

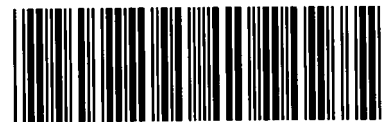
DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

DOLFIN GROUP (UK) LTD
Annual Report and Financial Statements
For the year ended 31 December 2017

Company registration number: 10112475

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DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Financial Statements

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DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Company Information

Company registration number

10112475

Directors

D Nagy
S Maraj
A Nabi

Registered office

50 Berkeley Street
London
W1J 8HA

Auditor

MHA MacIntyre Hudson
New Bridge Street House
30-34 New Bridge Street,
London
EC4V 6BJ

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2017. The comparative period is for the period from incorporation on 8 April 2016 to 31 December 2016.

Review of the business

Dolphin Group (UK) Ltd (the "Company" or "Dolphin") is a subsidiary of Dolphin Group Limited, a company incorporated in Bermuda. The Company's activities are to act as a UK intermediate holding company. The Company has subsidiaries in the UK and the Netherlands and the activities of the subsidiaries are the provision of asset management, custodian and execution services, and fintech research and development. The Directors do not expect any change to these activities for the foreseeable future.

The Company's only significant transactions in the year ended 31 December 2017 were to make investment in its subsidiaries. The Directors expect that future profitability in the subsidiaries will generate dividends that will be receivable by the Company.

Expenses in the year ended 31 December 2017 and for the period from incorporation on 8 April 2016 to 31 December 2016 were borne by a subsidiary undertaking and the Company made neither a profit nor a loss in those periods.

No dividends have been declared or are proposed for the year ended 31 December 2017 (or for the period from incorporation on 8 April 2016 to 31 December 2016).

Financial key performance indicators

Due to the nature of the Company's activity as an intermediate holding company, its key performance indicators relate to the occurrence of any impairment of the carrying value of investments. There has been no impairment in the year ended 31 December 2017 or since the Statement of Financial Position date.


Principal risks and uncertainties

The principal risks and uncertainties are those related to the performance of the subsidiaries, being business volumes and related income as any losses could indicate impairment of the Company's investments.

The principal risks of the Company relate to the performance of its subsidiaries and any potential impairment in the Company's investments. The performance of the Company's subsidiaries is monitored by the Directors to mitigate this risk.

The Company has no direct exposure to market risk (interest rate, foreign exchange, or price risks) or to credit risk. Also, the Company has no direct exposure to liquidity risk as its expenses are expected to be met by its subsidiaries.

This report has been approved by the Board of Directors and signed on their behalf by:



D Nagy

28 September 2018

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Directors' Report

The Directors hereby present their report, together with the audited financial statements of the Company for the financial year ended 31 December 2017. The comparative period is for the period from incorporation on 8 April 2016 to 31 December 2016.

Directors of the Company

The Directors who have served during the year ended 31 December 2017 and up to the date of approval of this report were as follows:

D Nagy
S Maraj (Appointed 13 October 2017)
A Nabi (Appointed 13 October 2017)

Going concern

The Directors consider that the Company has sufficient liquid resources to enable it to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements, or that related parties will settle the Company's liabilities on its behalf. Accordingly, the going concern basis has been adopted in preparing these financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standard ("IFRS") as adopted by the European Union.

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 its profit or loss for that period. In preparing those 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; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Directors' Report *(continued)*

Disclosure of information to the Auditor

We, the Directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the Company's auditor is unaware; and
- we have taken all the steps as Directors in order to make ourselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditor

The auditor, MHA MacIntyre Hudson has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the board meeting held to approve these financial statements.

This report was approved by the Board of Directors and signed on their behalf by:



D Nagy

28 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DOLFIN GROUP (UK) LTD

Opinion

We have audited the financial statements of Dolfin Group (UK) Ltd (the 'Company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS).

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 result 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 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 Strategic report and the Directors' report. 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.





INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DOLFIN GROUP (UK) LTD (continued)

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 directors

As explained more fully in the statement of directors' responsibilities, 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.

David King (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

28 September 2018

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Statement of Comprehensive Income

		Year Ended 31 December 2017	From incorporation on 8 April 2016 to 31 December 2016
	Note	£	£
Revenue		-	-
Administrative expenses	3	-	-
Operating profit		-	-
Profit on ordinary activities before taxation		-	-
Taxation on ordinary activities		-	-
Net profit for the year/period and total comprehensive income		-	-

There were no other items of comprehensive income for the current year or prior period other than those included in the above statement.

