

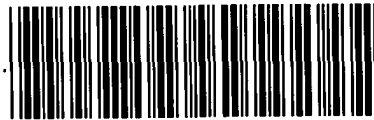
SCB & Associates Limited

Annual report and audited financial statements

for the year ended 31 December 2017

Registered number: 07859997

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SCB & Associates Limited

Company information

Directors	J Emanuelsson K C McGeeney
Company Secretary	B Castelnovo
Company number	07859997
Registered office	Unit C, 2 nd Floor 16 Dufferin Street London EC1Y 8PD
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank PLC 114 Fenchurch Street London EC3M 5LT

SCB & Associates Limited

Contents

	Page
Directors' report	1
Group strategic report	3
Independent auditor's report	5
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Company statement of financial position	10
Consolidated statement of changes equity	11
Consolidated statement of cash flows	12
Notes to the financial statement	13 - 29
The following pages do not form part of the statutory financial statements	
FCA Pillar 3 disclosures	30 - 34

Directors' report

for the year ended 31 December 2017

The directors present their report together with the Group strategic report and the consolidated financial statements of the SCB & Associates Limited group ('the group'), which consists of SCB & Associates Limited ('the company') and SCB & Associates PTE Limited ('the subsidiary'), for the year ended 31 December 2017.

General Information

The company is a private limited company incorporated in England and Wales under the Companies Act 2006. The address of the registered office and principal place of trading is Unit C, 2nd Floor, 16 Dufferin Street, London, EC1Y 8PD. The principal activity of the company is described in the Group strategic report.

Results and dividends

The profit for the year, after taxation, amounted to £50,466 (2016 – £106,876).

The directors did not recommend a dividend during the year (2016 - £nil).

Directors

The directors who served during the year was:

J Emanuelsson

K C McGeeney (Appointed 27 February 2017)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report, the Group strategic 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and issued by the International Accounting Standards Board (IASB). 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 International Financial Reporting Standards (IFRS) 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 2008. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report

for the year ended 31 December 2017

Disclosure of information to auditor

At the time this Directors' report is approved has the directors confirmed that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as directors in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

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



K McGeeney
Director

25 April 2018

Group strategic report
for the year ended 31 December 2017

Principal activity

The principal activity of the group is that of commodities broking.

Business review and future developments

The directors are satisfied with the results for the year and are confident of growth in the future.

Principal risks and uncertainties

Business risk

The group's revenue is dependent on its ability to access trading and hedging orders in the markets in which it operates; it is exposed to the existence and volume of the trade flows themselves. The size of the trading activity or volumes is a result of the supply-demand economics inherent in the underlying commodities, economic growth and development of the countries and industries in which the commodities are used as inputs. The price volatility exhibited by the markets is a direct effect of the imbalance of such supply-demand equilibria, a healthy price volatility is generally good for hedging and trading volumes. The energy derivatives brokerage desk, accordingly, may be exposed to such business cycles. For our Physical desk, the primary (though non-exclusive) business risks are of a governmental and regulatory nature, with high sensitivity to changes in government subsidies, trade barriers and legislation.

Market risk

The group takes no principal market risk. SCB & Associates Limited maintains a limited license as a matched principal broker by the Financial Conduct Authority, allowing it to execute give-up transactions. Such transactions are immediately, and always, given-up to customers, and the firm never takes a position in the marketplace as a result. Thus, the firm has no market risk, and this is therefore excluded on the basis of applicability.

Regulatory Capital

Capital requirements for SCB & Associates Limited have been determined according to the relevant statutes. The group monitors its expenditure on a monthly basis and takes into account any material fluctuations in order to determine whether the Financial Resources Requirement remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year.

Operational risk

The group relies on the operational procedures and controls that it has in place in order to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect.

The group makes note of a key operational risk related to the potential existence of errors from order executions that may, from time to time, occur. The group has an explicit process for ensuring that any such risks are corrected as soon as employees are aware of it, mitigating the loss for the group.

SCB & Associates Limited

Group strategic report

for the year ended 31 December 2017

Financial key performance indicators ("KPIs")

Given the nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

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



K McGeeney
Director

25 April 2018

Independent auditor's report to the members of SCB & Associates Limited
for the year ended 31 December 2017

Opinion

We have audited the financial statements of SCB & Associates Limited (the 'company') for the year ended 31 December 2017 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 United Kingdom, including the Financial Reporting Council'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.

Independent auditor's report to the members of SCB & Associates Limited
for the year ended 31 December 2017

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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.

Independent auditor's report to the members of SCB & Associates Limited
for the year ended 31 December 2017

Responsibilities of directors

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, 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.



