations 2013 are as follows:

Location	Turnover £	Number of full time employees
UK	7,745,082	9
Germany	1,193,401	-
Italy	492,335	-
Spain	481,757	-
Sweden	391,642	-
Switzerland	122,870	-

The principal activity of all of the above branches is to provide trade facilitation and operational support services to the parent company, Hudson River Trading LLC.

8 Tangible fixed assets

	Leasehold improvements £	Hardware fixtures and fittings £	Equipment £	Total £
Cost:				
At 1 January 2013	268,336	53,628	106,783	**428,747**
Additions	23,466	7,610	12,356	**43,432**
Disposals	(268,336)	—	(639)	**(268,975)**
At 31 December 2013	23,466	61,238	118,500	**203,204**
Accumulated depreciation				
At 1 January 2013	224,081	45,304	72,253	**341,638**
Charge for the year	35,388	9,059	27,010	**71,457**
Disposals	(257,273)	—	(80)	**(257,353)**
At 31 December 2013	2,196	54,363	99,183	**155,742**
Net book value:				
At 31 December 2013	21,270	6,875	19,317	**47,462**
At 31 December 2012	44,255	8,324	34,530	**87,109**

Notes to the financial statements
for the year ended 31 December 2013

9 Debtors

	2013	2012
	£	£
Trade debtors	**189,056**	236,971
Amounts owed by group undertakings	**2,621**	251,230
Deferred tax assets (note 12)	**301,078**	443,966
Corporation tax receivable	**50,232**	—
Other debtors	**143,979**	66,266
Prepayments	**225,189**	308,649
	912,155	1,307,082

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. Other debtors includes a rental and security deposit falling due after more than one year of £92,275 (2012 - £52,097).

10 Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	**583,760**	700,098
Amounts owed to group undertakings	**1,913,226**	10,160,757
Corporation tax payable	**14,399**	94,465
VAT payable	**145,037**	34,035
Accruals and deferred income	**3,602,335**	4,104,799
	6,258,757	15,094,154

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. VAT payable includes an amount of £31,324 in respect of a VAT penalty due to late registration, which will be paid in the fiscal year 2014.

11 Creditors: amounts falling due after more than one year

	2013	2012
	£	£
Accruals and deferred income	**599,891**	663,963

Notes to the financial statements
for the year ended 31 December 2013

12 Deferred tax assets

	2013	2012
	£	£
At 1 January	**443,966**	355,761
Translation difference	**(434)**	—
(Charge)/credit to profit and loss account – timing differences	**(142,454)**	88,205
At 31 December	**301,078**	443,966

The deferred tax asset is analysed as follows:

	£	£
Capital allowances in excess of depreciation	**1,425**	(570)
Losses carried forward	**14,276**	—
Other short term timing differences	**285,562**	444,536
Translation difference	**(185)**	—
	301,078	443,966

13 Called up share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
26,984,958 (2012 - 6,711,761) ordinary shares of £1 each	**26,984,958**	6,711,762

During the year, 20,273,196 ordinary shares were issued at par.

14 Reconciliation of movements in reserves

	Profit and loss account	Translation reserve	2013
	£	£	£
Opening balance at 1 January 2013	65,611	16,976	**82,587**
Translation differences	—	431	**431**
Profit for the financial year	843,088	—	**843,088**
At 31 December 2013	908,699	17,407	**926,106**

15 Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
At 1 January 2013	**6,794,349**	4,706,908
Issue of share capital	**20,273,196**	1,869,741
Translation differences	**431**	3,523
Profit for the financial year	**843,088**	214,177
At 31 December 2013	**27,911,064**	6,794,349

Notes to the financial statements
for the year ended 31 December 2013

16 Capital management

The company is authorized by the FCA and as such must continuously maintain adequate financial resources, as defined by the FCA. In order to ensure that the company meets these requirements, calculations and reporting of available financial resources is performed intra-day using the firm's monitoring system. The company has a compliance oversight function which monitors this reporting.

During the year, the company has complied with its FCA financial resources requirements. At the year end, the company's financial resources totalled £27,911,064 (2012: £not applicable).

17 Net cash outflow from operating activities

	2013	2012
	£	£
Operating profit	**1,022,857**	305,934
Depreciation	**71,457**	203,939
Decrease/(increase) in debtors	**302,271**	(221,580)
Decrease/(increase) in financial assets at fair value	**1,627,436**	(1,651,150)
Decrease in creditors	**(8,819,403)**	(5,526,298)
(Decrease)/increase in financial liabilities at market value	**(1,201,737)**	1,201,737
Loss/(profit) on disposals of fixed assets	**11,622**	(630)
Net cash outflow from operating activities	**(6,985,497)**	(5,688,048)

18 Analysis of cash flow statement

	2013	2012
	£	£
Return on investments and servicing of finance		
Interest received	**25,443**	54,476
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(43,432)**	(76,927)
Proceeds from sale of tangible fixed assets	**—**	212,219
	(43,432)	135,292
Financing		
Issue of share capital	**20,273,196**	1,869,741

19 Analysis of change in net funds

	At 1 January 2013	Cash flow	Foreign exchange differences	**At 31 December 2013**
	£	£	£	**£**
Cash at bank and in hand	20,708,862	13,077,088	431	**33,786,381**

Notes to the financial statements
for the year ended 31 December 2013

20 Operating lease commitments

The annual commitments under non-cancellable operating leases were as follows:

	Land and buildings		Other	
	2013	2012	**2013**	2012
	£	£	**£**	£
Operating leases which expire				
- Within 1 year	**—**	100,245	**1,020,640**	599,692
- In 2 – 5 years	**211,533**	—	**696,600**	880,970
	211,533	100,245	**1,717,240**	1,480,662

21 Subsequent Events

During the beginning of 2014, the company issued 550,713 ordinary shares of £1.034 each to RDC I, Inc.

22 Parent undertaking

The company's immediate and ultimate parent undertaking is Hudson River Trading LLC, a limited liability company incorporated in the United States of America. At 31 December 2013, Director J Carroll was one of the ultimate owners of the company's parent, Hudson River Trading LLC.

Hudson River Trading LLC is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2013. The consolidated financial statements of Hudson River Trading LLC are not available to the public.