

Company Registration No. 07909192 (England and Wales)

AQUIS EXCHANGE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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AQUIS EXCHANGE LIMITED

COMPANY INFORMATION

Directors

N Beattie
R Bennett
J Clelland
A Haynes
D McCann
S Melnick
I Olszewska
M Spanbroek
P Tamborski

Company number

07909192

Registered office

Palladium House
1-4 Argyll Street
London
W1F 7LD

Auditors

Hazlems Fenton LLP
Chartered Accountants
Palladium House
1-4 Argyll Street
London
W1F 7LD

Business address

6th Floor
Becket House
36 Old Jewry
London
EC2R 8DD

AQUIS EXCHANGE LIMITED

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AQUIS EXCHANGE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

The financial statements for the company are presented under International Financial Reporting Standards (IFRSs) as adopted for use by the European Union.

Review of the business

The results of the year and the financial position at the year-end were considered satisfactory by the directors. The company continued to grow the principal business activities during the year and this is expected to continue in the future.

The company's principal aims are 1) to capitalise on regulatory and technical shifts in market infrastructure by providing an exchange which offers deeper liquidity and transparent, higher quality execution for intermediaries and investors on a robust and innovative technology platform 2) to continue to increase the number of clients becoming members and trading volumes on an exchange that provides transparency and best execution as well as competitive pricing and 3) to license its proven technology platform to third parties that require trading or market surveillance technology.

During the year, the available liquidity has increased significantly which will underpin the future anticipated member growth and market share and the technology system has performed to a very high standard. The liquidity provides the company with a strong base to assist the membership diversification targets across Europe. A key factor that contributed to the development of the business activities was the strength and experience of our staff. This has also enabled the company to enhance its core technology which is critical to the success of the exchange and the company's licensing activities. Loss for the year has decreased to £3,660,868 compared to £4,627,389 in the previous year; this is mainly attributable to increased exchange revenue as members' subscriptions have increased, new revenue from technology licensing and the ability of the company to maintain tight control over its costs.

In order to carry out its exchange activities, the company has a regulatory license from the Financial Conduct Authority, FCA.

Principal risks and uncertainties

The principal risks to the business are 1) the company being unable to attract sufficient clients resulting in a failure to build sufficient profitability and 2) the company being unable to identify clients who are interested in the licensing of its software or failing in the implementation of such technology projects.

A successful exchange requires a broad membership base offering a diverse transaction flow and opportunities to trade large volumes so that orders can be executed effectively. If market volumes do not continue to grow it will be difficult to retain existing members and attract new members. In addition, the success of the business may be impacted by changes to current equity trading patterns or unanticipated regulatory change.

As a small organisation, the company relies on a core team of staff and is also, therefore, exposed to any significant departures of key personnel.

AQUIS EXCHANGE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Development and performance

The company raised additional equity capital during the year to cover anticipated losses during 2015 and to support the growth of the business through 2016. The company is required to meet minimum capital requirements to support its activities as set out by the FCA and comfortably exceeded these targets at 31 December 2015.

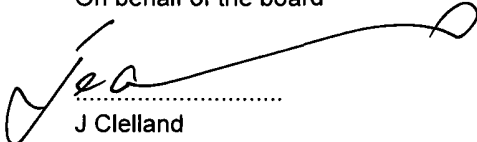
Liquidity provision is required to grow the market volumes and the company has commitment from some of the largest global liquidity providers as members of the exchange. Market volumes increased approximately 300% during 2015 and this growth is anticipated to continue during 2016. Third party analysis shows that the Aquis market is consistently offering deeper liquidity than many other competing platforms. The potential for new customers continues to increase as the trading opportunities on the exchange become more widely recognised.

The technology platform has proven capable of processing volumes in excess of the volumes of a number of National European exchanges with no disruptions to trading and the market surveillance capabilities of the technology are being reviewed by an increasing number of market participants looking for outsourced solutions. Licensing activities continue to grow in particular as regulatory changes generate new requirements for investment banks, brokers and trading companies. In addition the continued growth in the company's exchange activities helps promote the quality of the technology and assists in generating technology licensing opportunities.

Key performance indicators

The key performance targets for the company are (i) the number of clients who join as members of the exchange, (ii) the liquidity available to the clients, (iii) the trading volumes of the clients and (iv) the number of clients who license the company's trading and market surveillance software.

On behalf of the board


.....
J Clelland
Director
5/4/16
.....