Peter Chapman (Senior Statutory Auditor)

For and on behalf of

Buzzacott LLP

Statutory Auditor

130 Wood Street

London

EC2V 6DL

25 April 2018

SCB & Associates Limited

Consolidated statement of comprehensive income
for the year ended 31 December 2017

	Note	2017 £	2016 £
Continuing operations			
Revenue	1,2	2,353,211	2,894,102
Administrative expenses		(2,892,939)	(3,083,202)
Other operating income		<u>591,956</u>	<u>630,660</u>
Operating profit	4	52,228	241,560
Interest payable and similar charges	8	<u>—</u>	<u>—</u>
Profit/(loss) on ordinary activities before taxation		52,228	241,560
Income tax	9	(1,762)	—
Profit/(loss) for the financial year from continuing operations	21	<u>50,466</u>	<u>241,560</u>
Discontinued operations			
Loss for the year from discontinued operations		<u>—</u>	<u>(134,684)</u>
Profit for the financial year		<u>50,466</u>	<u>106,876</u>

There was no other comprehensive income for 2017 and 2016.

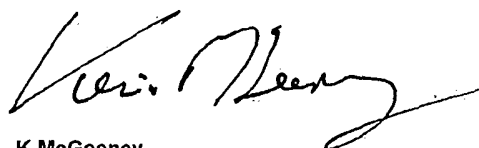
The notes on pages 13 to 29 form an integral part of the financial statements.

Consolidated statement of financial position

as at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
Assets					
Non-current assets					
Intangible assets	11		42,384		—
Property, plant and machinery	12		86,040		120,504
Current assets					
Trade and other receivables	14	552,986		858,288	
Deferred tax asset	19	170,553		175,311	
Financial assets at fair value through profit or loss	15	—		50,000	
Cash and cash equivalents		719,173		733,739	
			<u>1,442,712</u>		<u>1,817,338</u>
Total assets			<u>1,571,136</u>		<u>1,937,842</u>
Equity and liabilities					
Equity					
Share capital	20		1		1
Foreign exchange reserve	21		4,342		7,129
Capital contributions	21		1,598,304		1,598,304
Retained earnings	21		(594,792)		(645,258)
			<u>1,007,855</u>		<u>960,176</u>
Shareholder's funds	22		<u>1,007,855</u>		<u>960,176</u>
Current liabilities					
Trade and other payables	16		546,637		898,753
Financial liabilities at fair value through profit or loss	17		—		62,269
Non-current liabilities	18		16,644		16,644
			<u>563,281</u>		<u>977,666</u>
Total liabilities			<u>563,281</u>		<u>977,666</u>
Total equity and liabilities			<u>1,571,136</u>		<u>1,937,842</u>

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



K McGeeney
Director

25 April 2018

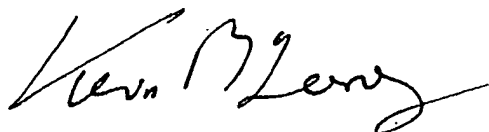
The notes on pages 13 to 29 form an integral part of the financial statements.

Company statement of financial position

as at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
Assets					
Non-current assets					
Property, plant and machinery	12		80,673		112,263
Investments	13		76,625		25,625
Current assets					
Trade and other receivables	14	398,138		669,400	
Deferred tax asset	19	170,553		175,311	
Financial assets at fair value through profit or loss	15	—		50,000	
Cash and cash equivalents		384,645		297,123	
			953,336		1,191,834
Total assets			1,110,634		1,329,722
Equity and liabilities					
Equity					
Share capital	20		1		1
Capital contributions	21		1,598,304		1,598,304
Retained earnings	21		(984,805)		(975,985)
Shareholder's funds	22		613,500		622,320
Current liabilities					
Trade and other payables	16		480,490		645,398
Financial liabilities at fair value through profit or loss	17		—		45,360
Non-current liabilities	18		16,644		16,644
Total liabilities			497,134		707,402
Total equity and liabilities			1,110,634		1,329,722

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



K McGeeney
Director

25 April 2018

The notes on pages 13 to 29 form an integral part of the financial statements.

SCB & Associates Limited

Consolidated statement of changes in equity
as at 31 December 2017

	Share capital £	Foreign exchange reserve £	Capital contribution reserve £	Retained earnings £	Total £
Changes in equity for the year ended 31 December 2017					
Balance at 1 January 2017	1	7,129	1,598,304	(645,258)	960,176
Foreign exchange movement	—	(2,787)	—	—	(2,787)
Capital contributions	—	—	—	—	—
Profit for the year	—	—	—	50,466	50,466
Balance at 31 December 2017	1	4,342	1,598,304	(594,792)	1,007,855

Company statement of changes in equity
as at 31 December 2017

	Share capital £	Capital contribution reserve £	Retained earnings £	Total £
Changes in equity for the year ended 31 December 2017				
Balance at 1 January 2017	1	1,598,304	(975,985)	622,320
Capital contributions	—	—	—	—
Loss for the year	—	—	(8,820)	(8,820)
Balance at 31 December 2017	1	1,598,304	(984,805)	613,500

The notes on pages 13 to 29 form an integral part of the financial statements.

