

Company Registration No. 07431519 (England and Wales)

 DOLFIN

Dolphin Financial (UK) Ltd

Directors' Report and Audited Financial Statements

For the year ended 31 December 2018

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Company information

Directors	Mr Denis Andras Nagy Mr Sanjay Maraj Mr Amir Mohammad Nabi
Auditor	MHA MacIntyre Hudson New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
Principal Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP Lloyds Bank PLC 39 Threadneedle Street London EC2R 8AU
Business address	50 Berkeley Street London W1J 8HA
Registered office	50 Berkeley Street London W1J 8HA

Strategic report

For the year ended 31 December 2018

Key Performance Indicators ("KPIs")

The volume of client assets held is a KPI of the business.

	At 31 December 2018 £	At 31 December 2017 £
Client assets with Company as custodian	1,013,926,164	725,263,501
Client assets with other custodians	284,447,860	180,076,402
Total client assets	1,298,374,024	905,339,903

Financial measures used are primarily the level of revenues generated and the level of expenses, compared to budgets and forecasts. Non-financial measures include the number of new client relationships established and development of digital solutions.

Risk Management

The key business risks and uncertainties affecting the business relate to the performance of the client assets and any structured products issued by the investment banks upon which the Company has advised. These risks are monitored by the Directors through an appropriate governance structure.

The Company has no significant exposure to market risk (price, interest rate or foreign currency risk), credit risk or liquidity risk.

For and on behalf of the board



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Denis Nagy

Director
25 April 2019

Directors' report

For the year ended 31 December 2018

The Directors present their report and the audited financial statements of Dolphin Financial (UK) Ltd ("the Company") for the year ended 31 December 2018.

Going concern

The Directors consider that the Company has sufficient liquid resources and a business plan to which the Directors are committed that is expected to generate sufficient resources that will enable the Company to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements. Accordingly, the going concern basis has been adopted in preparing these financial statements.

Directors

The Directors serving during the year under review and to the date of approval of this report were as follows:

Mr Denis Andras Nagy
Mr Sanjay Maraj
Mr Amir Mohammad Nabi

Statement as to disclosure of information to auditor

So far as the Directors are aware, there is no relevant audit information (as required by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

MHA MacIntyre Hudson has indicated a willingness to continue in office. A resolution concerning their reappointment will be put to the Members at the Members' meeting approving these financial statements.

For and on behalf of the board



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Denis Nagy

Director

25 April 2019

Strategic report

For the year ended 31 December 2018

The Directors present their Strategic report for Dolphin Financial (UK) Ltd, ("the Company") for the year ended 31 December 2018.

Principal Activity

The principal activity of the Company in the year to 31 December 2018 was that of an independent investment firm. The Company's services cover asset management (discretionary and advisory), brokerage, safe custody and execution services, FX trading, fund advisory services (fund platforms and bespoke investment fund strategies) and wealth structuring. It serves high net-worth private clients, financial intermediaries and wealth managers providing them investment expertise with digital agility.

Review of the business

The Company is experiencing rapid, organic growth and employs a growing team of investment strategists, wealth managers, market analysts, economists, academics, traders, software developers and systems specialists who share strong values of client service and innovation and a vision of the future direction of the business.

Results and dividends

The profit for the year to 31 December 2018, after taxation, was £350,552 (2017: £1,021,346). Revenue has increased by 25% to £13,521,039 (2017: £10,786,691) and, in comparison, expenses have increased by 39% to £13,867,803 (2017: £9,999,816). The increase in revenue is attributable to an increase in clients, client assets under and transactional income. The increase is a result of the Company moving into new, larger premises in 2017 and the Company's commitment to hiring high calibre staff who have the expertise to drive the business forward. The overall results are in line with the Directors' strategy of growing revenue while continuing to invest in the future development of the business.

The Directors do not propose a dividend for the year ended 31 December 2018 (2017: £nil).

Future Developments

The Company has experienced another year of significant organic growth and expects growth to continue in 2019.

In January 2019, the Company signed Heads of Terms to purchase the business of Falcon Private Wealth Ltd, the UK subsidiary of Falcon Private Bank, Zurich. Should the deal complete the Company will see a significant increase in client assets and revenue.

During 2018 and since the year end, £6m in additional capital has been issued and raised to fund the acquisition and to provide working capital to continue to support the Company's investment in the provision of cutting edge services.

Having established itself as a reputable investment firm with a robust platform and diversified client offering, the Company will continue to invest to secure its position as a market leader in the burgeoning 'fintech' wealth management sector.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with 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'.

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 at the year end 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 estimates that are reasonable and prudent;
- state whether applicable 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 they 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.

Independent Auditor's Report to the Members of Dolfin Financial (UK) Limited

Opinion

We have audited the financial statements of Dolfin Financial (UK) Limited (the 'Company') for the year ended 31 December 2018 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement as set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

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.

Deborah Weston (Senior Statutory Auditor)
For and on behalf of MHA MacIntyre Hudson, Statutory Auditor
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

25 April 2019

Statement of Comprehensive Income

For the year ended 31 December 2018

		Year ended 31 December 2018	Year ended 31 December 2017
	Notes	£	£
Turnover	4	13,521,039	10,786,691
Administrative expenses	5	(13,867,803)	(9,999,816)
Operating (loss)/profit	8	(346,764)	786,875
Interest received		718,285	239,267
Profit on ordinary activities before taxation		371,521	1,026,142
Taxation	9	(20,969)	(4,796)
Profit for the year		350,552	1,021,346

All amounts are in respect of continuing activities.

There is no other comprehensive income for 2018 or 2017 other than the profit for the year.

The notes on pages 13 to 25 form part of these accounts.

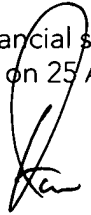
Statement of Financial Position

As at 31 December 2018

Company Registration No. 07431519

		2018	2017
	Notes	£	£
Fixed assets			
Tangible fixed assets	10	1,028,750	912,901
Intangible assets	11	33,888	33,888
		<u>1,062,638</u>	<u>946,789</u>
Current assets			
Debtors: amounts falling due within one year	12	9,930,293	17,616,280
Cash at bank		4,302,450	3,238,781
		<u>14,232,743</u>	<u>20,855,061</u>
Creditors: amounts falling due within one year	13	(4,997,829)	(14,854,850)
Net current assets		<u>9,234,914</u>	<u>6,000,211</u>
Net assets		<u>10,297,552</u>	<u>6,947,000</u>
Capital and reserves			
Called up share capital	14	10,390,001	7,390,001
Share premium		51,999	51,999
Retained earnings		(144,448)	(495,000)
Total equity		<u>10,297,552</u>	<u>6,947,000</u>

