

Accounting Assistant

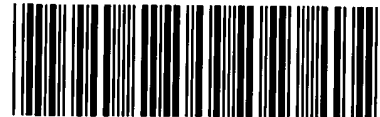
Company Registration No. 08619610 (England and Wales)

**FORTRADE LIMITED  
& SUBSIDIARIES**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED  
31 DECEMBER 2016**

THURSDAY



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# **FORTRADE LIMITED & SUBSIDIARIES**

## **COMPANY INFORMATION**

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**Directors**

N Collison  
C Humby

**Company number**

08619610

**Registered office**

43-45 Dorset Street  
London  
W1U 7NA

**Auditors**

Fisher, Sassoon & Marks  
43-45 Dorset Street  
London  
W1U 7NA

**Business address**

Michelin House  
81 Fulham Road  
London  
SW3 6RD

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# **FORTRADE LIMITED & SUBSIDIARIES**

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# **FORTRADE LIMITED & SUBSIDIARIES**

## **STRATEGIC REPORT**

**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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This strategic report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to the company and its subsidiary undertakings when viewed as a whole.

### **Fair review of the business**

The group's business developed in line with the board's expectations and the results for the period and the financial position at the period end were considered satisfactory given industry and economic conditions.

The group continues to look for opportunities both in the UK and overseas. Therefore, the directors expect that the group will grow its business both in its core market and new markets and this will lead to an improvement in the group's financial results and growth in key performance indicators of client numbers and trade volumes.

### **Principal risks and uncertainties**

As a service provider the directors consider that the key financial risk exposures faced by the company relate to credit risk and the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs. The company does not take trade positions which expose it to material price risk and nor does it have a material exposure to foreign exchange movements.

The principal non-financial risks faced by the company relate to information technology failure. This is mitigated by having appropriate back-up systems and procedures and a disaster recovery programme.

### **Development and performance**

At the period end the Group had net assets in the sum of £3,288,306 (2015: £1,587,729) which included £418,578 (2015: £122,036) of cash balances. Accordingly the Group has a strong balance sheet and is well placed to achieve its long term strategy.

### **Key performance indicators**

Key performance indicators are turnover of £15,852,738 (2015: £5,542,812) and gross profit of £4,477,538 (2015: £1,659,472).

On behalf of the board



N Collison  
Director

28 September 2017

# **FORTRADE LIMITED & SUBSIDIARIES**

## **DIRECTORS' REPORT**

***FOR THE PERIOD ENDED 31 DECEMBER 2016***

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The directors present their annual report on the affairs of the group, together with the financial statements and auditor's report, for the period ended 31 December 2016.

### **Principal activities**

The activities of the group are that of the provision of investment services and acting as principal to its clients in foreign exchange and derivatives contracts including Contracts For Difference ("CFD").

### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

N Collison  
C Humby

### **Results and dividends**

The results for the period are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Financial instruments**

#### ***Liquidity risk***

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

#### ***Foreign currency risk***

The company's principal foreign currency exposures arise from trading with overseas companies and individuals. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

#### ***Credit risk***

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

### **Research and development**

The group continues to undertake research and development in respect of its bespoke in-house trading platform; Fortrader.

### **Post reporting date events**

There are no matters to report.

### **Changes in presentation of the financial statements**

The financial year end of the Company was changed from 31 July to 31 December. Accordingly, the comparative figures for the income statements, statements of changes in equity, cash flow statements and the related notes are for twelve months from 1 August 2014 to 31 July 2015.

### **Auditors**

The auditors, Fisher, Sassoon & Marks are deemed to be reappointed under section 487(2) of the Companies Act 2006.

# **FORTRADE LIMITED & SUBSIDIARIES**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 group and company 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 group and the parent company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the parent 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 group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosures to auditors**

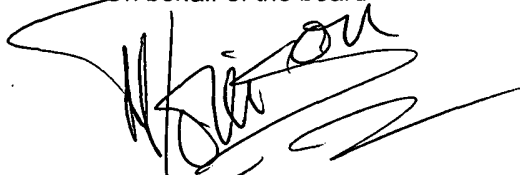
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

### **Risk management objectives and policies**

The directors determine the company's business strategy and risk appetite along with designing and implementing a risk management framework that recognizes the risks that the business faces. They also determine how those risks may be mitigated and assess on an ongoing basis the arrangements to manage those risks. The board meets on a regular basis and discuss current projections for profitability and regulatory capital management, business planning and risk management. The directors manage the company's risks through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required. The company follows the standardised approach to market risk and the simplified standard approach to credit risk.