SCB & Associates Limited

Consolidated statement of cash flows

as at 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Cash used in operations	23	51,118	368,867
Interest paid	24	—	—
Income taxes paid		—	—
Net cash generated from operating activities		<u>51,118</u>	<u>368,867</u>
Cash flows from financing activities			
Proceeds from receipt of capital contributions	24	—	337,838
Net cash used in financing activities		<u>—</u>	<u>337,838</u>
Cash flow from investing activities			
Purchase of ordinary shares		(51,000)	—
Purchase of property, plant and equipment	24	(14,684)	(102,643)
Net cash generated from investing activities		<u>(65,684)</u>	<u>(102,643)</u>
Net (decrease)/increase in cash and cash equivalents		(14,566)	604,062
Cash and cash equivalents at beginning of year		<u>733,739</u>	<u>129,677</u>
Cash and cash equivalents at end of year		<u><u>719,173</u></u>	<u><u>733,739</u></u>

The notes on pages 13 to 29 form an integral part of the financial statements.

Notes to the financial statements

for the year ended 31 December 2017

1 Significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, IFRIC Interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

Basis of preparation of financial statements

The financial statements are prepared on the historical cost basis except for certain financial instruments that are measured at fair value, and the accounting policies set out below have been applied. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The significant accounting policies of the group have remained unchanged from the previous year and are set out below.

Revenue recognition

Revenue represents commissions earned on commodity trades and is recognised on a trade date basis exclusive of sales taxes, except for trading in physical commodities, commission on which is not recognised until delivery has taken place.

Rendering of services

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;
- It is probable that the group will receive the consideration due under the contract;
- The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- The costs incurred and the costs to complete the contract can be measured reliably.

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life of five years.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Notes to the financial statements

for the year ended 31 December 2017

1 Significant accounting policies (continued)

Trade payables

Trade and other 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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Financial instruments

Recognition, initial instruments and derecognition

Financial assets and financial liabilities are recognised when the company or its subsidiary becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted for transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified in to the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- hold-to-maturity (HTM) investments
- available for sale (AFS) financial assets.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria are applied for each category of financial assets to determine impairment.

Financial assets at fair value through profit or loss

Derivatives that are not designated and effective as hedging instruments are classified as held for trading and are categorised as financial assets at fair value through profit or loss. These are initially recognised at fair value on trade date and are carried at fair value with changes in fair value recognised in profit or loss (in the consolidated statement of comprehensive income).

Financial liabilities at fair value through profit or loss

Financial liabilities are carried at fair value with changes in fair value recognised in profit or loss. These are financial instruments held for short term trading and are initially recognised at fair value on trade date. Gains or losses arising from changes in the fair value of the financial liabilities at fair value through profit or loss category are presented in the consolidated statement of comprehensive income.

Notes to the financial statements

for the year ended 31 December 2017

1 Significant accounting policies (continued)

Financial instruments (continued)

Fair value measurement

Fair value measurements are categorised into Level 1, 2 or 3, based on the degree to which inputs to the fair value measurements are observable. These are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Foreign currencies

a) Functional and presentational currency

These financial statements are presented in Pounds Sterling, which is the company's functional currency.

b) Transactions and balances

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the reporting date. Any gains or losses arising from a change in exchange rates subsequent to the transaction date are included as an exchange gain or loss in the consolidated statement of comprehensive income.

Employee benefits

The group recognises a liability and an expense for bonuses based on the revenue generated and certain other considerations.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risk of ownership remain with the lessor are charged against profit on a straight line basis over the period of the lease.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and all other cash amounts with maturities of three months or less.

Property, plant and equipment

Property, plant and equipment held for administrative purposes, are stated in the statement of financial position at cost, being the original purchase price and the costs attributable to bringing the asset to its working condition for its intended use.

Property, plant and equipment are stated at cost less accumulated depreciation, and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the financial statements

for the year ended 31 December 2017

1 Significant accounting policies (continued)

Property, plant and equipment (continued)

The gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated statement of comprehensive income.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

- Fixtures and fittings - 33.33%
- Computer equipment - 33.33%
- Leasehold improvements - over the remaining term of the lease

Investment in subsidiaries

Investments in the subsidiaries are carried at historic cost and reviewed for impairment annually.

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company operates and generates taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Share capital

Ordinary shares are classified as equity. Any incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the financial statements

for the year ended 31 December 2017

1 Significant accounting policies (continued)

Capital contributions

Capital contributions are classified as equity and represent funds provided by the group's sole shareholder, and are repayable by the group at its sole discretion.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The director does not consider there to be any critical judgements in respect of the year.

Adoption of new and revised standards

a) New and amended standards adopted by the group:

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2017 that would be expected to have a material impact on the group.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2018 and have not been early adopted:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognitions of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018.

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

Notes to the financial statements

for the year ended 31 December 2017

2 Revenue

Revenue is wholly attributable to the group's principal activity.