These financial statements were approved and authorised for issue by the Board of Directors on 25 April 2019 and are signed on their behalf by:



 Denis Nagy
 Director

The notes on pages 13 to 25 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2018

	Called up share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 January 2017	4,890,001	51,999	(1,516,346)	3,425,654
Comprehensive income for the year				
Profit for the year	-	-	1,021,346	1,021,346
Total comprehensive income for the year	-	-	1,021,346	1,021,346
Contributions by and distributions to owners				
Shares issued during the year	2,500,000	-	-	2,500,000
Total transactions with owners	2,500,000	-	-	2,500,000
At 31 December 2017	7,390,001	51,999	(495,000)	6,947,000
Comprehensive income for the year				
Profit for the year	-	-	350,552	350,552
Total comprehensive income for the year	-	-	350,552	350,552
Contributions by and distributions to owners				
Shares issued during the year	3,000,000	-	-	3,000,000
Total transactions with owners	3,000,000	-	-	3,000,000
At 31 December 2018	10,390,001	51,999	(144,448)	10,297,552

The notes on pages 13 to 25 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018	2017
		£	£
Cash flow from operating activities			
Profit for the year		350,552	1,021,346
Adjustments for:			
Income taxes expenses		20,969	4,796
Depreciation of fixed assets		246,592	130,354
Interest receivable		(718,285)	(239,267)
Operating profit before depreciations		<u>(100,172)</u>	<u>917,229</u>
Decrease/(Increase) in debtors		7,685,987	(14,228,019)
(Decrease)/Increase in creditors		(9,873,194)	13,245,423
Taxes paid		(4,796)	-
Net cash used in operating activities		<u>(2,292,175)</u>	<u>(65,367)</u>
Cash flow from investing activities			
Interest received		718,285	239,267
Purchase of tangible fixed assets		(362,441)	(870,889)
Purchase of intangible fixed assets		-	-
Net cash used in investing activities		<u>355,844</u>	<u>(631,622)</u>
Cash flow from financing activities			
Issue of ordinary share capital		3,000,000	2,500,000
Net cash generated from financing activities		<u>3,000,000</u>	<u>2,500,000</u>
Net increase in cash and cash equivalents		1,063,669	1,803,011
Cash and cash equivalents at 1 January		<u>3,238,781</u>	<u>1,435,770</u>
Cash and cash equivalents at 31 December		<u>4,302,450</u>	<u>3,238,781</u>
Cash and cash equivalents comprise:			
Cash at Bank	16	<u>4,302,450</u>	<u>3,238,781</u>

The notes on pages 13 to 25 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Company information

Dolphin Financial (UK) Ltd is a limited liability company incorporated and domiciled in England and Wales. The address of the registered office and place of business is 50 Berkeley Street, London, W1J 8HA.

2. Accounting policies

Basis of preparation

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

The Company has a 100% equity interest in three companies registered in England and Wales; Greenshoots-SIG Ltd, Structured Investment Capital Ltd and Dolphin Financial (Nominees) Ltd. These subsidiary companies have had no activities since they were incorporated and there is no planned activity. These subsidiaries remain dormant.

The financial position of Greenshoots-SIG Ltd and Structured Investment Capital Ltd is comprised of £1,000 of unpaid issued share capital. The financial position of Dolphin Financial (Nominees) Ltd is comprised of £1 of unpaid issued share capital. The Company has not recorded the £2,001 investment in these subsidiaries, nor the corresponding £2,001 due to them in respect of the unpaid share capital. Neither has the Company prepared consolidated accounts which include these companies as subsidiaries. The omission of the investments from the Company's Statement of Financial Position is not material and the consolidation of the subsidiary companies would have no impact on the Statement of Financial Position.

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).

Going concern

The Directors consider that the Company has sufficient liquid resources and a business plan to which the Directors are committed that is expected to generate sufficient resources that will enable the Company to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

Accordingly the going concern basis has been adopted in preparing these financial statements.

The following principal accounting policies have been applied:

Revenue

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

Notes to the Financial Statements

For the year ended 31 December 2018

2. Accounting policies (continued)

Revenue (continued)

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the Company will receive the consideration due under the contract.

Expenses

Expenses incurred are recognised on an accruals basis.

Taxation

Provision is made for current corporation tax at the current rates on the excess of taxable income over allowable expenses and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Provision is made for deferred tax in respect of all timing differences that have originated but not reversed by the date of the Statement of Financial Position other than those differences regarded as permanent. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax assets and liabilities recognised are provided at the average rate of tax expected to apply when the asset and liability crystallises and are not discounted.

Tangible fixed assets

Tangible assets are stated under the cost model at historic cost less accumulated depreciation and any accumulated impairment losses. Historic 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 based on estimated recoverable amount. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Repairs and maintenance are charged to the Statement of Comprehensive 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.

The estimated useful lives range are as follows:

Leasehold improvements	-	Duration of the lease
Computer software	-	3 years straight line
Computer equipment	-	3 years straight line
Furniture and Fittings	-	5 years straight line

Notes to the Financial Statements

For the year ended 31 December 2018

2. Accounting policies (continued)

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual value over their estimated useful lives, using the straight line method. The intangible assets are amortised over the following useful economic lives:

Website domain name - period of ownership

Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is British Pound Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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 exchange rate at the date of the transaction.

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 Comprehensive Income within administrative expenses.

Operating leases

Operating leases are those leases where the Company has use of an asset but where the significant risks and rewards of ownership remain with the lessor and the lease term is not expected to be a significant portion of the useful life of the asset.

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

Financial instruments

Financial assets

The Company's financial assets comprise basic financial instruments, being trade and other receivables and cash balances.

Cash is represented by cash deposits with financial institutions repayable without penalty on notice of no more than 24 hours.

Notes to the Financial Statements

For the year ended 31 December 2018

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Trade and other receivables are measured initially at transaction price and thereafter at the amount of cash or other consideration expected to be received. Any impairment loss is recognised in the Statement of Comprehensive Income.

An impairment loss is measured as the difference between an asset's carrying amount and the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities

The Company's financial liabilities comprise basic financial liabilities, being trade and other payables. These are measured initially at transaction price and thereafter at the amount of cash or other consideration expected to be paid.

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.

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

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

Pensions

In terms of the Pensions Act 2008, the Company has automatically enrolled its employees in to a defined contribution workplace pension plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are included as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the Financial Statements

For the year ended 31 December 2018

3. Judgments 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 date of the statement of financial position and the amounts reported for revenue and expenses during the period.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are addressed below.

No significant judgements were required in the process of applying the accounting policies.

(a) Useful economic lives and residual value of non-financial assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilization and the physical condition of the assets. Note 10 contains details of the carrying amount of the non-financial assets and note 2 shows estimated useful lives.