AQUIS EXCHANGE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

The principal activities of the company are to operate an equities exchange enabling members to trade across thirteen European markets and to provide exchange software under licence.

The company is authorised and regulated by the Financial Conduct Authority (FCA).

Results and dividends

The results for the year are set out on page 10.

The directors do not recommend payment of an ordinary dividend.

Directors

The directors, who served throughout the year except as noted, were as follows:

N Beattie	
R Bennett	
J Clelland	
P Czupryna	(Resigned 2 June 2015)
A Haynes	
D McCann	
S Melnick	
I Olszewska	(Appointed 1 September 2015)
M Spanbroek	
M Szczepanski	(Resigned 17 July 2015)
P Tamborski	(Appointed 2 June 2015)

AQUIS EXCHANGE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Financial instruments

Financial risk management

The company's financial instruments comprise cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations. The main financial risks arising from these financial instruments are credit, liquidity, foreign currency and interest rate risk. The company has put in place the following measures in order to manage these financial risks. The financial risks arising from these financial instruments are considered low because of the nature of the company's structure, its culture and its oversight by the Financial Conduct Authority. The company proactively manages all aspects of its work in order to either remove or reduce any financial risks. The company does not use any financial derivatives.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with its financial instruments. Liquidity risk may also result from an inability to sell a financial asset quickly at its fair value. The objective of liquidity management is to ensure that the company has sufficient funds to meet its contractual and financial obligations. To manage liquidity risk, the company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the company's operation.

The table below summarises the maturity profile of the company's financial liabilities at the reporting date based on contractual undiscounted payments.

Trade and other payables	2015	2014
	£	£
Trade payables	45,375	11,343
Accrued expenses	96,482	77,406
	141,857	88,749
One year or less	141,857	88,749

The company has sufficient cover with an amount of £2,957,518 held in cash and cash equivalents to meet the financial liabilities falling due within one year of the reporting date.

Interest rate risk

The company has no significant interest-sensitive assets and liabilities. Cash and cash equivalents earn interest at rates based on the banks' deposit rates.

Foreign currency risk

The company has no significant assets and liabilities which are sensitive to currency fluctuations.

Credit risk

Credit risk arises mainly from trade receivables. The company aims to trade with recognised and creditworthy clients. The company has a stringent due diligence process for all new and existing clients. Ongoing credit evaluation is performed on the financial condition of clients and the company follows up any overdue balances.

The credit risk on the company's bank balances is limited as the counterparties are banks with good reputations.

The risk arising from the possible non advance of credit by the company's trade payables either by exceeding the credit limit or not paying within the specified terms, is managed by prompt payment and regularly monitoring the trade balance and credit limit terms for all suppliers.

AQUIS EXCHANGE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Post reporting date events

In the directors' opinion, there were no events after the reporting period that require disclosure.

Future developments

The company anticipates continuing to grow its client base and market liquidity. The business is focussed on providing innovative solutions to its clients and anticipates that this will increase client numbers and enhance market volumes.

Auditors

The auditors, Hazlems Fenton LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 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 IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- prepare the Country-by-Country Information in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AQUIS EXCHANGE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Pillar 3 risk assessment

The European Capital Requirements Directive introduced consistent capital adequacy standards and an associated supervisory framework in the EU based on the Basel II rules. The Directive was introduced into the UK by the Financial Conduct Authority ("FCA") and applies to Exchanges / Multi lateral trading facilities licensed by the FCA. The framework consists of three 'pillars'.

- Pillar 1 - This specifies the minimum capital requirements.
- Pillar 2 - This supervisory review process requires an assessment to be made of whether additional capital should be held against risks not covered by Pillar 1.
- Pillar 3 - This introduces public disclosure of qualitative and quantitative information and is designed to promote market discipline by providing market participants with key information on a firm's risk exposures and risk management processes.

The company is currently making a loss and the risk management process is focused on managing ongoing commitments whilst seeking to grow sustainable revenues so that the business can reach a break-even point. The principal risks and uncertainties of the business relate to its ability to attract new clients and to retain its existing clients. Given the small size of the firm it is significantly exposed to departures of key personnel. As this risk is unavoidable the company maintains sufficient capital to ensure that if key personnel depart that replacements can be recruited to ensure clients can continue to be supported.

The company has capital resources of £3,742,733 as at 31 December 2015 all of which is tier one capital. The base capital requirement for the firm is €730,000 (£536,567), and the internal assessment of its risk capital requirement is £1,494,000 which represents the firm's estimate of the capital required in accordance with FCA guidelines.