An analysis of revenue by geographical area of destination is as follows:

	2017	2016
	£	£
UK	493,110	835,172
Rest of the world	1,860,101	1,858,930
	<u>2,353,211</u>	<u>2,694,102</u>

3 Other operating income

Other operating income consists of intercompany recharges, the sale of data and fees charged to the company's Appointed Representative.

4 Operating profit

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

	2017	2016
	£	£
Depreciation of property, plant and equipment		
- owned by the group	45,893	35,670
Operating lease rentals:		
- land and buildings	128,092	191,500
Difference on foreign exchange	<u>40,852</u>	<u>(20,007)</u>

Notes to the financial statements

for the year ended 31 December 2017

5 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the group auditor for the audit of the groups annual accounts	<u>10,500</u>	<u>10,000</u>

Fees payable to the group auditor in respect of:

- the auditing of accounts of association of the group pursuant to legislation	3,000	—
- audit-related assurance services	1,000	1,000
- taxation compliance services	1,500	1,500
- all other non-audit services not included above	<u>4,000</u>	<u>2,000</u>

6 Staff costs and average number of employees

Staff costs during the year, excluding director's remuneration, were as follows:

	2017	2016
	£	£
Wages and salaries	1,672,312	2,124,879
Social security costs	<u>158,179</u>	<u>198,941</u>
	<u>1,830,492</u>	<u>2,323,820</u>

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

	2017	2016
	Number	Number
Professional	10	10
Administration and management	<u>9</u>	<u>8</u>
	<u>19</u>	<u>18</u>

7 Directors' remuneration

	2017	2016
	£	£
Remuneration	<u>—</u>	<u>—</u>

8 Interest payable and similar charges

	2017	2016
	£	£
On bank loans and overdrafts	<u>—</u>	<u>—</u>

Notes to the financial statements

for the year ended 31 December 2017

9 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2017	2016
	£	£
<i>Current tax:</i>		
Current tax on profit/(loss) for the year	761	—
Adjustments in respect of prior periods	(3,757)	—
Total current tax expense	<u>(2,966)</u>	<u>—</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	4,758	—
Adjustments in respect of prior periods	—	—
Total deferred tax	<u>4,758</u>	<u>—</u>
Tax on (loss)/profit movement on ordinary activities	<u><u>1,762</u></u>	<u><u>—</u></u>

(b) Factors affecting the tax charge for the year

	£	£
Profit on ordinary activities before tax for the year	52,228	106,876
Profit on ordinary activities multiplied by standard average rate of corporation tax in the UK of 19.25% (2016 – 20%)	10,054	21,375
Fixed asset differences	864	—
Expenses not deductible for tax purposes	7,120	6,258
Adjustment to deferred tax due to lower applicable rate	4,758	—
Adjustments in respect of prior periods	(3,757)	—
Subsidiary profit not subject to UK corporation tax	(17,277)	(27,633)
Tax on profit/(loss) on ordinary activities	<u><u>1,762</u></u>	<u><u>—</u></u>

At 31 December 2017, D1 Oils Trading Limited had net trading tax losses of £16.1 million (30 June 2016: £16.1 million) available to set off against future trading profits of the company from the same trade. A deferred tax asset has not been recognised in respect of these losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised in the year is £2.737 million (year ended 30 June 2016: £3.38 million).

Notes to the financial statements

for the year ended 31 December 2017

10 Discontinued operations

During the prior year, the group closed the LPG broker desk.

	2017	2016
	£	£
Discontinued operations		
Revenue	—	19,982
Administrative expenses	—	(154,666)
Loss on discontinued operations before taxation		<u>(134,684)</u>
Income tax	—	—
Loss on discontinued operations	<u>—</u>	<u>(134,684)</u>
Cash flows from operating activities	<u>—</u>	<u>(134,684)</u>

11 Intangible assets

	Goodwill	Total
	£	£
Group		
At 1 January 2017	—	—
Year ended 31 December 2017		
Opening net book amount	—	—
Additions	50,000	50,000
Disposals	—	—
Amortisation charge	(7,616)	(7,616)
Closing net book amount	<u>42,384</u>	<u>42,384</u>
At 31 December 2017		
Cost	50,000	50,000
Accumulated amortisation	(7,616)	(7,616)
Net book amount	<u>42,384</u>	<u>42,384</u>

During the year, the company exercised an option to acquire 100% of the ordinary share capital in D1 Oils Trading Limited, a company incorporated in the United Kingdom, which represents 100% of the voting rights. The principal activity of D1 Oils Trading Limited is that of marketing biofuels intelligence.

