Hudson River Trading Europe Ltd.

Report and Financial Statements

For the year ended 31 December 2014

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 2014

The directors present their strategic report for Hudson River Trading Europe Ltd. ("HRTE" or "the company") for the year ended 31 December 2014.

Principal activity
HRTE is a private limited company incorporated under the laws of England and Wales. Hudson River Trading LLC is the majority shareholder of HRTE. HRTE was organised 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 is regulated by the Financial Conduct Authority ("FCA").

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

During 2014, HRTE issued 550,713 ordinary shares to RDC I, Inc. The owners of RDC I, Inc. are also the owners of the company's parent, Hudson River Trading LLC.

The company provides trade facilitation and operational support services to Hudson River Trading LLC, and operational support services to its affiliate HRT Financial LLC.

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 to perform 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.

Strategic report
for the year ended 31 December 2014

Capital management
The company is authorised 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. The level of capital is reviewed on a regular basis and, during the year, capital was increased by the issue of 550,713 ordinary shares. The shares were sold at £1.03 per share.

During the year, the company has complied with its FCA financial resources requirements. At the year end, the company's financial resources totalled £31,263,093 (2013: £27,911,064).

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 14 April 2015 and signed on its behalf.

J Carroll
Director

Directors' report

for the year ended 31 December 2014

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

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 £3,189,846 (2013: £1,048,300). The directors did not recommend or pay a dividend during the year (2013: £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 2014

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 disclosure requirements stipulated by the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The required information is set out in note 8 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

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: 14 April 2015

Independent auditors' report to the members of Hudson River Trading Europe Ltd.
for the year ended 31 December 2014

We have audited the financial statements of Hudson River Trading Europe Ltd. for the year ended 31 December 2014 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 23. 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 auditor

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 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 profit 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 2014

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: 17 April 2015

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	3	**11,087,940**	10,427,087
Administrative expenses		**(10,036,172)**	(9,475,270)
Other operating income	4	**2,094,204**	71,040
Operating profit	5	**3,145,972**	1,022,857
Interest receivable and similar income		**43,874**	25,443
Profit on ordinary activities before taxation		**3,189,846**	1,048,300
Tax on profit on ordinary activities	7	**(381,002)**	(205,212)
Profit for the financial year	15	**2,808,844**	843,088

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 2014

	Note	2014 £	2013 £
Profit for the financial year	15	**2,808,844**	843,088
Translation differences	15	**(26,429)**	431
Total recognised gains and losses		**2,782,415**	843,519

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

Balance sheet

as at 31 December 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	9		**47,619**		47,462
Current assets:					
Debtors	10	**4,872,100**		912,155	
Financial assets at fair value through profit or loss	2	**14,101,684**		23,714	
Cash at bank and in hand		**20,438,645**		33,786,381	
		39,412,429		34,722,250	
Current liabilities:					
Creditors: amounts falling due within one year	11	**(7,331,022)**		(6,258,757)	
Financial liabilities at fair value through profit or loss	2	**(77,781)**		—	
		(7,408,803)		(6,258,757)	
Net current assets			**32,003,626**		28,463,493
Total assets less current liabilities			**32,051,245**		28,510,955
Creditors: amounts falling due after more than one year	12		**(788,152)**		(599,891)
Net assets			**31,263,093**		27,911,064
Capital and reserves:					
Called up share capital	14		**27,535,671**		26,984,958
Share premium	15		**18,901**		—
Translation reserve	15		**(9,022)**		17,407
Profit and loss account	15		**3,717,543**		908,699
Shareholders' funds	16		**31,263,093**		27,911,064

Approved and authorised by the Board of Directors at a meeting on 14 April 2015 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 2014

	Note	**2014** £	2013 £
Net cash inflow/(outflow) from operating activities	18	**(11,954,501)**	(6,985,497)
Returns on investment and servicing of finance	19	**43,874**	25,443
Taxation paid	8	**(98,011)**	(192,622)
Capital expenditure and financial investment	19	**(18,717)**	(43,432)
Management of liquid resources	19	**(1,863,859)**	—
Financing	19	**569,614**	20,273,196
Increase/(decrease) in cash in the year		**(13,321,600)**	13,077,088

Reconciliation of net cash flow to movement in net funds

	Note	**2014** £	2013 £
Increase/(decrease) in cash in the year	20	**(13,321,600)**	13,077,088
Effect of foreign exchange	20	**(26,136)**	431
Increase/(decrease) in net funds in the year		**(13,347,736)**	13,077,519
Net funds at start of year		**33,786,381**	20,708,862
Net funds at end of year		**20,438,645**	33,786,381

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

Notes to the financial statements
for the year ended 31 December 2014

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.