The notes on pages 12 to 19 form part of these financial statements.

DOLFIN GROUP (UK) LTD

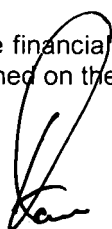
For the year ended 31 December 2017

Statement of Financial Position

Company Registration Number: 10112475

		2017	2016
	Note	£	£
Non-current assets			
Investment in subsidiaries	8	4,000,001	1,500,001
		<u>4,000,001</u>	<u>1,500,001</u>
Current assets			
Trade and other receivables	9	3,076,010	10
		<u>3,076,010</u>	<u>10</u>
Current liabilities			
Trade and other payables		3,076,000	-
		<u>10</u>	<u>10</u>
Net current assets		<u>10</u>	<u>10</u>
Total assets less current liabilities		<u>4,000,011</u>	<u>1,500,011</u>
Equity			
Share capital	10	4,000,011	1,500,011
Retained earnings		-	-
		<u>4,000,011</u>	<u>1,500,011</u>

The financial statements were approved and authorised for issue by the Board on 28 September 2018 and signed on their behalf by:



D Nagy

28 September 2018

The notes on pages 12 to 19 form part of these financial statements.

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Statement of Changes in Equity

	Share capital £	Retained earnings £	Total equity £
On incorporation	-	-	-
Comprehensive income for the period			
Profit for the period	-	-	-
Total comprehensive income for the period	-	-	-
Transactions with owners			
Share capital issued	1,500,011	-	1,500,011
Total transactions with owners	1,500,011	-	1,500,011
At 31 December 2016	1,500,011	-	1,500,011
Comprehensive income for the year			
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
Transactions with owners			
Share capital issues	2,500,000	-	2,500,000
Total transactions with owners	2,500,000	-	2,500,000
At 31 December 2017	4,000,011	-	4,000,011

The notes on pages 12 to 19 form part of these financial statements.

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Notes to the Financial Statements

Statement of Cash Flows

	2017 £	From incorporation on 8 April 2016 to 31 December 2016 £
Cash flow from operating activities		
Profit for the financial year before taxation	-	-
Adjustments for:		
Increase in receivables	(3,076,000)	(10)
Increase in payables	3,076,000	-
Net cash flow from operating activities	<u>-</u>	<u>(10)</u>
Cash flow from investing activities		
Investments in subsidiaries	(2,500,000)	(1,500,001)
Net cash flow from investing activities	<u>(2,500,000)</u>	<u>(1,500,001)</u>
Cash flow from financing activities		
Issue of share capital	2,500,000	1,500,011
Net cash flow from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January 2017/ on incorporation	-	-
Cash and cash equivalents at 31 December	<u>-</u>	<u>-</u>
Cash and cash equivalents consists of:		
Cash at bank	-	-
Cash and cash equivalents at 31 December	<u>-</u>	<u>-</u>

The notes on pages 12 to 19 form part of these financial statements.

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Notes to the Financial Statements

1 Corporate information

Dolphin Group (UK) Ltd (the "Company") is a private company limited by shares incorporated in the United Kingdom on 8 April 2016. The address of the registered office and place of business is 50 Berkeley Street, London, W1J 8HA. The nature of the company's operations and principal activities are that of a parent holding company.

2 Summary of significant accounting policies

(a) Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRS") including standards and interpretations issued by the International Accounting Standards Board ("IASB") and adopted by the European Union ("EU").

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

The Company has subsidiaries, Dolphin Financial (UK) Ltd and Project Plato Technology Development B.V. but is itself a subsidiary company and is exempt from the requirements to prepare group accounts by virtue of section 401 of the Companies Act 2006 as consolidated accounts will be prepared for the group headed up the Company's parent company, Dolphin Group Limited, for the year ended 31 December 2017. These financial statements therefore present information about the Company as an individual undertaking.

(b) 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.

(c) Critical judgements in applying the Company's accounting policies

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.

Notes to the Financial Statements

2 Summary of significant accounting policies (continued)

(d) Future accounting developments

New standards, amendments to standards and interpretations that have been issued at the reporting date but are not yet effective for the financial year ended 31 December 2017 have not been applied in preparing these financial statements. The new standards with potential to significantly affect the financial statements are discussed below:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, will be first effective from January 1, 2018 and specifies how an entity should classify and measure financial assets and liabilities. It replaces IAS 39. The standard includes requirements for recognition and measurement, impairment, derecognition and hedge accounting.