Notes to the financial statements
for the year ended 31 December 2017

12 Property, plant and equipment

Group	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
At 1 January 2016				
Net book amount	—	6,729	30,158	36,887
Year ended 31 December 2016				
Opening net book amount	—	6,729	30,158	36,887
Additions	66,719	33,797	18,771	119,287
Depreciation	(9,174)	(5,982)	(20,514)	(35,670)
Closing net amount	<u>57,545</u>	<u>34,544</u>	<u>28,415</u>	<u>120,504</u>
At 31 December 2016				
Cost	66,719	43,019	137,158	246,896
Accumulated Depreciation	(9,174)	(8,475)	(108,743)	(126,392)
Net book amount	<u>57,545</u>	<u>34,544</u>	<u>28,415</u>	<u>120,504</u>
Year ended 31 December 2017				
Opening net book amount	57,545	34,544	28,415	120,504
Additions	—	580	14,104	14,684
Disposals	—	(3,255)	—	(3,255)
Depreciation charge	(13,066)	(12,847)	(19,980)	(45,893)
Closing net book amount	<u>44,479</u>	<u>19,022</u>	<u>22,539</u>	<u>86,040</u>
At 31 December 2017				
Cost	66,719	39,702	151,262	257,683
Accumulated depreciation	(22,240)	(20,680)	(128,723)	(171,643)
Net book amount	<u>44,479</u>	<u>19,022</u>	<u>22,539</u>	<u>86,040</u>

Notes to the financial statements

for the year ended 31 December 2017

12 Property, plant and equipment (continued)

Company	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
At 1 January 2016				
Net book amount	—	—	24,761	24,761
Year ended 31 December 2016				
Opening net book amount	—	—	24,761	24,761
Additions	66,719	32,841	16,379	115,939
Depreciation	(9,174)	(4,561)	(14,702)	(28,437)
Closing net amount	<u>57,545</u>	<u>28,280</u>	<u>26,438</u>	<u>112,263</u>
At 31 December 2016				
Cost	66,719	34,731	119,783	221,233
Accumulated Depreciation	(9,174)	(6,451)	(93,345)	(108,970)
Net book amount	<u>57,545</u>	<u>28,280</u>	<u>26,438</u>	<u>112,263</u>
Year ended 31 December 2017				
Opening net book amount	57,545	28,280	26,438	112,263
Additions	—	580	5,959	6,539
Depreciation charge	(13,065)	(10,926)	(14,138)	(38,129)
Closing net book amount	<u>44,480</u>	<u>17,934</u>	<u>18,259</u>	<u>80,673</u>
At 31 December 2017				
Cost	66,719	35,311	125,742	227,772
Accumulated depreciation	(22,239)	(17,377)	(107,483)	(147,099)
Net book amount	<u>44,480</u>	<u>17,934</u>	<u>18,259</u>	<u>80,673</u>

13 Fixed asset investments

Company	Investment in subsidiary undertakings £
Cost or valuation	
At 1 January 2017 and 31 December 2017	<u>76,625</u>
Net book value	
At 1 January 2017 and 31 December 2017	<u>76,625</u>

The company owns 100% of the ordinary share capital in SCB & Associates PTE. Ltd, a company incorporated in Singapore, which represents 100% of the voting rights. The principal activity of SCB & Associates PTE. Ltd is that of commodities broking. During the year, the company exercised an option to acquire 100% of the ordinary share capital in D1 Oils Trading Limited, a company incorporated in the United Kingdom, which represents 100% of the voting rights. The principal activity of D1 Oils Trading Limited is that of marketing biofuels intelligence.

Notes to the financial statements
for the year ended 31 December 2017

14 Trade and other receivables

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Due after more than one year				
Other receivables	58,812	58,812	58,812	58,812
Due within one year				
Trade receivables	366,746	542,350	232,475	394,128
Amounts owed by related undertakings	—	—	—	—
Other receivables	94,343	192,402	85,845	160,591
Prepayments and accrued income	33,085	64,724	21,006	55,869
	<u>552,986</u>	<u>858,288</u>	<u>398,138</u>	<u>669,400</u>

Other receivables due after more than one year relate to rental deposits.

15 Financial assets

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Financial assets at fair value through profit or loss	—	50,000	—	50,000

16 Trade and other payables: amounts falling due within one year

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade payables	26,630	54,984	25,584	50,664
Other payables	22,440	16,900	7,030	12,470
Amounts due to group undertaking	—	—	—	—
Amounts due to related undertaking	—	—	—	—
Other taxes and social security	188,254	194,099	188,254	194,099
Accruals and deferred income	309,313	632,770	259,622	388,165
	<u>546,637</u>	<u>898,753</u>	<u>480,490</u>	<u>645,398</u>

Notes to the financial statements

for the year ended 31 December 2017

17 Financial liabilities

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Financial liabilities at fair value through profit or loss	—	62,269	—	45,360

The group's financial liabilities at fair value through profit or loss are forward currency contracts, which are traded on an active market, and so fair value is determined by looking at the quoted prices in the active market that the entity can access at the measurement date, i.e. Level 1 Inputs.