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. Monetary items denominated in foreign currencies are retranslated using the rate of.exchange on the balance sheet date and the gains and losses on retranslation 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 and HRT Financial LLC. Both companies are incorporated in the U.S.A. Turnover is recognised on an accruals basis. The geographical split has been set out in note 3.

Other operating income
Other operating income represents exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they are translated on initial recognition during the period or previous periods, and income from the company's internally held portfolio of investment securities.

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 2014

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 categorised as held for trading unless they are designated as hedges. Financial instruments in this category are classified as current investments if expected to be settled within 12 months; otherwise, they are classified as non-current.

The company provides trade facilitation and operational support services to its parent, Hudson River Trading LLC, across various UK and European trading exchanges, and operational support services to its affiliate, HRT Financial LLC. Any net trading gains and losses related to financial instruments are transferred to Hudson River Trading LLC, other than any net trading gains and losses related to financial instruments in the company's non-trading book. Net trading gains and losses related to financial instruments in the company's non-trading book are recognized in Other operating income.

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
• Furniture	25% per annum
• Equipment:	
- Office and warehouse equipment	33.33% per annum
- Communications equipment	14.29% per annum
- Computer hardware and monitors	25% per annum

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

Notes to the financial statements

for the year ended 31 December 2014

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 2014 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 2014

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 2014 was as follows:

	2014	2013
	£	£
Amounts owed by brokers	**11,645,359**	10,714,718
Amounts (owed) to brokers	**(594,103)**	(393,156)
Net amounts receivable from brokers	**11,051,256**	10,321,562
Cash at commercial banks	**11,105,022**	23,260,719
	22,156,278	33,582,281

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 2014

2 Financial risk management (continued)

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

	2014	2014	2013	2013
	Level 1	Total	Level 1	Total
Assets	£	£	£	£
Common stocks (listed)	14,101,684	14,101,684	23,714	23,714
	14,101,684	14,101,684	23,714	23,714

	2014	2014	2013	2013
	Level 1	Total	Level 1	Total
Liabilities	£	£	£	£
Common stocks (listed)	(77,781)	(77,781)	—	—
	(77,781)	(77,781)	—	—

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:

	2014	2013
	£	£
Europe	11,039,795	10,427,087
Americas	48,145	—
Total	11,087,940	10,427,087

Notes to the financial statements
for the year ended 31 December 2014

4 Other operating income

	2014 £	2013 £
Net gain on securities	**1,963,207**	–
Dividends	**87,372**	–
Foreign exchange gains	**43,625**	71,040
	2,094,204	71,040

5 Operating profit

Operating profit on ordinary activities before taxation is stated after charging.

	2014 £	2013 £
Auditors' remuneration		
- Audit services	**35,315**	53,510
- Other assurance services	**17,658**	13,377
- Taxation compliance services – Paid to previous auditor	—	66,312
- Taxation advisory services – Paid to previous auditor	—	53,745
Depreciation	**18,086**	71,457
Loss on disposal of fixed assets	**474**	11,622
Operating lease rentals		
- Land and buildings	**214,841**	181,145
- Other	**2,775,277**	2,449,488

6 Staff costs

	2014 £	2013 £
Wages and salaries	**2,932,860**	2,578,290
Social security costs	**404,917**	369,750
	3,337,777	2,948,040

The above staff costs pertain to an average of 10 employees during the year (2013 – 9). The directors' aggregate remuneration in respect to qualifying services performed while appointed as director (salary and benefits) was £832,369 (2013 - £1,358,395). Directors' aggregate remuneration in respect of qualifying services while appointed as director include £832,369 (2013 - £1,358,395) paid in respect of the highest paid director.