The company has minimal exposure to market, credit or liquidity risk. The company has just £229,541 of illiquid assets. All cash is held in instant access accounts and money market deposits.

AQUIS EXCHANGE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Remuneration Policy Statement

Purpose

In accordance with the Capital Requirements Directive and the FCA Remuneration Code (the "Code"), Aquis Exchange Limited's ("Aquis") remuneration policies are consistent with and promote sound and effective risk management.

Decision making

Aquis has concluded on the basis of its small size, simple legal structure, and the nature of its licensed business that it does not need to appoint a remuneration committee. Instead, the Board of Directors are responsible for determining and approving individual remuneration packages including any bonus payments for Senior Management and all employees, including all Code Staff. No external consultants have been engaged on remuneration matters.

Role of the relevant stakeholders

The Board takes full account of the company's strategic objectives in setting the remuneration policy and is mindful of its duties to its shareholders. The Board seeks to preserve shareholder value by ensuring the successful recruitment, retention and motivation of its Directors and employees.

Code staff criteria

The following groups of employees have been identified as meeting the FCA Code Staff criteria:

- 1) Senior managers which include all Directors on the basis that they are responsible for the management of the risks of the business; and
- 2) Selected roles which are deemed to have significant influence on the risk profile of Aquis and which include individuals who are FCA registered.

The list of Code staff does not include non-executive Directors because they carry out an oversight role and do not carry out the day-to-day management of the business and therefore have a limited or no impact on the risk profile of Aquis.

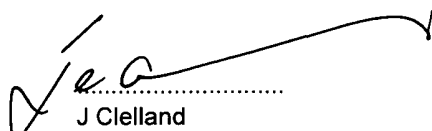
The link between pay and performance of Code Staff

Remuneration consists of fixed pay (salary) and performance related variable pay. A basic salary is set within an appropriate market range, which is at a sufficient level to allow for the possibility, that variable pay may not be awarded. Variable pay awards are based on fees actually received by Aquis and therefore there are no circumstances which would require the variable pay to be subject to clawback provisions. Aquis does not offer any deferred remuneration or severance payments to any of its employees. No annual bonuses or performance related variable pay were paid to Code staff in 2015.

Aggregate quantitative information on remuneration

With respect to the Aquis' total staff costs and the aggregate directors' remuneration, please refer to the notes to the financial statements (Note 9 and 25).

On behalf of the board


.....
J Clelland
Director
..... 5/4/16

AQUIS EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AQUIS EXCHANGE LIMITED

We have audited the financial statements of Aquis Exchange Limited for the year ended 31 December 2015 which comprise the Income Statement, 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 (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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

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

AQUIS EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AQUIS EXCHANGE LIMITED

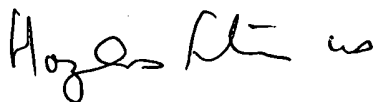
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

In our opinion, the country-by-country information (see note 27) as at and for the year ended 31 December 2015 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.



Russell Tenzer FCA (Senior Statutory Auditor)
for and on behalf of Hazlems Fenton LLP

.....6/4/6.....

Chartered Accountants
Statutory Auditor

Chartered Accountants
Palladium House
1-4 Argyll Street
London
W1F 7LD

AQUIS EXCHANGE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Revenue	6	529,127	154,000
Cost of sales		(3,458,213)	(3,578,856)
Gross loss		<u>(2,929,086)</u>	<u>(3,424,856)</u>
Administrative expenses		(1,103,513)	(1,218,648)
Operating loss	7	<u>(4,032,599)</u>	<u>(4,643,504)</u>
Investment revenues	10	15,650	16,115
Loss before taxation		<u>(4,016,949)</u>	<u>(4,627,389)</u>
Income tax income	11	356,081	-
Loss for the year attributable to the owners of the company	19	<u><u>(3,660,868)</u></u>	<u><u>(4,627,389)</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income or deficit in the year or the preceding financial year.