18 Non-current liabilities

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Dilapidation provision	16,644	16,644	16,644	16,644

19 Deferred taxation

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
At beginning of year	175,311	175,311	175,311	175,311
(Released)/recognised during the year	(4,758)	—	(4,758)	—
At end of year	170,553	175,311	170,553	175,311

The deferred taxation balance is made up as follows:

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Tax losses carried forward	170,553	175,311	170,553	175,311

The group and company has recognised a deferred tax asset amounting to £170,553 (2016 - £175,311) as the directors are of the opinion that the group and company will make sufficient taxable profits in the future to benefit from the brought forward losses which give rise to the asset. The directors expect that this asset will be partly recovered in greater than one year.

20 Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

Notes to the financial statements

for the year ended 31 December 2017

21 Reserves

Group	Foreign exchange reserve £	Capital contributions £	Retained earnings £
At 1 January 2017	7,129	1,598,304	(645,258)
Profit for the financial year	—	—	50,466
Movement on foreign exchange	(2,787)	—	—
Capital contributions received	—	—	—
At 31 December 2017	<u>4,342</u>	<u>1,598,304</u>	<u>(594,792)</u>

Company	Capital contributions £	Retained earnings £
At 1 January 2017	1,598,304	(975,985)
Loss for the financial year	—	(8,820)
Capital contributions received	—	—
At 31 December 2017	<u>1,598,304</u>	<u>(984,805)</u>

Capital contributions are not repayable other than at the sole discretion of the company and consequently have been classified as equity within the financial statements.

22 Reconciliation of movement in shareholder's funds

Group	2017 £	2016 £
Opening shareholder's funds	960,176	510,003
Profit for the financial year	50,466	106,876
Capital contributions	—	337,838
Foreign exchange reserve	(2,787)	5,459
Closing shareholder's funds	<u>1,007,855</u>	<u>960,176</u>

Company	2017 £	2016 £
Opening shareholder's funds	622,320	378,395
Loss for the financial year	(8,820)	(93,913)
Capital contributions	—	337,838
Closing shareholder's funds	<u>613,500</u>	<u>622,320</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the year dealt within the accounts of the company was £8,820 (2016 – £93,913).

Notes to the financial statements

for the year ended 31 December 2017

23	Net cash flow from operating activities	2017 £	2016 £
	Operating profit/(loss)	50,466	106,876
	Depreciation	45,893	35,670
	Goodwill amortisation	7,616	—
	Decrease in deferred tax	4,758	—
	Decrease/(increase) in trade and other receivables	357,111	(409,595)
	Decrease/(increase) in trade and other payables	(411,939)	630,457
	Decrease/(increase) on the foreign exchange reserve	(2,787)	5,459
	Net cash inflow/(outflow) from operating activities	<u><u>51,118</u></u>	<u><u>368,867</u></u>
24	Analysis of cash flows for headings netted in cash flow statement	2017 £	2016 £
	Returns on investments and servicing of finance		
	Interest paid	—	—
	Capital expenditure and financial investment	2017 £	2016 £
	Purchase of ordinary shares	51,000	
	Purchase of property, plant and equipment	14,684	(102,643)
	Financing	2017 £	2016 £
	Capital contributions	—	337,838
25	Analysis of change in net funds	1 January 2017 £	31 December 2017 £
	Cash at bank and in hand	733,739	719,173
	Net funds	<u><u>733,739</u></u>	<u><u>719,173</u></u>

26 Contingent liabilities

The company is involved in a minor employment dispute. As the case has not yet been heard by an employment tribunal, further disclosure would prejudice the position of the company. If any outflow in settlement occurs, it will likely be between the fourth quarter of 2018 and the first half of 2019. In the event of an outflow, there is no suggestion such an amount would be material for the status of the company as a going concern.

There are no other contingent liabilities at 31 December 2017 or 31 December 2016.

27 Capital commitments

The group had no capital commitments at 31 December 2017 or 31 December 2016.

Notes to the financial statements

for the year ended 31 December 2017

28 Operating lease commitments

At 31 December 2017, the group and company were committed to make future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Expiry date				
Within 1 year	112,517	115,888	98,020	98,020
2 – 5 years	206,242	304,063	206,242	304,063

29 Capital risk management

The company manages its capital through continuous review of its total regulatory capital which is reported quarterly to the Board.

The company's capital resources at 31 December 2017 were £613,500 (2016: £622,320).

	2017 £	2016 £
Share capital	1	1
Capital contributions	1,598,304	1,598,304
Audited brought forward retained earnings	(975,985)	(882,072)
(Loss)/profit for the year	(8,820)	(93,913)
	<u>613,500</u>	<u>622,320</u>

30 Externally imposed capital requirements

The company is supervised in the UK by the Financial Conduct Authority ('the FCA') on a non-consolidated basis. The company submits quarterly returns to the FCA on its capital adequacy.

The capital requirements imposed by the FCA have been complied with during the year.

31 Related party transactions

During the year, the company, SCB & Associates Limited, provided services and recharged expenses to a subsidiary, SCB & Associates PTE. Ltd totalling £46,475 (2016 - £63,889) and was charged £66,910 (2016 - £32,624) for services received from SCB & Associates PTE Ltd.