The company's financial risk management objectives are therefore to minimise the key financial risks through having clearly defined terms of business with counterparties and stringent market risk control over transactions with them, and regular monitoring of cash flow and management accounts to ensure regulatory capital requirements are not breached and the company maintains adequate working capital.

On-behalf of the board



**N Collison**  
**Director**

28 September 2017

# **FORTRADE LIMITED & SUBSIDIARIES**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FORTRADE LIMITED & SUBSIDIARIES**

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We have audited the financial statements of Fortrade Limited & Subsidiaries for the period ended 31 December 2016 set out on pages 6 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), including Financial Reporting Standard 102.

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 the directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 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 [(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 group's and the parent 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 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 group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

# **FORTRADE LIMITED & SUBSIDIARIES**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF FORTRADE LIMITED & SUBSIDIARIES**

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#### **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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



**Jonathan Marks (Senior Statutory Auditor)**  
**for and behalf of Fisher, Sassoon & Marks**

28 September 2017

**Chartered Accountants**  
**Statutory Auditor**

**43-45 Dorset Street**  
**London W1U 7NA**



# **FORTRADE LIMITED & SUBSIDIARIES**

## **CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016**

		<b>Period ended 31 December 2016 £</b>	<b>Year ended 31 July 2015 £</b>
	<b>Notes</b>		
<b>Turnover</b>	<b>3</b>	15,852,738	5,542,812
Cost of sales		(11,375,200)	(3,883,340)
<b>Gross profit</b>		<b>4,477,538</b>	<b>1,659,472</b>
Administrative expenses		(3,352,068)	(1,869,296)
<b>Operating profit/(loss)</b>	<b>4</b>	<b>1,125,470</b>	<b>(209,824)</b>
Interest receivable and similar income	<b>8</b>	5,861	495
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>1,131,331</b>	<b>(209,329)</b>
Taxation	<b>9</b>	15,688	(52,896)
<b>Profit/(loss) for the financial period</b>	<b>17</b>	<b>1,147,019</b>	<b>(262,225)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>1,147,019</b>	<b>(262,225)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.


# FORTRADE LIMITED & SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2016

		2016	As at 31 July 2015
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	11	112,126	15,714
<b>Current assets</b>			
Debtors	14	13,455,370	8,714,707
Cash at bank and in hand		418,578	122,036
		13,873,948	8,836,743
<b>Creditors: amounts falling due within one year</b>	15	(10,697,768)	(7,211,170)
<b>Net current assets</b>		3,176,180	1,625,573
<b>Total assets less current liabilities</b>		3,288,306	1,641,287
<b>Capital and reserves</b>			
Called up share capital	16	2,614,250	2,114,250
Profit and loss reserves	17	674,056	(472,963)
<b>Total equity</b>		3,288,306	1,641,287

The financial statements were approved by the board of directors and authorised for issue on 28 September 2017 and are signed on its behalf by:



N Collison  
Director

Company Registration No. 08619610

# FORTRADE LIMITED & SUBSIDIARIES

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	As at 31 July 2015 £	£
<b>Fixed assets</b>					
Tangible assets			78,883		6,831
<b>Current assets</b>					
Debtors	14	13,428,016		8,692,656	
Cash at bank and in hand		252,099		57,102	
		<u>13,680,115</u>		<u>8,749,758</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(10,614,301)</u>		<u>(7,065,864)</u>	
<b>Net current assets</b>			3,065,814		1,683,894
<b>Total assets less current liabilities</b>			<u>3,144,697</u>		<u>1,690,725</u>
<b>Capital and reserves</b>					
Called up share capital	16	2,614,250		2,114,250	
Profit and loss reserves	17	530,447		(423,525)	
<b>Total equity</b>			<u>3,144,697</u>		<u>1,690,725</u>