(b) Useful economic lives and residual value of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Note 11 contains details of the carrying amount of the intangible assets.

(c) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. Note 12 contains details of the net carrying amount of the debtors.

4. Turnover

Turnover represents fees receivable from the provision in the UK of asset management, brokerage, safe custody and execution services, FX trading, fund advisory services to investment funds and wealth structuring, stated net of value added tax.

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
United Kingdom	2,916,610	2,924,510
EMEA	2,305,420	2,266,703
Rest of the world	8,299,009	5,595,478
	<u>13,521,039</u>	<u>10,786,691</u>

Notes to the Financial Statements

For the year ended 31 December 2018

5. Administrative expenses

Administrative expenses include wages, rent, IT expenses, bank and custody charges, office expenses, service charges, foreign exchange gains/losses and legal and professional fees.

6. Directors

The average number of Directors during the year was 3 (2017: 3).

The Directors received £287,601 for their services to the Company during the year to 31 December 2018 (2017: £202,879). All Directors are Members of a partnership which provides services to the Company (see note 17) from which they are entitled to discretionary profit allocations.

The highest paid director received remuneration of £103,629 during the year ended 31 December 2018 (2017: £75,740).

7. Staff costs

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Wages and salaries, including pension costs	5,567,519	3,854,632
Social security costs	662,405	457,651
	<u>6,229,924</u>	<u>4,312,283</u>

7. Staff costs (continued)

	Year ended 31 December 2018 Number	Year ended 31 December 2017 Number
Average number of employees, including Directors:		
Administration	55	22
Investment professionals	25	38
	<u>80</u>	<u>60</u>

Notes to the Financial Statements

For the year ended 31 December 2018

8. Operating profit

The operating profit is stated after charging:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Auditor's remuneration – audit services	13,000	15,000
Other fees paid to auditor	8,000	7,000
Operating lease rentals – land and buildings	1,290,511	880,716
Depreciation	246,592	130,827
Foreign exchange gain/(loss)	18,193	(25,978)

9. Taxation

Analysis of charge in the year

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
UK Corporation tax charge		
Current tax for the year	(20,969)	(4,796)
Deferred tax		
Deferred tax for the year	-	-
Total tax charge	(20,969)	(4,796)

Notes to the Financial Statements

For the year ended 31 December 2018

9. Taxation (continued)

Factors affecting current tax charge for the year

The current taxation charge for the year is different from the pro-rated standard rate of corporation tax in the UK (19.00%) (2017: 19.25%). The differences are explained below:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Profit on ordinary activities before taxation	<u>371,521</u>	<u>1,026,142</u>
Theoretical tax at UK Corporation tax rate of 19.00% (2017: 19.25%)	70,589	197,532
Effect of:		
Capital allowances in excess of depreciation	(7,282)	(31,558)
Expenses not deductible for tax purposes	12,857	-
Non-qualifying fixed assets	-	4,978
Non-trade loan relationship losses utilised	-	(4,711)
Tax losses utilised	(55,195)	(161,445)
Tax charge	<u>20,969</u>	<u>4,796</u>

Factors that may affect future tax charges

Unprovided deferred taxation

	Deferred tax liability £	Deferred tax asset £	Net £
At 1 January 2018	55,725	(98,810)	(43,085)
Arising in the year	2,160	38,290	40,450
Offset	-	55,195	55,195
As at 31 December 2018	<u>57,885</u>	<u>(5,325)</u>	<u>52,560</u>

Notes to the Financial Statements

For the year ended 31 December 2018

9. Taxation (continued)

The deferred tax liability of £52,560 (2017: asset £43,085) has not been recognised as the Company's forecast fixed asset additions and associated available capital allowances indicate that the timing difference will not reverse for the foreseeable future.

The deferred tax asset arises from:	2018	2017
	£	£
Accelerated capital allowances	57,885	55,725
Trading losses	(5,325)	(98,810)
	<u>52,560</u>	<u>(43,085)</u>

10. Fixed assets

	Computer Software £	Computer Equipment £	Furniture and Fittings £
Cost			
At 1 January 2018	389,515	113,726	249,726
Additions	-	117,238	236,049
At 31 December 2018	<u>389,515</u>	<u>230,964</u>	<u>485,775</u>
Depreciation			
At 1 January 2018	82,208	30,979	245
Charge for the year	122,505	58,563	22,968
At 31 December 2018	<u>204,713</u>	<u>89,542</u>	<u>23,213</u>
Net Book Value			
At 31 December 2017	307,307	82,747	249,481
At 31 December 2018	<u>184,802</u>	<u>141,422</u>	<u>462,562</u>

Notes to the Financial Statements

For the year ended 31 December 2018

10. Fixed assets (continued)

	Leasehold Improvements £	Total £
Cost		
At 1 January 2018	299,227	1,052,194
Additions	9,154	362,441
At 31 December 2018	<u>308,381</u>	<u>1,414,635</u>
Depreciation		
At 1 January 2018	25,861	139,293
Charge for the year	42,556	246,592
At 31 December 2018	<u>68,417</u>	<u>385,885</u>
Net Book Value		
At 31 December 2017	273,366	912,901
At 31 December 2018	<u>239,964</u>	<u>1,028,750</u>

11. Intangible assets

	Website domain name £
Cost	
At 1 January 2018	33,888
Additions	-
At 31 December 2018	<u>33,888</u>
Amortisation	
At 1 January 2018	-
Charge for the year	-
At 31 December 2018	<u>-</u>
Net book value	
At 31 December 2017	33,888
At 31 December 2018	<u>33,888</u>

As estimated residual value is expected to be greater than cost, there is no amortisation of the intangible asset.

Notes to the Financial Statements

For the year ended 31 December 2018

12. Debtors: amounts falling due within one year

	2018	2017
	£	£
Trade debtors	3,239,098	1,441,267
Amounts due from market counterparties	-	10,063,709
Amount due from related parties (note 17)	4,348	10,913
Amount due from group entities	1,395,367	1,887,767
VAT recoverable	127,819	173,957
Prepayments and accrued income	2,210,888	1,027,240
Other debtors	2,952,773	3,011,427
	<u>9,930,293</u>	<u>17,616,280</u>

Included in Other debtors is a rental deposit of £2,508,850 (2017: £2,508,850) that is repayable on 16 July 2024 (2017: 16 July 2024).

Not included in debtors are client cash balances of £89,256,916 (2017: £80,165,551) representing cash held in Company bank accounts and held in trust under FCA rules on behalf of the Company's clients.

13. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	60,874	179,325
Amounts due to market counterparties	-	10,056,703
Amount due to related parties (note 17)	498,501	2,942,686
Amount due to group entities	3,000,000	500,000
Loan payable	500,000	500,000
Accruals	276,162	89,130
Corporation tax	20,969	4,796
Pension contributions	20,849	58,781
Other tax and social security	204,598	158,612
Other creditors	415,876	364,817
	<u>4,997,829</u>	<u>14,854,850</u>

On 22 July 2015 a loan of £500,000 was made to the Company. The loan is repayable on demand and the loan is non-interest bearing.

Not included in creditors are client cash balances of £89,256,916 (2017: 80,165,551) representing cash held in Company bank accounts and held in trust under FCA rules.

Notes to the Financial Statements

For the year ended 31 December 2018

14. Called up share capital

	2018	2017
	£	£
Allotted, authorised, called up and fully paid:		
10,390,001 / 7,390,001 Ordinary shares of £1 each	<u>10,390,001</u>	<u>7,390,001</u>

During the year ended 31 December 2018 £3,000,000 (2017: £2,500,000) Ordinary shares of £1 were issued at par to provide additional working capital. On 14 February 2019 a further 3,000,000 shares of £1 each were allocated fully paid to provide additional working capital.

15. Other financial commitments

At 31 December 2018 the Company had future minimum lease obligations under non-cancellable operating leases as follows:

	2018	2017
	£	£
Not later than 1 year	1,216,000	1,540,455
Later than 1 year and not later than 5 years	4,866,400	5,009,481
Later than five years	709,683	3,093,164
	<u>6,792,083</u>	<u>9,643,100</u>

Under the non-cancellable operating lease the Company is committed to paying service charges until the end of the lease term on 16 July 2024. The service charge is variable and is calculated each year by the landlord. During the year ended 31 December 2018 service charges amounted to £149,082 (2017: 121,343).

16. Analysis of changes in net debt

	At 1 January 2018	Cash flows	At 31 December 2018
	£	£	£
Cash at bank and in hand	3,238,781	1,063,669	4,302,450
Short term deposits	(500,000)	-	(500,000)
Cash and cash equivalents	2,738,781	1,063,669	3,802,450
Loan movements during the year	-	-	-
Total	<u>2,738,781</u>	<u>1,063,669</u>	<u>3,802,450</u>

Notes to the Financial Statements

For the year ended 31 December 2018

17. Related party transactions

A partnership of which the Company directors are members. During the year ended 31 December 2018 the partnership made a loan to the Company of £498,501 (2017: £2,942,686). The loan is repayable on demand and not subject to interest.

During the year ended 31 December 2018 the partnership provided support services to the Company and invoiced the Company £540,000 (2017: £700,000) in respect of those services.

A PLC with members of key management in common is a related party. During the year ended 31 December 2018, the Company paid expense payments on the behalf of the PLC of £13 (2017: £17,690). As at 31 December 2018 the PLC owed the Company £4,348 (2017: £9,868), which is repayable on demand and not subject to interest.

Key management are considered to be the Directors of the Company – see note 6 for disclosure of Directors' remuneration.

18. Immediate and ultimate controlling party

As at 31 December 2018 the immediate parent undertaking was Dolphin Group (UK) Ltd and the ultimate parent undertaking was Dolphin Group Ltd, a company incorporated in Bermuda.

The Company will be consolidated in the financial statements of Dolphin Ltd. The consolidated financial statements will be obtainable from the Company's registered office.

The ultimate controlling party is Denis Nagy.

Company Registration No. 07431519 (England and Wales)



Dolfin Financial (UK) Ltd

Pillar 3 Disclosures Under the European Commission's
Capital Requirements Directive

(Unaudited)

As at 31 December 2018

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Company Overview

Dolphin Financial (UK) Ltd is the main operating subsidiary of Dolphin Group (UK) Ltd (the “Dolphin Group”).

The Dolphin Group is an independent financial services group offering highly diversified yet tightly integrated solutions that span custody, trading, asset management, structuring and fintech research and development. It serves financial intermediaries, institutional investors and high net-worth and retail private clients, providing them investment expertise with digital agility.

The Group’s services cover asset management (discretionary and advisory), brokerage, safe custody and execution services, fund advisory services (fund platforms and bespoke investment fund strategies) and wealth structuring.

The Group is experiencing rapid growth. It employs a growing team of investment strategists, wealth managers, market analysts, economists, academics, traders, software developers and systems specialists who share strong values and a readiness to think differently.

Regulatory Framework

The Capital Requirements Directive (“the Directive”) and the Capital Requirements Regulation, which is the common framework for implementing Basel III in the European Union, created a revised regulatory capital framework which aims to improve market discipline through governing the amount and nature of capital that financial services firms must retain. In the United Kingdom, the Directive is implemented by the Financial Conduct Authority (“FCA”) and Prudential Regulatory Authority (“PRA”), which maintains rules and guidance through the General Prudential Sourcebook (“GENPRU”) and the Prudential Sourcebook for Banks, Building Societies and Investment Firms (“BIPRU”).

This document contains the Pillar 3 disclosures required by IFPRU in respect of Dolphin Financial (UK) Ltd and Dolphin Group (UK) Ltd.

The framework as required by the Directive is built on three pillars:

- Pillar 1 sets minimum capital requirements to meet credit, market and operational risk;
- Pillar 2 requires firms to assess capital adequacy in relation to the actual risk profile and determining whether additional capital is required to cover these risks by the Firm’s Board of Directors through the Internal Capital Adequacy Assessment Process (“ICAAP”) and the subsequent regulator’s Supervisory Review and Evaluation Process (“SREP”); and
- Pillar 3 requires firms to publicly disclose certain details regarding their risk exposures, capital, risk assessment and risk management arrangements. The Pillar 3 disclosure requirements are contained in Articles 431 to 455 of the CRR and are intended to ensure that disclosures are sufficient to allow market participants to form an assessment of the Group’s risk profile.



Scope of Application

This document details Pillar 3 disclosures as at 31 December 2018 for Dolphin Financial (UK) Ltd and Dolphin Group (UK) Ltd (the "Dolphin Group") and has been prepared in accordance with the articles of the Capital Requirements Regulation which came into force as of 1 January 2014 and IFPRU. It provides details on capital, risk exposures, risk assessment processes, capital adequacy and the remuneration policy. It is consistent with the way in which senior management, including the Board, assess and manage the risks faced by the business.

Pillar 3 disclosures allow market participants access to key pieces of information on a firm's capital, risk exposures and risk assessment process and allows them to assess the scope of application by regulated firms of the Basel framework and the rules in their jurisdiction, their capital condition, risk exposures and risk assessment processes, and hence their capital adequacy. Pillar 3 requires all material risks to be disclosed, enabling a comprehensive view of the company's risk profile.

Dolphin Financial (UK) Ltd is authorised and regulated by the FCA and, for the purposes of prudential requirements, is categorised as an IFPRU €730k full scope firm.