The Company has significant receivables and any credit losses would impact the financial statements materially. The receivables are due from related parties and the Directors do not anticipate the need for a loss allowance.

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers, will be first effective from January 1, 2018 and will replace IAS18 Revenue and IAS11 Construction Contracts. It establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

These standards are not expected to have a significant impact on the Company's financial statements.

(e) Revenue recognition

Revenue is recognised 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.

Dividend income is recognised when it is approved for payment by the investee. Dividend expense is recognised as a movement in reserves when it is approved for payment.

(f) Foreign currency translation

The presentational and functional currency of the Company is Pounds sterling.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the Statement of Comprehensive Income.

Notes to the Financial Statements

2 Summary of significant accounting policies (continued)

(g) Financial instruments

Financial assets

The Company's financial assets comprise basic trade debtors and other receivables and investments in subsidiaries.

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

Investments in subsidiaries are measured at cost less any impairment.

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.

Impairment

At each reporting date, the Company reviews the carrying amounts of its investments and debtors to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any impairment loss is recognised in the Statement of Comprehensive Income.

Financial liabilities

The Company's financial liabilities comprise basic financial liabilities being trade and other payables. Basic financial instruments are initially measured at the 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.

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Notes to the Financial Statements

2 Summary of significant accounting policies *(continued)*

(h) Taxation

Provision is made for corporation tax based on the excess of taxable income over allowable expenses and based on the tax rates and laws that have been enacted or substantively enacted in the United Kingdom by the reporting date. Deferred tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

(i) Ordinary dividends

Ordinary dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders.

3 Administrative expenses

The Company incurred no expenses during the year ended 31 December 2017 or period from incorporation on 8 April 2016 to 31 December 2016. Expenses, including fees to the auditor for audit services of £2,400 (period from incorporation on 8 April 2016 to 31 December 2016: £3,000) and other expenses of £600 (period from incorporation on 8 April 2016 to 31 December 2016: £600), were incurred on behalf of the Company by Dolfin Financial (UK) Ltd, a subsidiary company. see note 13).

4 Auditor's remuneration

	2017 £	2016 £
Auditor's remuneration – audit services (borne by a subsidiary undertaking)	2,400	2,400

5 Directors' remuneration

The Directors did not receive any form of remuneration for services to the Company or its subsidiaries during the year ended 31 December 2017 (period from incorporation on 8 April 2016 to 31 December 2016: £nil).

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Notes to the Financial Statements

6 Investment in subsidiaries

	2017 £	2016 £
Cost		
At 1 January 2017/on incorporation	1,500,001	-
Additions	2,500,000	1,500,001
	<u>4,000,001</u>	<u>1,500,001</u>

On 25 October 2016 the Company acquired 100% of the shares and voting interests in Dolfin Financial (UK) Ltd.

On 27 December 2017 Dolfin Financial (UK) Ltd issued a further 25,000,000 £0.10 ordinary shares. The Company acquired all 25,000,000 shares that were issued on this date.

On 24 November 2016 the Company acquired 100% of the shares and voting interests in Project Plato Technology Development B.V.

At 31 December 2017 the details of the Company' direct and indirect subsidiary holdings were as follows:

Name of company	Principal activities	Registered office	Country of business / incorporation	Equity holding 2017 %	Equity holding 2016 %
Direct holdings:					
Dolfin Financial (UK) Ltd	Asset management, custodian and execution services.	50 Berkeley Street, London, W1J 8HA	United Kingdom	100	100
Project Plato Technology Development B.V.	Dutch intermediate holding company.	Helicopterstraat 25/E, 1059 CE Amsterdam	Netherlands	100	100
Indirect holdings:					
Project Plato B.V.	Fintech research and development.	Helicopterstraat 25/E, 1059 CE Amsterdam	Netherlands	100	100
Structured Investment Capital Ltd	Dormant company	50 Berkeley Street, London, W1J 8HA	United Kingdom	100	100
Greenshoots-SIG Ltd	Dormant company	50 Berkeley Street, London, W1J 8HA	United Kingdom	100	100

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Notes to the Financial Statements**7 Trade and other receivables**

	2017 £	2016 £
Unpaid share capital	10	10
Other debtors (see note 13)	70,875	-
Due from group undertakings (note 13)	3,004,125	-
Due from broker	1,000	-
	<u>3,076,010</u>	<u>10</u>