The financial statements were approved by the board of directors and authorised for issue on 28 September 2017 and are signed on its behalf by:



N Collison  
Director

Company Registration No. 08619610

# FORTRADE LIMITED & SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 August 2014</b>		1,500,000	(210,738)	1,289,262
<b>Year ended 31 July 2015</b>				
Profit and total comprehensive income the year		-	(262,225)	(262,225)
Issue of share capital	16	614,250	-	614,250
<b>Balance at 31 July 2015</b>		2,114,250	(472,963)	1,641,287
<b>Period ended 31 December 2016</b>				
Profit and total comprehensive income the period		-	1,147,019	1,147,019
Issue of share capital	16	500,000	-	500,000
<b>Balance at 31 December 2016</b>		2,614,250	674,056	3,288,306

# FORTRADE LIMITED & SUBSIDIARIES

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 August 2014</b>		1,500,000	(210,738)	1,289,262
<b>Year ended 31 July 2015</b>				
Profit and total comprehensive income the year		-	(212,787)	(212,787)
Issue of share capital	16	614,250	-	614,250
<b>Balance at 31 July 2015</b>		2,114,250	(423,525)	1,690,725
<b>Period ended 31 December 2016</b>				
Profit and total comprehensive income the period		-	953,972	953,972
Issue of share capital	16	500,000	-	500,000
<b>Balance at 31 December 2016</b>		2,614,250	530,447	3,144,697

# FORTRADE LIMITED & SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2016

		2016		2015	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	20		(138,756)		(519,478)
Income taxes refunded/(paid)			60,020		-
<b>Net cash inflow/(outflow) from operating activities</b>			(78,736)		(519,478)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(124,722)		(12,144)	
Interest received		-		495	
<b>Net cash (used in)/generated from investing activities</b>			(124,722)		(11,649)
<b>Financing activities</b>					
Proceeds from issue of shares		500,000		614,250	
<b>Net cash generated from financing activities</b>			500,000		614,250
<b>Net increase/(decrease) in cash and cash equivalents</b>			296,542		83,123
Cash and cash equivalents at beginning of period			122,036		38,913
<b>Cash and cash equivalents at end of period</b>			418,578		122,036

# **FORTRADE LIMITED & SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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### **1 Accounting policies**

#### **1.1 Company information**

Fortrade Limited is a company limited by shares incorporated in England and Wales. The registered office is 43-45 Dorset Street, London, W1U 7NA.

#### **1.2 Compliance with accounting standards**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company and its subsidiaries. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the period ended 31 December 2016 are the first consolidated financial statements of Fortrade Limited and its subsidiaries prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 August 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The financial year end of the Company was changed from 31 July to 31 December.

Accordingly, the comparative figures for the income statement, statements of changes in equity, cash flow statements and the related notes are for the twelve months from 1 August 2014 to 31 July 2015.

Fortrade Limited meets the definition of qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

#### **1.3 Basis of consolidation**

The group financial statements consolidate the financial statements of the parent company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

#### **1.4 Turnover**

Turnover represents amounts receivable for undertaking brokerage services in Contracts For Differences.

The recognition of income results directly from the recognition on financial assets and liabilities on an aggregate basis by each asset class determine the net gain or loss for that asset class in accordance with FRS 102 section 11.48. CFD positions are viewed as a single asset class.

#### **1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	33.33 % on Straight Line Basis
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#### **1.6 Reporting period**

The financial year end of the Company was changed from 31 July to 31 December. Accordingly, the comparative figures for the income statements, statements of changes in equity, cash flow statements and the related notes are for twelve months from 1 August 2014 to 31 July 2015.

# **FORTRADE LIMITED & SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 31 DECEMBER 2016**

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### **1 Accounting policies (continued)**

#### **1.7 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **1.8 Cash and cash equivalent**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.9 Client money**

The company holds money on behalf of clients in accordance with client money rules of its regulators, where required. Client monies held in segregated bank accounts in accordance with regulations and the corresponding liabilities to these clients are not recognised in the Balance Sheet because the Company is not beneficially entitled to them. At 31 December 2016, amounts held by the company on behalf of clients in accordance with the Client Assets Rules of the Financial Conduct Authority amounted to £5,431,395 (2015: £1,443,655).

