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**DSQUARE TRADING LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

TUESDAY



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**DSQUARE TRADING LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	D Mitchell J Sarmo
<b>REGISTERED NUMBER</b>	08971540
<b>REGISTERED OFFICE</b>	35 Ballards Lane London N3 1XW
<b>INDEPENDENT AUDITORS</b>	Berg Kaprow Lewis LLP Chartered Accountants & Statutory Auditor 35 Ballards Lane London N3 1XW

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**DSQUARE TRADING LIMITED**

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## DSQUARE TRADING LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

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#### INTRODUCTION

The Directors present their Strategic Report on the Company for the year ended 31 March 2016.

#### BUSINESS REVIEW

The principal activity of the business is proprietary trading in the Foreign Exchange markets. The business trades 24 hours a day, five days per week.

The Directors are satisfied with the Company's state of affairs as at 31 March 2016.

#### PRINCIPAL RISKS AND UNCERTAINTIES

Key man risk - the sale of the business without Damian Mitchell at the helm or his early retirement would severely impact the business. His personal trading strategies and extensive experience with market volatility underpins the performance of the business. It is his strategies which are implemented by the technology team and executed by the traders using the in-house software.

Economic risk – DSquare Trading Limited is exposed to global political and economic events which affect volatility in the foreign exchange markets. We mitigate this by continuously monitoring events and adjusting our risk profile accordingly. We also do not hold any long-term positions.

Supplier Risk – economic events can cause an increase to our cost base, as has been seen with increasing brokerage costs in the marketplaces.

Operational Risk – the loss of the two directors would impact the development of on-going trading strategy and development. If ceased, the existing strategies would outdate quickly, leading to a loss of competitive advantage and a negative bottom line impact.

#### FINANCIAL KEY PERFORMANCE INDICATORS


The directors consider turnover and profit to be the key indicators of the performance of the business.

#### OTHER KEY PERFORMANCE INDICATORS

The directors assess the performance of the business at regular intervals and monitor this by reference to market volumes, cash generation and a detailed review of the daily profit and loss from trading.

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

D Mitchell  
Director



Date:

13/12/16

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## **DSQUARE TRADING LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their report and the financial statements for the year ended 31 March 2016.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). 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.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company is that of specialist proprietary foreign exchange trading.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £793,907 (2015 - £8,747,311).

The directors have declared dividends of £ 4,936,360 for the year ended 31 March 2016 (2015 - £ 1,529,793).

#### **DIRECTORS**

The directors who served during the year were:

D Mitchell  
J Sarmo

#### **FUTURE DEVELOPMENTS**

The company expects to continue to grow and expand in the future.

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**DSQUARE TRADING LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

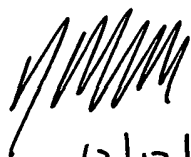
**AUDITORS**

Under section 487(2) of the Companies Act 2006, Berg Kaprow Lewis LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

**D Mitchell**  
Director

Date:

  
13/12/16

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## **DSQUARE TRADING LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DSQUARE TRADING LIMITED**

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We have audited the financial statements of DSquare Trading Limited for the year ended 31 March 2016, set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 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.

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**DSQUARE TRADING LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DSQUARE TRADING LIMITED**

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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, 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.



David Landau FCA (Senior Statutory Auditor)

for and on behalf of  
**Berg Kaprow Lewis LLP**

Chartered Accountants  
Statutory Auditor

London  
Date: 20 December 2016



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**DSQUARE TRADING LIMITED**

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**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2016**

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	Note	2016 £	2015 £
Turnover	2,4	5,461,910	15,208,327
Cost of sales		<u>(2,108,387)</u>	<u>(2,036,359)</u>
<b>Gross profit</b>		<b>3,353,523</b>	<b>13,171,968</b>
Administrative expenses		<u>(2,348,037)</u>	<u>(2,097,819)</u>
<b>Operating profit</b>	5	<b>1,005,486</b>	<b>11,074,149</b>
Interest receivable and similar income	9	<u>10,442</u>	<u>360</u>
<b>Profit before tax</b>		<b>1,015,928</b>	<b>11,074,509</b>
Tax on profit	10	<u>(222,021)</u>	<u>(2,327,198)</u>
<b>Profit after tax</b>		<u><b>793,907</b></u>	<u><b>8,747,311</b></u>
Retained earnings at the beginning of the year		<u>7,217,518</u>	-
		<b>7,217,518</b>	-
Profit for the year		<b>793,907</b>	<b>8,747,311</b>
Dividends declared and paid		<u>(4,936,360)</u>	<u>(1,529,793)</u>
<b>Retained earnings at the end of the year</b>		<u><b>3,075,065</b></u>	<u><b>7,217,518</b></u>

The notes on pages 9 to 24 form part of these financial statements.