Age of receivables that are past due but not impaired:

	2017 £	2016 £
60 – 90 days	-	-
91 – 120 days	-	-
Over 120 days	3,076,010	10
Total	<u>3,076,010</u>	<u>10</u>
Average age (days)	<u>203</u>	<u>267</u>

8 Trade and other payables

	2017 £	2016 £
Other creditors	3,075,000	-
Due to RMS Capital LLP	1,000	-
	<u>3,076,000</u>	<u>-</u>

9 Share capital

	2017 £	2016 £
40,000,110 ordinary shares issued at £0.10 par value each	4,000,011	1,500,011
	<u>4,000,011</u>	<u>1,500,011</u>

On 27 December 2017 the Company issued 25,000,000 £0.10 ordinary shares at par.

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Notes to the Financial Statements

10 Financial instruments

(a) Categories of financial instruments

	2017	2016
	£	£
<i>Financial assets</i>		
Financial assets that are debt instruments measured at amortised cost	3,076,010	10
Financial assets that are equity instruments measured at cost less impairment	4,000,001	1,500,001
	<u>7,076,011</u>	<u>1,500,011</u>
	2017	2016
	£	£
<i>Financial liabilities</i>		
Financial liabilities that are measured at amortised cost	<u>3,076,010</u>	<u>10</u>

(b) Financial risk management

The Company's activities potentially exposes it to the following financial risks:

Market risk

The Company is not exposed to significant foreign exchange, interest rate or price risks.

Credit risk

The Company's exposure to credit risk arises from its receivables. The significant receivables at the date of the Statement of Financial Position are group undertakings. The maximum exposure is the amount at which the receivables are included in the Company's Statement of Financial Position.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to a shortage of funds. The Company's exposure to liquidity risk will arise primarily from mismatch of obligations in relation to financial assets and liabilities. This will be managed by matching the payment and receipt cycles as necessary or by the Company's expenses continuing to be met by a subsidiary undertaking.

DOLFIN GROUP (UK) LTD

For the year ended 31 December 2017

Notes to the Financial Statements

11 Retained earnings, dividends and capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of any dividend payment, return capital to shareholders and issue new shares.

The Company is not subjected to external regulatory capital requirements.

The capital of the Company consists of equity share capital.

12 Related party transactions

Dolphin Group Limited is a related party as it the Company's parent undertaking. During the year ended 31 December 2017 Dolphin Group Limited subscribed for 25,000,000 £0.10 ordinary shares in the Company and remains unpaid. As at 31 December 2017 Dolphin Group Limited owed the Company £2,504,135 (period from incorporation on 8 April 2016 to 31 December 2016: £10).

Dolphin Financial (UK) Ltd is a related party as it is a subsidiary of the Company During the year ended Dolphin Financial (UK) Ltd provided funding to the Company of £500,000 (period from incorporation on 8 April 2016 to 31 December 2016: £nil). As at 31 December 2017 Dolphin Financial (UK) Ltd owed the Company £500,000. This amount is a non-interest bearing loan and is repayable on demand.

During the year ended 31 December 2017 Dolphin Financial (UK) Ltd incurred administrative expenses of £3,000 (period from incorporation on 8 April 2016 to 31 December 2016: £3,000) on behalf of the Company. The Company will not be recharged these expenses.

RMS Capital LLP is a related party as Members of RMS Capital LLP are Directors of the Company. During the year ended 31 December 2017 RMS Capital LLP made a loan to the Company of £1,000 (period from incorporation on 8 April 2016 to 31 December 2016: £nil). The loan is repayable on demand and not subject to interest.

During the year ended 31 December 2017 Directors of the Company subscribed to 22,851 Class B shares at a value of £0.46 per share (£10,511), 80,324 Class C shares at a value of £0.62 per share (£49,801) and 6,000 Class C shares at a value of £0.46 per share (£2,760). The Company advanced the Directors these amounts to purchase the shares. As at 31 December 2017 the directors owed the Company £61,438 (2016: £nil) These amounts are repayable on demand and are non-interest bearing.

13 Immediate and ultimate parent undertakings

The immediate and ultimate parent undertaking is Dolphin Group Limited, a company incorporated in Bermuda and controlled by Denis Nagy. The Company and its subsidiaries will be included in the consolidated financial statements of Dolphin Group Limited which will be available from the Company's registered office.