#### **1.10 Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when 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 the asset and settle the liability simultaneously.



# **FORTRADE LIMITED & SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 31 DECEMBER 2016**

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### **1 Accounting policies (continued)**

#### ***Basic financial assets***

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### ***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# **FORTRADE LIMITED & SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 31 DECEMBER 2016**

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### **1 Accounting policies (continued)**

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

### **1.11 Foreign currency translation**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### **1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# **FORTRADE LIMITED & SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 31 DECEMBER 2016**

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### **2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### **3 Turnover**

An analysis of the group's turnover is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Turnover</b>		
Commissions	15,852,738	5,542,812
	<u>          </u>	<u>          </u>
<b>Other significant revenue</b>		
Interest income	5,861	495
	<u>          </u>	<u>          </u>

### **4 Operating profit**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation of tangible assets	28,310	3,290
Exchange losses	69,485	607,693
	<u>          </u>	<u>          </u>

### **5 Auditors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Fees payable to the group's auditor and its associates:		
<b>For audit services</b>		
Audit of the company's financial statements	18,000	10,500
Audit of other group subsidiaries	9,800	1,484
	<u>          </u>	<u>          </u>
	27,800	11,984
	<u>          </u>	<u>          </u>
<b>For other services</b>		
All other non-audit services	37,825	17,873
	<u>          </u>	<u>          </u>
	37,825	17,873
	<u>          </u>	<u>          </u>

# **FORTRADE LIMITED & SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 31 DECEMBER 2016**

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### **6 Employees**

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

	<b>2016 Number</b>	<b>2015 Number</b>
Administration	7	6
Support	17	17
Directors	2	2
	<u>26</u>	<u>25</u>

Their aggregate remuneration comprised:

	<b>2016 £</b>	<b>2015 £</b>
Wages and salaries	1,274,323	304,991
Social security costs	92,773	19,587
Pension costs	86,308	-
	<u>1,453,404</u>	<u>324,578</u>

### **7 Directors' remuneration**

	<b>2016 £</b>	<b>2015 £</b>
Remuneration for qualifying services	<u>206,117</u>	<u>178,137</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>191,950</u>	<u>133,583</u>
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# FORTRADE LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

8	Interest receivable and similar income	2016 £	2015 £
	<b>Interest income</b>		
	Interest on bank deposits	144	495
	Other interest income	5,717	-
	Total income	<u>5,861</u>	<u>495</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	<u>5,861</u>	<u>495</u>

9	Taxation	2016 £	2015 £
	<b>Current tax</b>		
	Tax refund	(60,020)	-
	Foreign tax	44,332	-
		<u>(15,688)</u>	<u>-</u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	-	52,896
	Total tax (credit)/charge	<u>(15,688)</u>	<u>52,896</u>

The charge for the period can be reconciled to the profit per the profit and loss account as follows:

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>1,131,331</u>	<u>(209,329)</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 20%)	<u>226,266</u>	<u>(41,866)</u>
Effects of:		
Different tax rates applied in overseas jurisdictions	(8,617)	9,888
Expenses not deductible for tax purposes	13,394	1,524
Utilisation of tax losses not previously recognised	(29,071)	-
Permanent capital allowances	(18,041)	(652)
Research and development tax credit	(60,020)	-

# FORTRADE LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

Deferred tax adjustments in respect of prior years	-	52,896
Other tax adjustments	(139,599)	31,106
	<u>(241,954)</u>	<u>94,762</u>
Total tax charge	<u>(15,688)</u>	<u>52,896</u>

The group has estimated losses of £119,115 (2015 - £264,478) available for carry forward against future trading profits. The losses have no expiry date.

### 10 Profit attributable to the company

The parent company has taken advantage of section 408 of the Companies Act 2006 not to present its own statement of comprehensive income. The parent company's result for the period was £953,972 (2015: (£212,787)).