SCB & Associates PTE. Ltd received funding from the company totalling £11,650 (2016 – SCB & Associates PTE. Ltd provided funding totalling £89,716).

At 31 December 2017, £nil was due from (2016 - £ nil) SCB Associates PTE. Ltd to SCB & Associates Limited.

The other related parties are the entities which are either controlled or jointly controlled by a director.

During the year, the company provided services and recharged expenses to entities under common control totalling £399,250 (2016 - £432,944) and was charged expenses from these entities totalling £129,498 (2016 - £60,469).

Notes to the financial statements

for the year ended 31 December 2017

31 Related party transactions (continued)

During the year, net revenue recharges to the company by entities under common control totalled £nil (2016 – £31,565). The net amount of funding provided by the company to entities under common control totalled £108,734 (2016 – funding provided to the company from entities under common control totalled £339,123).

At 31 December 2017, the balance due from entities under common control totalled £365 (2016 - £ nil).

There were no members of key management personnel other than the directors.

32 Controlling party

At 31 December 2017, immediate and ultimate parent undertaking was SCB Brokers SA (formerly Starsupply Renewables SA), an entity established in Switzerland.

Pillar 3 disclosure requirements

for the year ended 31 December 2017

The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain.

In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU').

The FCA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk capital requirement;
- Pillar 2 requires the firm to assess whether its capital reserves, processes, strategies and systems are adequate to meet pillar 1 requirements and further determine whether it should apply additional capital, processes, strategies or systems to cover any other risks that it may be exposed to; and
- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position to encourage market discipline.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 obligations.

The Pillar 3 disclosure document has been prepared by SCB & Associates Limited ("The Firm") in accordance with the requirements of BIPRU 11 and is verified by a senior manager. Unless otherwise stated, all figures are as at the 31st December 2017 financial year-end.

Pillar 3 disclosures will be issued on an annual basis after the year end and published as soon as practical, usually in accordance with the firms' submission of the annual accounts.

Under proper rule, the firm retains the right to omit required disclosures if it believes that the information is immaterial and that such omission would be unlikely to change or influence the decision of a reader relying on that information for the purpose of making economic decisions about the firm.

In addition, the firm retains the right to omit required disclosures where it believes that the information is regarded as proprietary or confidential. In its view, proprietary information is that which, if it were shared, would undermine the firm's competitive position. Information is considered to be confidential where there are obligations binding it to confidentiality with our customers, suppliers and counterparties.

Nonetheless, the firm maintains that it has made no omissions on the grounds that it is immaterial, proprietary or confidential.

Scope and application of the requirements

The Firm is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised as an "Exempt BIPRU Commodities Firm" by the FCA for capital purposes, and is (1) a brokerage firm with no trading exposure, nor proprietary transactions, and (2) a firm that does not hold customer capital.

Pillar 3 disclosure requirements

for the year ended 31 December 2017

The Firm is not a member of a group and so is not required to prepare consolidated reporting for prudential purposes.

Risk Management

The Firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen cooperatively by the Firm's Senior Management Team, including the Firm's directors and the Firm's Chief Financial Officer, who take overall responsibility for these processes and the fundamental risk appetite of the firm. These parties have joint responsibility for the enforcement of the Firm's risk principles.

Senior Management meets on a regular basis and discusses, generally, current projections for profitability, cash flow, regulatory capital management, and business planning and risk management. Senior Management reviews the Firm's risks through a framework of policy and procedures having regard to the relevant laws, standards, principles and rules (including FCA principles and rules); the firm aims to operate a defined and transparent risk management framework. These policies and procedures may be updated as required.

The Senior Management team has identified two risks to which the Firm is exposed: business risks & operational risks. The Senior Management team may, from time to time, formally or informally review risks, controls and other risk mitigation arrangements and assess their effectiveness.

Operational issues are disclosed to the Senior Management team on an ongoing basis.

Appropriate action is taken where risks are identified which fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the firm's mitigating controls.

The firm takes no positions in any regulated marketplace. During the year, the firm had a small foreign currency forward contract hedge in a bilateral capacity.

The number of credit exposures relating to the Firm's broker clients is very limited. Commissions are settled promptly at the conclusion of a transaction. The Firm considers that there is little risk of default by its clients, given their size and credit standing. All bank accounts are held with large international credit institutions.

Market Risk

The Firm takes no principal market risk. The firm maintains a limited license as a matched principal broker by the FCA, allowing it to execute give-up transactions. Such transactions are immediately, and always, given-up to customers, and the firm never takes a position in the marketplace as a result. Thus, the firm has no market risk, and this is therefore excluded on the basis of applicability.