These disclosures relate to the current operating entities of Dolphin Group (UK) Ltd (the "Dolphin Group") which is comprised of the following entities:

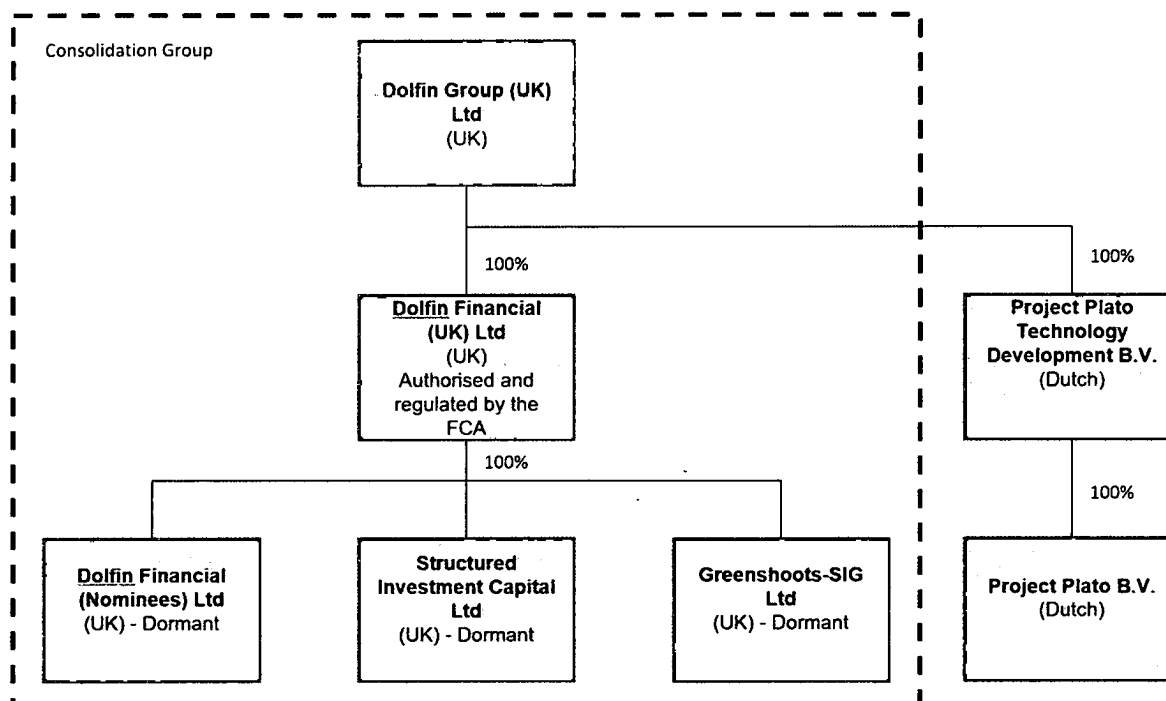
Name	Firm Status	FRN
Dolphin Group (UK) Ltd	UK Holding Company	N/A
Dolphin Financial (UK) Ltd	Full Scope IFPRU €730k	552894
Structured Investment Capital Ltd	Dormant Subsidiary	N/A
Greenshoots-SIG Ltd	Dormant Subsidiary	N/A
Dolphin Financial (Nominees) Ltd	Dormant Subsidiary	N/A
Project Plato Technology Development B.V.	Not part of the FCA UK Consolidation Group	N/A
Project Plato B.V.	Not part of the FCA UK Consolidation Group	N/A

Dolphin Group (UK) Ltd, the parent company of the Dolphin Financial (UK) Ltd is not itself an FCA regulated firm but is included within the UK consolidation group for the FCA's prudential supervision purposes.

For the purpose of consolidation Project Plato Technology Development B.V. and Project Plato B.V. do not form part of the regulatory consolidation as the companies fall outside of the scope of FCA rules and classification.



The legal group structure as well as the FCA consolidation group structure is shown below. All firms are 100% owned subsidiaries of Dolfin Group (UK) Ltd:



The Dolfin Group has an operational risk framework (described below) in place to mitigate operational risk. The Group has assessed business and operational risks in its ICAAP and set out appropriate actions to manage them.

The Group's main exposure to credit risk is the risk that management and performance fees cannot be collected and, therefore, credit risk is considered low. The Group holds all cash and performance fee balances with banks assigned with high credit ratings.

Market Risk exposure has been assessed by the Group and is limited to the Group's exposure to foreign currency exchange rate risk and hence to any assets held on the Group's Balance Sheet denominated in a foreign currency. The Group's Reporting Currency is GBP and all foreign currency assets are converted into GBP where possible on a regular basis.

The Group does not outsource any functions.

Frequency of Disclosure

The Group makes its Pillar 3 disclosures on an annual basis. However, the Board continually monitors this frequency to ensure it remains appropriate and will publish disclosures more frequently if considered appropriate.

The disclosure will be published as an appendix to our Statutory Audited Annual Accounts for Dolfin Financial (UK) Ltd.

These disclosures have been prepared solely for the purpose of fulfilling the UK Group's Pillar 3 disclosure obligations. They have not been audited by the UK Group companies' external auditors and do not constitute any form of audited financial statement



Corporate Governance and Risk Management

The Board oversees an ongoing capital assessment process in order to ensure the continuing capital adequacy of the Group and considers the changing business environment including internal and external factors which can affect the Dolphin Group's capital requirement. As the Group acts as an intermediate parent holding company the Group is principally managed by the board and the senior management of Dolphin Financial (UK) Ltd. The Board challenges and monitors the effectiveness of the risk and control process to support the delivery of the strategic objectives.

The Board is the Governing Body of the Group and has the daily management and oversight responsibility. It meets quarterly and is composed of:

- Denis Nagy
- Sanjay Maraj
- Amir Nabi

Capital adequacy is the degree to which capital resources on the Group's balance sheet are sufficient to cover the capital requirements for the business both now and for the foreseeable future. The Dolphin Group's authority to operate as an authorised investment Group is dependent on the maintenance of adequate capital resources. The Group's capital management process ensures that capital resources and requirements are continually reviewed against financial projections and risk assessments enable the Group to;

- meet minimum regulatory requirements in the UK;
- support its credit rating and maintain cost of funds; and
- support its growth and strategic objectives.