### 11 Tangible fixed assets

Group	Fixtures, fittings & equipment £	Computer equipment £	Total £
<b>Cost</b>			
At 1 August 2015	15,041	4,587	19,628
Additions	99,396	25,326	124,722
At 31 December 2016	<u>114,437</u>	<u>29,913</u>	<u>144,350</u>
<b>Depreciation and impairment</b>			
At 1 August 2015	3,914	-	3,914
Depreciation charged in the period	19,566	8,744	28,310
At 31 December 2016	<u>23,480</u>	<u>8,744</u>	<u>32,224</u>
<b>Carrying amount</b>			
At 31 December 2016	<u>90,957</u>	<u>21,169</u>	<u>112,126</u>
At 31 July 2015	<u>11,127</u>	<u>4,587</u>	<u>15,714</u>

# FORTRADE LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

### 12 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Shares held	
			Class	%
Subsidiary undertakings				
Fort Securities Israel Ltd	ISR	Back office support services	Ordinary	100
Fort Securities Australia Pty Ltd	Australia	Non-trading	Ordinary	100

### 13 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	13,288,362	8,632,548
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	10,602,281	7,048,034

14 Debtors	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
<b>Amounts falling due within one year:</b>				
Trade debtors and trading assets	12,934,199	12,906,814	8,626,735	8,626,735
Amounts owed by parent undertaking	381,548	381,548	-	-
Other debtors	10,587	10,587	32,928	10,877
Prepayments and accrued income	129,036	129,067	55,044	55,044
	<u>13,455,370</u>	<u>13,428,016</u>	<u>8,714,707</u>	<u>8,692,656</u>

# FORTRADE LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

15	Creditors: amounts falling due within one year	Group 2016	Company 2016	Group 2015	Company 2015
		£	£	£	£
	Trade creditors and trading liabilities	10,441,945	10,433,913	7,119,049	7,026,494
	Amounts owed to group undertakings	-	124,956	-	1,964
	Other taxation and social security	185,201	12,020	73,348	17,830
	Accruals and deferred income	70,622	43,412	18,773	19,576
		<u>10,697,768</u>	<u>10,614,301</u>	<u>7,211,170</u>	<u>7,065,864</u>

### 16 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2,614,250 Ordinary shares of £1 each	<u>2,614,250</u>	<u>2,114,250</u>

The company has one class of ordinary shares which carry voting rights and full rights to dividends and capital distributions.

#### Reconciliation of movements during the period:

	Ordinary Number
At 1 August 2015	2,114,250
Issue of fully paid shares	<u>500,000</u>
At 31 December 2016	<u>2,614,250</u>

During the period 500,000 ordinary shares of £1 each were allotted and fully paid at par for cash consideration to provide additional working capital.

### 17 Profit and loss reserves

Group	2016 £	2015 £
At the beginning of the period	(472,963)	(210,738)
Profit/(loss) for the period	<u>1,147,019</u>	<u>(262,225)</u>
At the end of the period	<u>674,056</u>	<u>(472,963)</u>



# FORTRADE LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

### 17 Profit and loss reserves

Company	2016 £	2015 £
At the beginning of the period	(423,525)	(210,738)
Profit/(loss) for the period	953,972	(212,787)
At the end of the period	<u>530,447</u>	<u>(423,525)</u>

### 18 Related party transactions

The company has taken advantage of the exemption available in FRS 102-33.1A "Related party disclosures" whereby disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

### 19 Control

The intermediate parent company entity is Alba Capital SA, a company registered in Panama. The directors deem the ultimate controlling party to be Audina Treuhand AG by virtue of their ability to remove and appoint directors to the board of Alba Capital SA.

### 20 Cash generated from operations

	2016 £	2015 £
Profit for the period after tax	1,147,019	(262,225)
<b>Adjustments for:</b>		
Taxation (credited)/charged	(60,020)	52,896
Investment income	-	(495)
Depreciation and impairment of tangible fixed assets	28,310	3,290
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	(4,740,663)	940,334
(Decrease)/increase in creditors	3,486,598	(1,253,278)
<b>Cash generated from/(absorbed by) operations</b>	<u>(138,756)</u>	<u>(519,478)</u>