**DSQUARE TRADING LIMITED**  
**REGISTERED NUMBER:08971540**

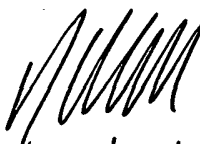
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	12	934,266	1,796,666
Tangible assets	13	33,445	13,843
		<u>967,711</u>	<u>1,810,509</u>
<b>Current assets</b>			
Debtors	14	117,555	156,509
Cash at bank and in hand	15	6,159,892	9,576,586
		<u>6,277,447</u>	<u>9,733,095</u>
Creditors: amounts falling due within one year	16	(4,104,227)	(4,188,526)
<b>Net current assets</b>		<u>2,173,220</u>	<u>5,544,569</u>
<b>Total assets less current liabilities</b>		<u>3,140,931</u>	<u>7,355,078</u>
Creditors: amounts falling due after more than one year	17	(64,866)	(136,560)
<b>Net assets</b>		<u><u>3,076,065</u></u>	<u><u>7,218,518</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	1,000	1,000
Profit and loss account		3,075,065	7,217,518
		<u><u>3,076,065</u></u>	<u><u>7,218,518</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**D Mitchell**  
Director

Date:

  
13/12/16

The notes on pages 9 to 24 form part of these financial statements.

**DSQUARE TRADING LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	793,907	8,747,311
<b>Adjustments for:</b>		
Amortisation of intangible fixed assets	862,400	403,334
Depreciation of tangible fixed assets	15,150	17,069
Loss on disposal of tangible fixed assets	463	-
Interest received	(10,442)	(360)
Taxation charge	222,021	2,327,198
(Increase)/decrease in debtors	12,200	(88,160)
Increase/(decrease) in creditors	(1,611,201)	2,593,837
Increase in amounts owed to group undertakings	2,512,520	595,702
Corporation tax payments	(1,252,579)	(1,260,000)
<b>Net cash generated from operating activities</b>	<u>1,544,439</u>	<u>13,335,931</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	-	(2,200,000)
Purchase of tangible fixed assets	(37,116)	(30,912)
Sale of tangible fixed assets	1,901	-
Interest received	10,442	360
<b>Net cash from investing activities</b>	<u>(24,773)</u>	<u>(2,230,552)</u>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	1,000
Dividends paid	(4,936,360)	(1,529,793)
<b>Net cash used in financing activities</b>	<u>(4,936,360)</u>	<u>(1,528,793)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>(3,416,694)</u>	<u>9,576,586</u>
Cash and cash equivalents at beginning of year	<u>9,576,586</u>	<u>-</u>
<b>Cash and cash equivalents at the end of year</b>	<u><u>6,159,892</u></u>	<u><u>9,576,586</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u>6,159,892</u>	<u>9,576,586</u>
	<u><u>6,159,892</u></u>	<u><u>9,576,586</u></u>

The notes on pages 9 to 24 form part of these financial statements.

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## DSQUARE TRADING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. GENERAL INFORMATION

DSquare Trading Limited ("the Company") principal activity continued to be that of specialist proprietary foreign exchange trading.

The Company is a private company limited by shares and is incorporated in England and Wales.

The Registered Office is 35 Ballards Lane, London, N3 1XW.

#### 2. ACCOUNTING POLICIES

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are given in note 24.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

##### 2.2 Turnover and revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover comprises profits and losses derived from proprietary trading activities, being the purchase and sale of foreign exchange contracts.

Revenue is recognised as profits are earned on a mark to market basis.

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## DSQUARE TRADING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 2. ACCOUNTING POLICIES (continued)

##### 2.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Statement of Income over its estimated economic life of 3 years.

Intellectual property is stated at cost less amortisation. It is amortised to the Statement of Income over its estimated economic life of 3 years.

During the year, the company changed the estimated economic life of acquired goodwill and intellectual property from 5 years on a straight line basis to 3 years on a straight line basis. The effect of this change is to increase the amortisation charged to the profit and loss account in the year by £422,400. In addition, the net book value of intangible fixed assets has reduced by £422,400. The intangible fixed assets are now expected to be fully written-down by 30 April 2017 instead of 30 April 2019.

##### 2.4 Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Computer equipment	-	33% Straight line
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**DSQUARE TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**2. ACCOUNTING POLICIES (continued)**

**2.5 Operating leases**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Rentals paid under operating leases are charged to the Statement of Income on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents also include balances held with the clearers through whom the company trades, valued on a mark to market basis.