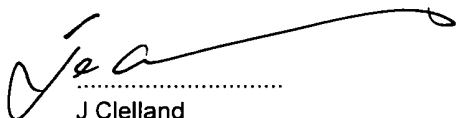
AQUIS EXCHANGE LIMITED

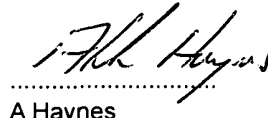
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	2015 £	2014 £
Non-current assets			
Property, plant and equipment	12	229,541	544,881
Current assets			
Trade and other receivables	13	697,531	256,975
Cash and cash equivalents		2,957,518	3,673,165
		3,655,049	3,930,140
Total assets		3,884,590	4,475,021
Current liabilities			
Trade and other payables	15	141,857	88,749
Net current assets		3,513,192	3,841,391
Total liabilities		141,857	88,749
Net assets		3,742,733	4,386,272
Equity			
Called up share capital	17	12	11
Share premium account	18	15,517,317	12,499,989
Retained earnings	19	(11,774,596)	(8,113,728)
Total equity		3,742,733	4,386,272

The financial statements were approved by the Board of directors and authorised for issue on 5/12/16
Signed on its behalf by:


J Clelland
Director


A Haynes
Director

Company Registration No. 07909192

AQUIS EXCHANGE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £	Share premium account £	Retained earnings £	Total £
Year ended 31 December 2014:				
Balance at 1 January 2014	10	11,299,990	(3,486,339)	7,813,661
Loss for the year	-	-	(4,627,389)	(4,627,389)
Total comprehensive income for the year	-	-	(4,627,389)	(4,627,389)
Issue of share capital	1	1,199,999	-	1,200,000
Balance at 31 December 2014	11	12,499,989	(8,113,728)	4,386,272
Year ended 31 December 2015:				
Loss for the year	-	-	(3,660,868)	(3,660,868)
Total comprehensive income for the year	-	-	(3,660,868)	(3,660,868)
Issue of share capital	1	3,017,328	-	3,017,329
Balance at 31 December 2015	12	15,517,317	(11,774,596)	3,742,733

AQUIS EXCHANGE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Operating activities					
Cash absorbed by operations	26		(3,678,732)		(1,352,841)
Net cash outflow from operating activities			(3,678,732)		(1,352,841)
Investing activities					
Purchase of property, plant and equipment		(69,894)		(104,765)	
Interest received		15,650		16,115	
Net cash used in investing activities			(54,244)		(88,650)
Financing activities					
Proceeds from issue of shares		3,017,329		1,200,000	
Net cash generated from financing activities			3,017,329		1,200,000
Net decrease in cash and cash equivalents			(715,647)		(241,491)
year					
Cash and cash equivalents at beginning of the year			3,673,165		3,914,656
Cash and cash equivalents at end of year			2,957,518		3,673,165

AQUIS EXCHANGE LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Corporate information

Aquis Exchange Limited ("the company") is licensed to operate a multilateral trading facility (MTF) enabling members to trade across thirteen European markets and to provide exchange software under licence.

The company is a private limited company which is incorporated and domiciled in England and Wales. Its registered office is located at Palladium House, 1-4 Argyll Street, London, W1F 7LD.

2 Accounting policies

2.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value through profit and loss account.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Revenue

Turnover represents amounts receivable for subscription fees and fees receivable for the licensing of software.

Rendering of services

Revenue for services is recognised in the accounting year in which the services are rendered, by reference to the ongoing contractual obligation to provide subscription based services.

2.4 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation or impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure is included in the asset's carrying amount or is recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

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

Computer equipment	3 years straight line
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AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2 Accounting policies

(Continued)

2.5 Impairment of tangible assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

2.6 Fair value measurement

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank.

2.8 Financial assets

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

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The company's loans and receivables comprise 'trade and other receivables', and 'cash and cash equivalents' in the statement of financial position.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

2 Accounting policies

(Continued)

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

2.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

The company does not have any financial liabilities "at fair value through profit or loss".

The company has the following as non-derivative financial liabilities; 'trade and other payables' and 'accrued expenses'.

Trade and other payables

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

Trade and other payables are not interest bearing and are initially recognised at fair value.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or upon expiry.

2.10 Equity instruments

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

2.11 Taxation

The tax expense/(credit) represents the sum of the tax currently payable/(repayable) and deferred tax.

Current tax

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

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

2 Accounting policies

(Continued)

Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12 Employee benefits

Pension obligations

The company has defined contribution plans. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.13 Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. The company currently only has operating leases which are accounted for as follows:

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income in equal amounts over the period of the lease.

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

2 Accounting policies

(Continued)

2.14 Foreign exchange

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in UK Pound Sterling (£), which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All foreign exchange gains and losses recognised in the income statement are presented net within 'administrative expenses'.