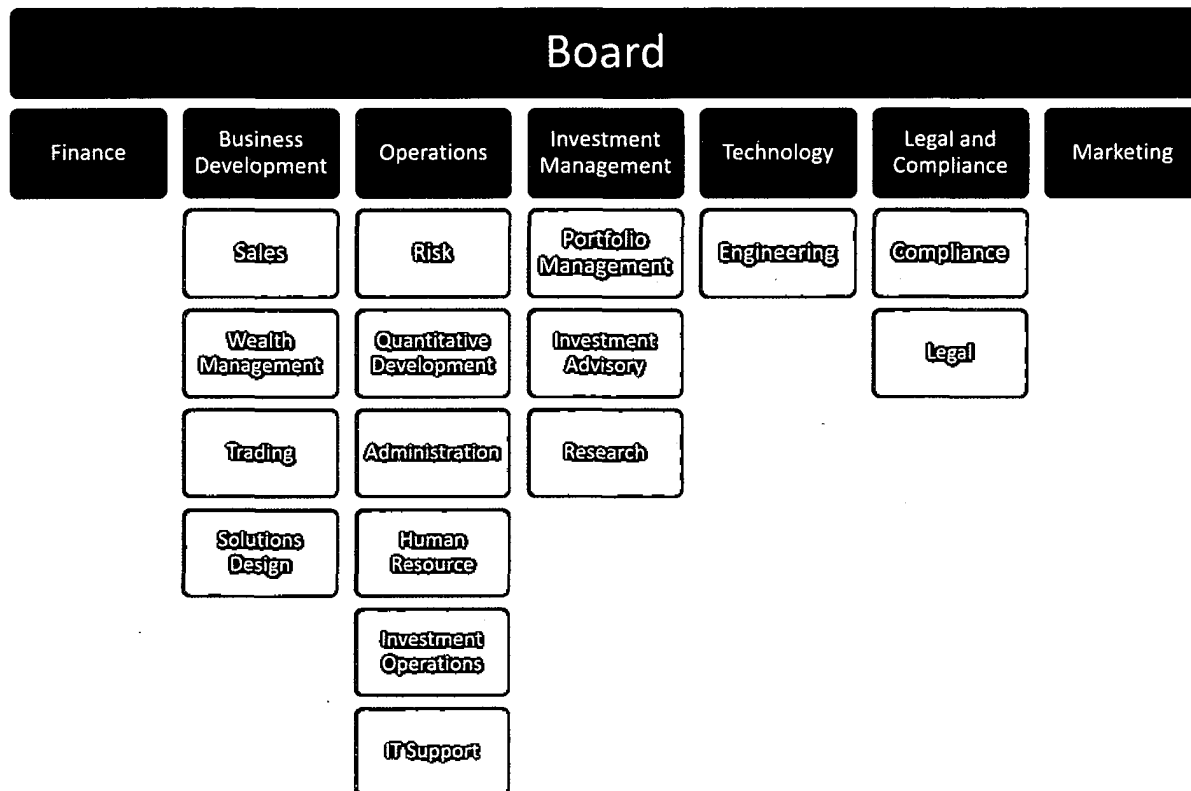
The Group's approach to assessing the adequacy of its internal capital to support its current and future activities is documented in its Internal Capital Adequacy Assessment Process ("ICAAP"), which includes an assessment of each of the material risks faced by the Group and the controls in place to mitigate those risks.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Dolphin Group. Significant risks, together with specific controls in place to control the risk, are contained within the Group's risk register and form an appendix to the ICAAP.

The Board is responsible for determining the Dolphin Group's risk appetite and for ensuring that the Group's risk management processes are appropriate and operate effectively. Day to day management of risk is managed by the Executive Directors and the Compliance, Risk and Finance departments. The Board will, at least annually, conduct a review of the effectiveness of the Group's system of internal controls. The review will cover all material controls, including financial, operational and compliance controls and risk management systems.



The organisational structure of Dolphin Financial (UK) Ltd is shown as follows:



The Board has established a number of committees to enhance governance and control within the Group.

Audit Committee

The Group’s Audit Committee provides an independent oversight over the provision and integrity of the financial statements of the Group, including the annual and half-yearly reports and interim management accounts. The Audit Committee meets at least once a year and reports its findings to the Board.

Risk Committee

The Risk Committee meets quarterly and its role is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring the Group’s system of internal controls and risk management and the processes for compliance with laws, regulations and ethical codes of practice.

Legal and Compliance Committee

The Legal and Compliance Committee meets quarterly and its role is to provide the Board with oversight over the legal and compliance functions within the Group and to report that the Group is meeting its legal and regulatory obligations.



IT Committee

The IT Committee meets quarterly and is responsible for prioritising projects and considering the IT requirements for the Group. The IT Committee is also responsible for identifying technology related risks and the Group’s exposure to cyber-crime.

Principal Risks and Controls

The Dolphin Group has in place a risk management objective to develop systems and controls to mitigate risk to within its risk appetite.

The disclosures on the following pages are not an exhaustive list of risks and uncertainties faced by the Group, but rather a summary of those principal risks which are under active review by the Board and have the potential to affect materially the achievement of the Group’s strategic objectives and impact its financial performance, reputation and brand integrity.

Due to the changing environment and the financial services industry’s increased use of technology, the Group believes that its consistent strategy, strong culture robust controls and procedures have helped it to maintain a stable risk profile.

The table below summarises the key risks faced by Dolphin Financial (UK) Ltd the main FCA registered operating entity, which are under active review by the Board.

Key Risk Factors	Consequences	Risk Mitigation
Reputational Risk	Reputational risk, be it from adverse media or the FCA, could affect the Firm’s financial performance decreasing its number of clients, institutional trading and assets under management.	The Firm takes reputational risk extremely seriously as this can affect the longevity of the business. All new clients are subject to strict onboarding procedures and the Firm has robust systems and controls to ensure that it meets all of its regulatory obligations. The Firm has a complaints policy which is maintained by Compliance to ensure any concerns raised by clients are dealt with promptly and efficiently. The Firm has also employed a Head of Marketing and Communications to convey the Firm’s strategy and to maintain its public image.
Employee Risk	The Firm’s employees are an asset and the future success of the business depends on the ability to attract and retain high quality executives and employees. There is also a risk of financial loss to the Firm from employee negligence, insufficient experience or financial crime.	To minimise employee risk the Firm seeks to reward employees through a competitive remuneration package, with significant long term incentives which align the interest of the employees with other stakeholders in the Firm. The Firm also has procedures in place to ensure that not only do recruited employees have sufficient and relevant experience but also that staff are continually trained to the level required to perform duties to the levels required by the business. To mitigate any financial losses due to employee negligence or error, the Firm also has adequate levels of insurance to cover any unforeseen circumstances. To mitigate any losses due to financial crime, the Firm has a robust Financial Crime Policy, which exists as an AML Manual and comprises sections of its Compliance Manual. The Firm also employs internal procedures specifically aimed at reducing the risk of financial crime.
Market Risk	Market risk is the risk of losses in on- and off-balance sheet positions arising from adverse movements in market prices. The Firm does not hold any significant trading book or non-trading book positions and trades on a matched principal basis only. The Firm does hold positions for its clients and can hold positions on a discretionary mandate. In doing so the Firm’s clients are exposed to market risk and any adverse changes to client portfolios could affect the Firm’s performance through a reduction in commission and management fees.	The Board and senior management are responsible for the monitoring of the Firm’s investments against market risk and have controls to manage this on a daily basis. The Firm’s Investment Management team constantly monitors client investments and utilises controls such as stop losses to minimise market risk.