Notes to the financial statements
for the year ended 31 December 2014

7 Tax on profit on ordinary activities

(a) Taxation

	2014	2013
	£	£
Current tax:		
United Kingdom corporation tax based on the results for the year as adjusted for taxation purposes at 21.5% (2013 – 23.25%)	**251,050**	—
Adjustments in respect of previous periods	**72,467**	(8,331)
Foreign tax	**71,817**	71,089
Total current tax	**395,334**	62,758
Deferred tax (note 13)		
Deferred tax (credit)/charge for the year	**(14,332)**	142,454
Taxation charge	**381,002**	205,212

Factors affecting the tax charge for the year:

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

(b) Reconciliation of corporation tax charge for the year

The current tax charge for the year 2014 is lower (2013: lower) than the corporation tax effective rate of 21.5% (2013 – 23.25%). The differences are set out below.

	2014	2013
	£	£
Profit on ordinary activities before tax	**3,189,846**	1,048,300
Corporation tax at 21.5% (2013 – 23.25%)	**685,817**	243,491
Taxation adjustments and expenses disallowed for tax purposes		
Adjustments in respect of previous periods	**72,467**	(8,331)
Unrelieved tax losses	—	5,308
Income not taxable for tax purposes	**(422,013)**	—
Other timing differences	**36,507**	(251,472)
Loss on disposal of fixed assets	—	2,673
Overseas taxation	**71,817**	71,089
Allowable foreign tax credits	**(49,043)**	—
Other differences	**(218)**	—
Current tax charge for the year	**395,334**	62,758

Notes to the financial statements

for the year ended 31 December 2014

8 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	Profit on ordinary activities before taxation	Taxation paid	Subsidies received
UK	8,183,021	10	2,955,374	21,303	—
Germany	1,330,209	—	114,124	37,362	—
Italy	536,176	—	45,082	16,223	—
Spain	430,318	—	33,577	10,754	—
Sweden	486,566	—	32,110	8,891	—
Switzerland	121,650	—	9,579	3,477	—

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.

9 Tangible fixed assets

	Leasehold improvements £	Furniture £	Equipment £	Total £
Cost:				
At 1 January 2014	23,466	61,238	118,500	**203,204**
Additions	—	4,919	13,798	**18,717**
Disposals	—	—	(1,991)	**(1,991)**
At 31 December 2014	23,466	66,157	130,307	**219,930**
Accumulated depreciation				
At 1 January 2014	2,196	54,363	99,183	**155,742**
Charge for the year	4,726	2,599	10,761	**18,086**
Disposals	—	—	(1,517)	**(1,517)**
At 31 December 2014	6,922	56,962	108,427	**172,311**
Net book value:				
At 31 December 2014	16,544	9,195	21,880	**47,619**
At 31 December 2013	21,270	6,875	19,317	**47,462**

Notes to the financial statements
for the year ended 31 December 2014

10 Debtors

	2014	2013
	£	£
Trade debtors	**284,509**	189,056
Collateral held at an exchange	**1,863,859**	—
Amounts owed by parent undertaking	**1,940,476**	—
Amounts owed by group undertakings	**128,908**	2,621
Deferred tax asset (note 13)	**315,410**	301,078
Corporation tax receivable	—	50,232
Other debtors	**92,381**	143,979
Prepayments	**246,557**	225,189
	4,872,100	912,155

Amounts owed by group and parent 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 (2013: £92,275). The portion of the deferred tax asset which will be utilized after more than one year is £153,568 (2013: £168,041).

11 Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	**204,199**	583,760
Amounts owed to parent undertaking	**3,483,507**	—
Amounts owed to group undertakings	—	1,913,226
Corporation tax payable	**261,783**	14,399
VAT payable	**58,372**	145,037
Accruals and deferred income	**3,323,161**	3,602,335
	7,331,022	6,258,757

Amounts owed to group and parent undertakings are unsecured, interest free and repayable on demand.