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## DSQUARE TRADING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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## 2. ACCOUNTING POLICIES (continued)

### 2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

#### (i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the Statement of Income.

If there is 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 the Statement of Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### (ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and accruals, 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.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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## DSQUARE TRADING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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## 2. ACCOUNTING POLICIES (continued)

### 2.7. Financial instruments (continued)

#### (iii) Offsetting

Financial assets and liabilities are offset and 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.

### 2.8 Foreign currency translation

#### Functional and presentation currency

The company's functional and presentational currency is Sterling.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the average monthly rate.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the average monthly exchange rate and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income within 'other operating income'.

### 2.9 Dividends

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.



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**DSQUARE TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**2. ACCOUNTING POLICIES (continued)**

**2.10 Taxation**

The taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Income, except for a change attributable to an item of income and expense recognised as other comprehensive income or to the extent that an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

**(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end in the countries where the Company operates and generates income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

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**DSQUARE TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no judgements (apart from those involving estimates) that have been made in the process of applying the above accounting policies.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

*Useful life of goodwill and other intangibles*

Management establish a reliable estimate of the useful life of goodwill and other intangible assets based on the factors such as the expected use of the acquired business, the expected usual life of cash generating units to which goodwill and other intangible assets is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

The useful economic life is reassessed annually and is amended when necessary to reflect current estimates based on technical advancements and changes in market conditions.

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**DSQUARE TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**4. ANALYSIS OF TURNOVER**

	2016 £	2015 £
Turnover from ordinary activities	5,461,910	4,748,181
Exceptional turnover	-	10,460,146
	<u>5,461,910</u>	<u>15,208,327</u>

All turnover arose within the United Kingdom.

The whole of the turnover is attributable to the principal activity of the company.

In the prior period, the exceptional turnover resulted from the abandoning of the EUR/CHF floor by the Swiss National Bank on 15 January 2015. This caused the largest major currency move of all time and resulted in a 30% decline in the EUR/CHF rate. This was a one off move never seen before in the FX market and the resultant income which was generated within a 24 hour window was deemed exceptional by the directors.

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	15,150	17,069
Amortisation of intangible assets, including goodwill	862,400	403,333
Exchange differences	(12,235)	(55,920)
	<u></u>	<u></u>

**6. AUDITORS' REMUNERATION**

	2016 £	2015 £
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	10,500	9,500
Taxation compliance services	2,750	2,500
All advisory services not included above	3,589	19,953
All other non-audit services not included above	19,150	11,775
	<u>35,989</u>	<u>43,728</u>

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**DSQUARE TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**7. EMPLOYEES**

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

	2016 £	2015 £
Wages and salaries	1,001,895	1,286,395
Social security costs	93,746	70,244
	<u>1,095,641</u>	<u>1,356,639</u>

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

	2016 No.	2015 No.
Directors	2	2
Operations and administration	11	9
	<u>13</u>	<u>11</u>

**8. DIRECTORS' REMUNERATION**

	2016 £	2015 £
Directors' emoluments	118,303	108,318
	<u>118,303</u>	<u>108,318</u>

**9. INTEREST RECEIVABLE**

	2016 £	2015 £
Other interest receivable	10,442	360
	<u>10,442</u>	<u>360</u>

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**DSQUARE TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. TAXATION**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	185,984	2,395,546
Adjustments in respect of previous periods	9,283	-
	<u>195,267</u>	<u>2,395,546</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	26,754	(68,348)
	<u>222,021</u>	<u>2,327,198</u>
<b>Taxation on profit on ordinary activities</b>		

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,015,928</u>	<u>11,074,509</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	203,186	2,325,647
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(877)	13,935
Capital allowances for year in excess of depreciation	(4,393)	(3,101)
Adjustments to tax charge in respect of prior periods	9,283	-
Other timing differences leading to an increase (decrease) in taxation	14,349	-
Book profit/(loss) on disposal of assets	473	-
Other differences leading to an increase (decrease) in the tax charge	-	(9,283)
<b>Total tax charge for the year</b>	<u>222,021</u>	<u>2,327,198</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

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**DSQUARE TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**11. DIVIDENDS**

	2016 £	2015 £
Dividends paid on equity capital	4,936,360	1,529,793
	<u>4,936,360</u>	<u>1,529,793</u>

**12. INTANGIBLE ASSETS**

	Intellectual Property £	Goodwill £	Total £
<b>Cost</b>			
At 1 April 2015	2,000,000	200,000	2,200,000
At 31 March 2016	<u>2,000,000</u>	<u>200,000</u>	<u>2,200,000</u>
<b>Amortisation</b>			
At 1 April 2015	366,667	36,667	403,334
Charge for the year	784,000	78,400	862,400
At 31 March 2016	<u>1,150,667</u>	<u>115,067</u>	<u>1,265,734</u>
<b>Net book value</b>			
At 31 March 2016	<u>849,333</u>	<u>84,933</u>	<u>934,266</u>
At 31 March 2015	<u>1,633,333</u>	<u>163,333</u>	<u>1,796,666</u>