Key Risk Factors	Consequences	Risk Mitigation
Credit / Counterparty Risk	Counterparty risk is the risk that the Firm may suffer a loss from the failure of a counterparty or customer to meet their contractual obligations.	<p>It is the policy of the Firm to limit the risk to this exposure through the use of a strict client onboarding procedure. Private clients are assessed during the source of wealth evaluation and trades are executed on pre-funded accounts.</p> <p>Counterparties are assessed for credit worthiness and are assigned trading limits which are monitored by the Operations department. Failed trades are swiftly acted upon and the use of buy-ins are considered in order to minimise the size of the counterparty risk.</p> <p>The Firm's main credit risk related to deposits held at banks and custodians and the Firm mitigated this risk through the use of a number of highly rated institutions.</p>
Concentration Risk	Concentration risk is the risk arising from the lack of diversity in business activities, i.e. the risks associated with large exposures from individual commercial relationships, reliance upon a single transaction/income type and exposure to a substantial client which could materially affect the Firm's financial performance.	The Board monitors concentration and large exposure risk and ensures that services provided and received by the Firm do not form a reliance to any one relationship. If an instance of this was to present itself then the Firm has the systems to recognise the instance and the controls in place to mitigate any risks which may occur.
Operational Risk	<p>Operational risk is the risk, direct or indirect, of loss resulting from inadequate or failed internal processes, people and systems or from external events.</p> <p>The Firm's key operational risks relate to the loss of key members of staff, failure to follow investment guidelines or restrictions, failure in IT infrastructure and inadequate business continuity planning.</p>	<p>Key member risk is mitigated by the Firm's remuneration policy which remunerates staff in line with the stakeholders objectives and aims to maximise staff retention. Staff are also cross-trained to provide cover in times of absence and to minimise risk of the loss of a key member at short notice.</p> <p>The Firm's investment team has procedures in place which controls the Firm's investments so they follow guidelines as prescribed by the client mandate. The Firm's order management system has an additional level of control which prohibits trading outside of the client mandate. The Compliance department systematically reviews investments made as part of its ongoing monitoring policy procedures to monitor transactions.</p> <p>Business continuity planning is in place in order to sustain operations with a minimum of disruption through a combination of back-up and remote facilities. Regular testing of the business continuity plan is undertaken and reviewed in line with the growth of the business.</p>
Regulatory risk	Regulatory risk is the risk that the Firm do not comply with and may breach the rules that are enforced by its regulators. The impact of a regulatory breach could be of financial loss to the Firm and ultimately of loss to the Firm's clients.	<p>The Firm takes regulatory risk seriously and has invested significantly in its compliance team. The Firm has detailed compliance and procedures manuals focused on the adherence to the rules applied by the regulator.</p> <p>The Firm has nurtured a compliance culture within the organisation and enhances this with regular training.</p>
Interest Rate Risk	Interest rate risk is the potential adverse movements in interest rates and the impact these may have on planned future cash flows. The impact may arise directly from interest on loans and interest income or indirectly from the performance of interest rate affected investments within client portfolios.	<p>The Firm has no outstanding loans or debt due other than that to associated Firms or related parties. Interest income does not form a significant part of the Firm's revenue.</p> <p>The Firm's Investment team monitors client portfolios on a daily basis and considers investments decisions which minimises interest rate risk.</p>
Liquidity Risk	Liquidity risk refers to the risk that the Firm will be unable to meet its financial obligations as they fall due or access to liquid funds is not available on commercially viable terms.	The Firm's Risk Appetite states that the Firm will maintain its capital in cash or near cash instruments and at a sufficient level to ensure the smooth operation of the business. All client cash deposits are repayable on demand. The Firm has access to additional liquidity when required from its controller and from associated Firms owned by the controller.



Disclosures concerning Executive Committee

The number of active outside directorships held by members of the Executive Committee is as follows:

- Denis Nagy - 6
- Sanjay Maraj - 6
- Amir Nabi - 3

Members of the Executive Committee are selected on the basis of their capability and experience in managing and dealing with the Group's operations and long-term strategic developments.

The Group's recruitment policy does not discriminate on the basis of age, disability, race or sex.

The Executive Committee meets on a regular basis (as a minimum quarterly) and receives reports on the operations and business areas of the Dolphin Group.

Capital Resources and Capital Adequacy

The Dolphin Group calculates capital resources in accordance with CRD IV and the FCA handbook and actively manages its capital requirement on a monthly basis. This is reviewed by the Board when required and submitted to the FCA on a quarterly basis.

Capital is held to ensure that a suitable operating margin is maintained in excess of the higher of Pillar 1 and Pillar 2 requirements. Pillar 2 capital requirements are determined using a risk-based approach that explicitly takes into account management's view of specific risk exposures.

Pillar 1 capital requirements are the greater of for Dolphin Financial (UK) Ltd and Dolphin Group UK Ltd:

- Base capital requirement of €730,000; or
- The greater of the sum of market risk, credit risk and operational risk capital requirement.



Capital as at 31 December 2018

The following table shows the Group's capital resources at 31 December 2018, based on audited figures for Dolphin Financial (UK) Ltd and unaudited figures for Dolphin Group UK Ltd:

	Dolphin Financial (UK) Ltd	Dolphin Group UK Ltd (UK Group)
Tier 1 Capital		
Ordinary Shares and Share Premium	£10,442,000	£7,100,011
Audited Reserves	(£144,448)	£2,947,000
Unaudited Reserves		£351,654
	<hr/>	<hr/>
	£10,297,552	£10,047,011
Deductions from Tier 1 Capital		
Intangible Assets	(£218,690)	(£218,690)
	<hr/>	<hr/>
Total Tier 1 Capital	£10,078,862	£9,828,321
Tier 2 Capital	-	-
Own Funds	£10,078,862	£9,828,321
Pillar 1 Capital Requirement	£3,021,794	£3,028,260
	<hr/>	<hr/>
Surplus Capital Resources	£7,057,069	£6,800,061



Capital Adequacy

The Dolphin Group has adopted the "Structured" approach to the calculation of its ICAAP Capital Resources Requirement as outlined in the Committee of European Banking Supervisors Paper, 25 January 2006.