12 Creditors: amounts falling due after more than one year

	2014	2013
	£	£
Accruals and deferred income	**788,152**	599,891

Notes to the financial statements
for the year ended 31 December 2014

13 Deferred tax asset

	2014	2013
	£	£
At 1 January	**301,078**	443,966
Translation difference	—	(434)
(Charge)/credit to profit and loss account – timing differences	**14,332**	(142,454)
At 31 December	**315,410**	301,078

The deferred tax asset is analysed as follows:

	£	£
Capital allowances in excess of depreciation	**7,848**	1,425
Losses carried forward	—	14,276
Other short term timing differences	**307,562**	285,562
Translation difference	—	(185)
	315,410	301,078

14 Called up share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
27,535,671 (2013 - 26,984,958) ordinary shares of £1 each	**27,535,671**	26,984,958

During the year, 550,713 ordinary shares were issued for £1.03 per share.

15 Reconciliation of movements in reserves

	Share premium account	Profit and loss account	Translation reserve	**2014**
	£	£	£	**£**
Opening balance at 1 January 2014	—	908,699	17,407	**926,106**
Translation differences	—	—	(26,429)	**(26,429)**
Profit for the financial year	—	2,808,844	—	**2,808,844**
Premium on shares issued during the year	18,901	—	—	**18,901**
At 31 December 2014	18,901	3,717,543	(9,022)	**3,727,422**

Notes to the financial statements
for the year ended 31 December 2014

16 Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
At 1 January 2014	**27,911,064**	6,794,349
Issue of share capital	**550,713**	20,273,196
Translation differences	**(26,429)**	431
Profit for the financial year	**2,808,844**	843,088
Premium on shares issued during the year	**18,901**	—
At 31 December 2014	**31,263,093**	27,911,064

17 Capital management

The company is authorised 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 £31,263,093 (2013: £27,911,064).

18 Net cash outflow from operating activities

	2014	2013
	£	£
Operating profit	**3,145,972**	1,022,857
Depreciation	**18,086**	71,457
(Increase)/decrease in debtors	**(2,131,986)**	302,271
(Increase)/decrease in financial assets at fair value	**(14,077,970)**	1,627,436
Increase/(decrease) in creditors	**1,013,142**	(8,819,403)
Increase/(decrease) in financial liabilities at fair value	**77,781**	(1,201,737)
Loss on disposals of fixed assets	**474**	11,622
Net cash outflow from operating activities	**(11,954,501)**	(6,985,497)

19 Analysis of cash flow statement

	2014	2013
	£	£
Return on investments and servicing of finance		
Interest received	**43,874**	25,443
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(18,717)**	(43,432)
Management of liquid resources		
Cash held as collateral at an exchange	**(1,863,859)**	—
Financing		
Issue of share capital	**569,614**	20,273,196

Notes to the financial statements

for the year ended 31 December 2014

20 Analysis of change in net funds

	At 1 January 2014 £	Cash flow £	Foreign exchange differences £	**At 31 December 2014 £**
Cash at bank and in hand	33,786,381	(13,321,600)	(26,136)	**20,438,645**

21 Operating lease commitments

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

	Land and buildings		Other	
	2014	2013	**2014**	2013
	£	£	**£**	£
Operating leases which expire				
- Within 1 year	—	—	**1,246,662**	1,020,640
- In 2 – 5 years	**250,924**	211,533	**553,094**	696,600
	250,924	211,533	**1,826,764**	1,717,240

22 Related party transactions

The company paid £35,048,875 (2013: £50,247,489) to Hudson River Trading LLC for trading gains and losses related to financial instruments held by the company, net of trade facilitation and operational support service fees under a services agreement. As of the balance sheet date, £3,483,507 (2013: £nil) was due to and £1,940,476 (2013: £nil) was due from Hudson River Trading LLC. These balances were remitted before the issuance of these financial statements. Please refer to note 23 for details regarding the relationship of Hudson River Trading LLC to the company.

As of the balance sheet date, £48,145 (2013: £nil) was due from HRT Financial LLC for support services. This receivable was remitted before the issuance of these financial statements. HRT Financial LLC and Hudson River Trading Europe Ltd. are under common control.

As of the balance sheet date, £72,725 (2013: £2,621) was due from Tucana Bay Ltd. related to an expenditure that was paid on Tucana Bay Ltd.'s behalf. This receivable was remitted before the issuance of these financial statements. Tucana Bay Ltd. and Hudson River Trading Europe Ltd. are under common control.

23 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 2014, 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 2014. The consolidated financial statements of Hudson River Trading LLC are not available to the public.