2.15 Research and development

Expenditure on research and development is charged to the income statement in the year in which it is incurred. This represents wages costs of various personnel involved in developing the exchange platform and surveillance system.

3 Adoption of new and revised standards and changes in accounting policies

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2015 that would be expected to have a material impact on the company.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The company is yet to assess the full impact of IFRS 9.
- IFRS 15, 'Revenue from Contracts with Customers', addresses the measurement and recognition of revenue. The complete version of IFRS 15 was issued in May 2014. The standard is effective for accounting periods beginning on or after 1 January 2017. Early adoption is permitted. The company has yet to assess the full impact of IFRS 15.

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

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

4 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated over its estimated useful economic life. Management estimates the useful lives of this property, plant and equipment to be 3 years. Changes in the expected level of usage and technological developments could impact on the useful economic lives and the residual values of these assets; therefore, future depreciation charges could be revised. The carrying amount of the company's property, plant and equipment in the statement of financial position is disclosed in note 12 of the financial statements.

5 Operating segments

The company has not presented a segmental analysis of the operations as it falls outside the scope of IFRS 8, 'Operating segments'.

6 Revenue

An analysis of the company's revenue is as follows:

	2015 £	2014 £
Rendering of services	529,127	154,000
	<u>529,127</u>	<u>154,000</u>
Interest income	15,650	16,115
	<u>544,777</u>	<u>170,115</u>

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

7	Loss for the year	2015	2014
		£	£
	Loss for the year is stated after charging/(crediting):		
	Net foreign exchange losses/(gains)	-	(173)
	Depreciation of property, plant and equipment	385,234	327,786
	Staff costs	2,297,662	2,482,831
		<u> </u>	<u> </u>

8 Auditors' remuneration

The analysis of auditor's remuneration is as follows:

	2015	2014
	£	£
Fees payable to the company's auditors and its associates for the audit of the company's annual accounts	12,500	11,000
	<u> </u>	<u> </u>
Other non-audit services	8,075	6,540
	<u> </u>	<u> </u>

9 Employees

The average monthly number of employees (including non-executive directors) were:

	2015	2014
	Number	Number
Management	2	2
Operations	4	4
Sales	4	4
Marketing	1	1
IT and Finance	11	12
Compliance	3	3
	<u> </u>	<u> </u>
	25	26
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

Employment costs	2015	2014
	£	£
Wages and salaries	1,984,377	2,146,682
Social security costs	235,008	255,386
Pension costs	78,277	80,763
	<u> </u>	<u> </u>
	2,297,662	2,482,831
	<u> </u>	<u> </u>

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

10 Investment income	2015	2014
	£	£
Interest income		
Bank deposits	15,650	16,115

11 Income tax expense	Continuing operations	
	2015	2014
	£	£
Corporation tax		
Adjustments in respect of prior periods	(356,081)	-

The charge for the year can be reconciled to the loss per the income statement as follows:

	2015	2014
	£	£
Loss before taxation on continued operations	(4,016,949)	(4,627,389)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2014 - 20.00%)	(803,390)	(925,478)
Taxation impact of factors affecting tax charge:		
Expenses not deductible in determining taxable profit	8,380	8,557
Unutilised tax losses carried forward	759,828	907,473
Capital allowances in excess of depreciation	(39,822)	(52,469)
Depreciation in excess of capital allowances	77,047	62,557
Research and development tax credit	(356,081)	-
Other differences	(2,043)	(640)
Total adjustments	447,309	925,478
Tax charge for the year	(356,081)	-

The company has estimated losses of £9,594,269 (2014: £6,662,529) available for carry forward against future trading profits.

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

12 Property, plant and equipment

	Computer equipment
	£
Cost	
At 1 January 2014	915,929
Additions	104,765
At 31 December 2014	1,020,694
Additions	69,894
At 31 December 2015	1,090,588
Accumulated depreciation/impairment	
At 1 January 2014	148,027
Charge for the year	327,786
At 31 December 2014	475,813
Charge for the year	385,234
At 31 December 2015	861,047
Carrying amount	
At 31 December 2015	229,541
At 31 December 2014	544,881
At 31 December 2013	767,902

13 Trade and other receivables

	Current	
	2015	2014
	£	£
Trade receivables	99,327	31,600
Other receivables	32,890	33,913
Corporation tax recoverable	356,081	-
VAT recoverable	24,726	-
Prepayments	184,507	191,462
	697,531	256,975

14 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

15 Trade and other payables

	Current 2015 £	2014 £
Trade payables	45,375	11,343
Accruals	96,482	77,406
	<u>141,857</u>	<u>88,749</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

16 Retirement benefit schemes

Defined contribution schemes

The total costs charged to income in respect of defined contribution plans are £78,277 (2014 - £80,763).