Business risk

The firm's revenue is dependent on its ability to access trading and hedging orders in the markets in which it operates; it is exposed to the existence and volume of the trade flows themselves. The size of the trading activity or volumes is a result of the supply-demand economics inherent in the underlying commodities, economic growth and development of the countries and industries in which the commodities are used as inputs. The price volatility exhibited by the markets is a direct effect of the imbalance of such supply-demand equilibriums, a healthy price volatility is generally good for hedging and trading volumes. The energy derivatives brokerage desk, accordingly, may be exposed to such business cycles. For our Physical desk, the primary (though non-exclusive) business

Pillar 3 disclosure requirements

for the year ended 31 December 2017

risks are of a governmental and regulatory nature, with high sensitivity to changes in government subsidies, trade barriers and legislation.

Operational risk

The Firm relies on the operational procedures and controls that it has in place in order to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect.

The Firm makes note of a key operational risk related to the potential existence of errors from order executions that may, from time to time, occur. The firm has an explicit process for ensuring that any such risks are corrected as soon as employees are aware of it, mitigating the loss for the company.

Regulatory capital

The Firm is a Limited Liability Company. The Firm's capital requirements have been determined according to the relevant statutes. Please see below for a breakdown of the regulatory capital requirements. The Firm monitors its expenditure on a monthly basis and takes into account any material fluctuations in order to determine whether the FRR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year. The main features of the Firm's capital resources for regulatory purposes are as follows:

	31.12.2017 £000
Tier 1 capital*	618
Tier 2 capital	0
Tier 3 capital**	0
Deductions from Tiers 1 and 2	0
Total capital resources	618
*No hybrid tier one capital is held	
**Note: Tier 3 capital is to be removed under the CRD IV	

The figures above are taken from the Firm's FCA Balance Sheet filing on 10.02.2018.

The Firm is small and maintains a simple operational infrastructure.

As discussed above, the firm is an "Exempt BIPRU Commodities Firm" and as such its capital requirements are the sum of:

- Base requirement, which is the higher of the Absolute minimum requirement, Expenditure requirement or Volume of business requirement;
- Total Liquidity Adjustment
- Charged Assets
- Contingent Liabilities
- Deficiencies in subsidiaries
- Total Position Risk Requirement
- Total Credit Risk Requirement

Pillar 3 disclosure requirements

for the year ended 31 December 2017

The Financial Resources Requirement is calculated in accordance with FCA rules for Exempt BIPRU Commodities Firms which require it to comply with the Interim Prudential Sourcebook for Investment Businesses ("IPRU-INV").

Capital requirement

The Firm's Pillar 1 capital requirement has been determined by reference to the Firm's Financial Resources Requirement FRR and calculated in accordance with the FCA's rules for Exempt BIPRU Commodities Firms, which require it to comply with IPRU-INV.

The Base Requirement is based on the Relevant Annual Expenditure computed to be 6/52nds of annual expenses net of variable costs deducted, which include licence fees, execution fees and bonuses, which have been deducted. The Firm monitors its expenditure on a regular basis and takes into account any material fluctuations in order to determine whether the FRR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year.

This is monitored by the Accountant and reported to senior management on a regular basis.

Remuneration code disclosure

The Firm is authorised and regulated by the Financial Conduct Authority as "Exempt BIPRU Commodities Firm" and so, it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA's Handbook. The Remuneration Code ("the RemCode") covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two.

The Firm's business is to provide services related to arranging transactions for clients, commonly referred to as a "broker".

The Firm's compensation arrangements:

1. are consistent with and promote sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest; and
4. are in line with the Firm's business strategy, objectives, values and long-term interests.

Summary of information on the decision-making process used for determining the firm's remuneration policy including use of external benchmarking consultants where relevant.

- The Firm's policy will be reviewed from time to time, or following a significant change to the business requiring an update to its internal capital adequacy assessment.
- The Firm's ability to pay discretionary bonus is based on the performance of the Firm overall and derived after appropriate profit has been calculated under the Firm's valuation policy, which is reviewed on an annual basis.
- Further, Broker commission payment rates are fixed and set out in the individual contracts, and are directly linked to revenue generating ability of the individual brokers.

Pillar 3 disclosure requirements

for the year ended 31 December 2017

Summary of how the firm links between pay and performance Individuals are rewarded based on their contribution to the overall strategy of the business.

- Individuals are rewarded based on their contribution to the overall strategy of the business.
- Other factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior/operational staff responsible for the infrastructure of the firm.

Aggregate quantitative information on remuneration broken down by significant business division.

Business Area	Aggregate compensation expense for prior fiscal year
Brokerage	£1,024,667
Corporate	£440,816

We may omit required disclosures where we believe that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

We have made no omissions on the grounds of data protection.

A note on Materiality

A firm must regard information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions.

A firm must regard information as proprietary information if the sharing of that information with the public would undermine its competitive position.

Proprietary information may include information on products or systems which, if shared with competitors would render the firm's investment in them less valuable.

A firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the firm to confidentiality.

CEBS has stated that it is unlikely that the disclosure of information relating to remuneration would be confidential or proprietary for firms that have been allowed to aggregate the information due to proportionality. Where there is a limited number of Code Staff then the firm may consider such omissions.

SEE FCA Templates on Remuneration Code and FAQ for further consideration.