The Group maintains sufficient capital in order to meet the FCA regulatory requirements and maintain capital above the Pillar 2 requirement. The capital adequacy of the Group is considered as part of the annual Individual Capital Adequacy Assessment Process (ICAAP).

Article 112 exposure	Risk weighted exposure amount	
	Dolphin Financial (UK) Ltd	Dolphin Group UK Ltd (UK Group)
exposures to central governments or central banks;		
exposures to regional governments or local authorities;		
exposures to public sector entities;		
exposures to multilateral development banks;		
exposures to international organisations;		
exposures to institutions;	£2,117,515	£2,135,738
exposures to corporates;		
retail exposures;	£7,002,466	£7,067,076
exposures secured by mortgages on immovable property;		
exposures in default;		
exposures associated with particularly high risk;		
exposures in the form of covered bonds;		
items representing securitisation positions;		
exposures to institutions and corporates with a short-term credit assessment;		
exposures in the form of units or shares in collective investment undertakings ("CIUs");		
equity exposures;		
other items.	£1,399,190	£1,397,191
Total	£10,519,171	£10,600,005



Pillar 2

The Dolphin Group's ICAAP is the result of the risk management processes in place, as described in the Corporate Governance and Risk Management section and determines the Group's Pillar 2 requirement.

The assessment of the risk factors faced by the Group are identified, monitored and managed through the risk management processes in place, which drives the ICAAP. The risks assessed are as prescribed in CRD IV and result in the Group's Pillar 2 capital requirement. This is reviewed appropriately throughout the year.

Based on the information contained in its ICAAP submission, the Board can confirm that the Firm and Group have adequate capital for its size and for the complexity of its business as of the date of this report.

Internal Ratings Based Approach

The Group does not adopt the Internal Ratings Based Approach and hence this is not applicable.

Article 439 - Disclosure: Exposure to Counterparty Credit Risk

One of the Group's main businesses is trading, whether as principal or agent for clients or as matched principal between counterparties. For this purpose, the Group has developed a rigid procedure of counterparty KYC and approval, as well as decision-making process of transaction exposure to the counterparty which includes the setting of individual counterparty trading limits. The Group also utilises well established and well capitalised clearers and custodians to minimise the risk of trade failure.

Article 440 - Disclosure: Capital buffers

The Group does not apply any capital buffers.

Article 441 - Disclosure: Indicators of Global Systemic Importance

This disclosure is not applicable as we are not a Global Systemic Important Institution.

Article 442 - Disclosure: Credit Risk Adjustments

Given the nature of our business as an investment Group, rather than a credit provider, credit adjustments do not apply within the Group.

Article 443 - Disclosure: Unencumbered Assets

This disclosure is not yet in force.

Article 444 - Disclosure: Use of ECAs

Article 444 of the CRR legislation states institutions calculating the risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 2 of the CRR legislation shall disclose information on the use of ECAs for each exposure class specified in Article 112 of the CRR



legislation. The Group uses ECAs and recognises the following external rating agencies: Standard & Poors, Fitch and Moody's. In accordance with Article 432 of the CRR legislation the Group has opted not to disclose information each exposure class for reasons of non-materiality.

Article 447 - Disclosure: Exposures in Equities not Included in the Trading Book

This disclosure is not required as the Group does not have a Non-Trading Book Exposure to Equities.

Article 448 - Disclosure: Exposure to Interest Rate Risk on Positions not Included in the Trading Book

Although the Group has substantial cash balances on its Balance Sheet, there is currently no significant exposure to Interest Rate fluctuations.

Article 449 - Disclosure: Exposure to Securitisation Positions

This disclosure is not required as the Group does not Securitise its assets.

Article 450 - Remuneration

The Group is within the scope of the FCA's Remuneration Code, which governs the application of remuneration policies and practices within the Group in order to promote sound and effective risk management. The Group is classified as a Level 3 firm which allows the Group to apply the remuneration principles proportionality rule and to comply with the rules set out in SYSC 19A.3 in a way and to the extent that is appropriate to the Group's size, internal organisation and nature, the scope and the complexity of its activities.

As the Group acts as an intermediate parent holding company the Group's regulated subsidiary, Dolphin Financial UK Ltd, is subject to the Remuneration Code.

Code Staff Criteria

The following groups of employees in Dolphin Financial UK Ltd have been identified as meeting the FCA's criteria for Code Staff:

- Directors of the Firm;
- Staff performing a Significant Influence Function within the Firm;
- Employees in key control function roles; and
- Employees who have approval authorities such that their decision making could have a material impact on the Firm's Income Statement.

The categories above include all senior management, those responsible for the management of the main businesses and control function heads.



Dolphin Financial UK Ltd - Remuneration Code Staff Remuneration by Business Area

Business Area	Number of Staff	Total Remuneration
Front Office and Trading	20	£1,842,902
Operations	12	£1,647,066

Dolphin Financial UK Ltd - Aggregate Quantitative Remuneration by Senior Management and other Remuneration Code Staff

Type of Remuneration Code Staff	Number of Staff	Fixed Remuneration	Variable Remuneration	Total Remuneration
Senior Management (SIF)	16	£1,957,262	£81,000	£2,038,262
Other Remuneration Code Staff	17	£1,420,206	£31,500	£1,451,706
Total	33	£3,377,468	£112,500	£3,489,968

Remuneration Policy

The role of setting the Firm's Remuneration Policy is undertaken by the Board and is reviewed at least annually.

The Firm's remuneration policy is made up of fixed pay and variable performance-related pay.

Fixed pay is principally comprised of salaries but includes appropriate employee benefits. All Code Staff receive a salary that reflects their talent, skills, competencies and contribution to the Firm relative to the market rate for their roles.

Variable performance-related pay is principally comprised of bonus awards. The annual bonus structure is designed to incentivise the Firm's employees to achieve objectives aligned with the Firm's corporate strategy, in a way which is in the long-term interests of the Firm's stakeholders.

Bonus awards are discretionary and not guaranteed. Bonus awards take into consideration an individual's success in meeting targets, the overall results of the Firm and the accrual of success-related fee income. Individual targets will not relate solely to financial criteria, but will also look at skills acquisition, compliance with regulatory obligations, and adherence to effective risk management over both the short- and long-term horizon. Bonuses will normally be paid in the year that they are declared and are unlikely to breach the criteria where deferral is required.

Bonus awards will take into account the financial performance of the Firm as a whole, based on profits rather than revenue or turnover, and there may be times where an individual's variable remuneration may be generated where subdued or negative financial performance occurs in the period of evaluation. In these circumstances the Board will consider rewarding individual performance and any decision to award a bonus would be consistent with the



underlying principles of the Remuneration Code as implemented through the Firm's Remuneration Policy.

Article 451 - Leverage

The Dolphin Group does not apply leverage in its operations.