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**DSQUARE TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**13. TANGIBLE FIXED ASSETS**

	Computer equipment £
<b>Cost</b>	
At 1 April 2015	30,912
Additions	37,116
Disposals	(3,274)
<b>At 31 March 2016</b>	<b>64,754</b>
<b>Depreciation</b>	
At 1 April 2015	17,069
Charge owned for the year	15,150
Disposals	(910)
<b>At 31 March 2016</b>	<b>31,309</b>
<b>At 31 March 2016</b>	<b>33,445</b>
<i>At 31 March 2015</i>	<i>13,843</i>

**14. DEBTORS**

	2016 £	2015 £
<b>Due after more than one year</b>		
Other debtors	12,250	7,953
	<b>12,250</b>	<b>7,953</b>
<b>Due within one year</b>		
Trade debtors	50,311	62,036
Other debtors	-	1,258
Prepayments and accrued income	13,400	16,914
Deferred taxation	41,594	68,348
	<b>117,555</b>	<b>156,509</b>

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**DSQUARE TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**15. CASH AND CASH EQUIVALENTS**

	<b>2016</b> £	<b>2015</b> £
Cash and cash equivalents	<b>6,159,892</b>	<b>9,576,586</b>
	<b>6,159,892</b>	<b>9,576,586</b>

Included within cash and cash equivalents is £1,018,209 (2015: £2,590,785) held with the clearers through whom the company trades.

**16. CREDITORS: Amounts falling due within one year**

	<b>2016</b> £	<b>2015</b> £
Trade creditors	<b>52,019</b>	<b>27,201</b>
Amounts owed to group undertakings	<b>3,108,222</b>	<b>595,702</b>
Corporation tax	<b>78,234</b>	<b>1,135,546</b>
Taxation and social security	<b>182,757</b>	<b>212,244</b>
Other creditors	<b>366,502</b>	<b>1,867,637</b>
Accruals and deferred income	<b>316,493</b>	<b>350,196</b>
	<b>4,104,227</b>	<b>4,188,526</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**17. CREDITORS: Amounts falling due after more than one year**

	<b>2016</b> £	<b>2015</b> £
Accruals and deferred income	<b>64,866</b>	<b>136,560</b>
	<b>64,866</b>	<b>136,560</b>



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DSQUARE TRADING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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18. DEFERRED TAXATION

	Deferred tax £
At 1 April 2015	68,348
Charged to the Statement of Income	(26,754)
At 31 March 2016	<u>41,594</u>

The deferred tax asset is made up as follows:

	2016 £	2015 £
Short-term timing differences leading to an increase in taxation	41,594	68,348
	<u>41,594</u>	<u>68,348</u>

19. FINANCIAL INSTRUMENTS

	2016 £	2015 £
<b>FINANCIAL ASSETS</b>		
Financial assets that are debt instruments measured at amortised cost	6,222,454	9,647,832
	<u>6,222,454</u>	<u>9,647,832</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(3,908,052)	(2,977,246)
	<u>(3,908,052)</u>	<u>(2,977,246)</u>

Financial assets measured at amortised cost comprise of cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts due to group undertakings, amounts due to related parties, other creditors and accruals.

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DSQUARE TRADING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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20. SHARE CAPITAL

	2016 £	2015 £
<b>Allotted, called up and fully paid</b>		
675 Ordinary A shares of £1 each	675	675
225 Ordinary B shares of £1 each	225	225
100 Ordinary C shares of £1 each	100	100
	<u>1,000</u>	<u>1,000</u>

21. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Later than 1 year and not later than 5 years	124,609	76,348
<b>Total</b>	<u>124,609</u>	<u>76,348</u>

22. RELATED PARTY TRANSACTIONS

	2016 £	2015 £
Key management personnel of the company	-	1,531,250
Other related parties	3,473,604	930,498
	<u>3,473,604</u>	<u>2,461,748</u>

Of the dividends paid in the year, £4,871,360 (2015 £1,051,880) were paid to companies in which the directors have a beneficial interest.

23. CONTROLLING PARTY

The ultimate parent undertaking is Brea Hill Limited, a company registered in England and Wales.

The ultimate controlling party is D Mitchell.

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**DSQUARE TRADING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**24. FIRST TIME ADOPTION OF FRS 102**

This is the first year that the company has presented its results under FRS102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014.

There were no adjustments to the company's statement of financial position as at 31 March 2015 or 31 March 2016 on transition to FRS 102.

Similarly, there were no adjustments to the company's income and retained earnings for the year ended 31 March 2016 on transition to FRS 102.