17 Share capital

	2015 £	2014 £
Ordinary share capital		
Issued and fully paid		
100,001 Ordinary A shares of 0.001p each	1	1
1,138,268 Ordinary B shares of 0.001p each	11	10
	<u>12</u>	<u>11</u>

During the year, 178,222 Ordinary B shares of 0.001p each were issued at a share premium of £16.93 each.

Each A Share shall have 3.2 votes. The A Shares, in aggregate, shall be entitled to economic (as to income and capital) rights in the Shares of the Company equal to the A Share Percentage and allocation of those economic rights amongst the holders of A Shares shall be pro rata to the actual number of A Shares held by any Shareholder.

Each B Share shall have 1 vote. The B Shares in aggregate, shall be entitled to economic (as to income and capital) rights in the Shares of the Company equal to the B Share Percentage and the allocation of those rights amongst the holders of those Shares shall be pro rata to the actual number of B Shares held by any Shareholder.

18 Share premium account

	£
At 01 January 2014	11,299,990
Issue of new shares	1,199,999
	<u>12,499,989</u>
At 31 December 2014	12,499,989
Issue of new shares	3,017,328
	<u>15,517,317</u>
At 31 December 2015	<u>15,517,317</u>

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

19 Retained earnings

	£
At 1 January 2014	(3,486,339)
Loss for the year	(4,627,389)
At 31 December 2014	(8,113,728)
Loss for the year	(3,660,868)
At 31 December 2015	(11,774,596)

20 Operating leases commitments

Lessee

The company leases various office suites under non-cancellable operating lease agreements. The lease agreements are renewable at the end of the lease period at market rate.

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2015 £	2014 £
Minimum lease payments under operating leases	186,420	183,290

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2015 £	2014 £
Within one year	62,120	62,120

21 Capital commitments

There was no capital expenditure contracted for at the end of the reporting year that had not been provided for.

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

22 Capital risk management

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders; and
- to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain a strong capital structure, the company may issue new shares, adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets to ensure capital adequacy requirements are met.

The company adopts the following policies and procedures in order to manage its capital requirements:

- regularly monitoring its current and expected levels of liquidity to ensure that it has sufficient funds for working capital requirements.
- regularly monitoring of the Return on Assets (ROA) and maintaining a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The ROA is the amount of net loss returned as a percentage of total assets.

	2015	2014
	£	£
Loss for the year	(3,660,868)	(4,627,389)
Total assets	3,884,590	4,475,021
Return on Assets	(94%)	(103%)

Externally imposed capital requirements to which the company is subject have been assessed and complied with in the year.

23 Related party transactions

Remuneration of key management personnel

The remuneration of the directors, who are key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2015	2014
	£	£
Short-term employee benefits	246,916	248,846
Post-employment benefits	12,828	12,828
	<u>259,744</u>	<u>261,674</u>

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

24 Controlling party

In the opinion of the directors, there is no single overall controlling party.

25 Directors' remuneration

	2015 £	2014 £
Remuneration for qualifying services	376,916	370,512
Company pension contributions to defined contribution schemes	12,828	12,828
	<u>389,744</u>	<u>383,340</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2014 - 2).

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

Remuneration for qualifying services	123,458	124,423
Company pension contributions to defined contribution schemes	<u>6,414</u>	<u>6,414</u>

26 Cash generated from operations

	2015 £	2014 £
Loss for the year	(3,660,868)	(4,627,389)
Adjustments for:		
Income tax expense recognised in profit or loss	(356,081)	-
Investment income recognised in profit or loss	(15,650)	(16,115)
Depreciation and impairment of property, plant and equipment	385,234	327,786
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(84,475)	3,026,345
Increase/(decrease) in trade and other payables	53,108	(63,468)
Cash absorbed by operations	<u>(3,678,732)</u>	<u>(1,352,841)</u>

AQUIS EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

27 Country-by-Country disclosure

Country	Nature of activities	Turnover	Average number of employees	Profit/(loss) before tax	Corporation tax paid	Subsidies received
UK	The principal activities of the company are to operate an equities exchange enabling members to trade across thirteen European markets and to provide exchange software under licence.	£529,127	25	(£4,016,949)	-	-