REGISTERED NUMBER: 08853583 (England and Wales)

Report of the Directors and

Consolidated Financial Statements

for the Year Ended 31 January 2019

for

Cirdan Capital Management Limited

Contents of the Consolidated Financial Statements
for the year ended 31 January 2019

Cirdan Capital Management Limited

Company Information
for the year ended 31 January 2019

DIRECTORS:	A M De Negri C M Pemberton P F Stevens L Calcagni
REGISTERED OFFICE:	1 Knightsbridge Green Knightsbridge London SW1X 7NE
REGISTERED NUMBER:	08853583 (England and Wales)
AUDITORS:	Anstey Bond LLP Statutory Auditors & Chartered Accountants 1-2 Charterhouse Mews London EC1M 6BB

Report of the Directors
for the year ended 31 January 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 January 2019.

PRINCIPAL ACTIVITY
The principal activity of the parent company in the year under review was that of acting as an investment boutique, offering investment solutions and quantitative solutions though the use of FinTech.

The principal activity of the is to acquire a portfolio of financial instruments financed by the issuance of listed debt obligations (the "Certificates") to investors (the "Certificate holders"). The net proceeds from each issuance of Certificates are used to enter into offsetting financial transactions in such a way as to hedge the exposure of the Company to future promised returns of the Certificates issued to the minimum extend required. The portfolio of financial assets consists primarily of common stocks, equity stock indices, mutual funds stocks and stock warrants. The financial liabilities of the Company consist of short traded stocks, equity stock indices, mutual funds stocks and stock warrants.

The Company has also entered into exchange-traded commodity futures, options and over-the-counter contracts for differences (the "derivative financial instruments") with Interactive Brokers Ltd and its affiliate Interactive Brokers LLC.

DIVIDENDS
No dividends will be distributed for the year ended 31 January 2019.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 February 2018 to the date of this report.

A M De Negri
C M Pemberton

Other changes in directors holding office are as follows:

D P Mcevoy - resigned 7 March 2018
P F Stevens - appointed 21 February 2018

L Calcagni was appointed as a director after 31 January 2019 but prior to the date of this report.

CHARITABLE DONATIONS
During the year, the company made donations amounting to £2,945 (2018: £1,800) to Stonewall; a charitable organisation.

FINANCIAL RISK MANAGEMENT
The disclosures in relation to the Company’s policies for financial risk management, including market risk, interest rate risk, price risk, foreign exchange risk, credit risk and liquidity risk. The nature of the instruments used during the financial period to mitigate exposure to these risks are shown in Note 11.

Report of the Directors
for the year ended 31 January 2019

ANNUAL CORPORATE GOVERNANCE STATEMENT

The Subsidiary Company, Smart ETN PLC, is subject to and complies with Irish Statute comprising the Companies Act 2014 and the Listing rules of Frankfurt Stock Exchange, Vienna Stock Exchange and EuroTLX multilateral trading facility. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company’s financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatements or losses.

The Board has established processes regarding internal control and risk management systems to ensure effective oversight of the financial reporting process. These include appointing Trustmoore Ireland Limited (the "Administrator") to maintain the accounting records of the Company independently of Cirdan Capital Management Limited in its capacity of Guarantor. The Administrator is contractually obliged to maintain adequate accounting records pursuant to the corporate services agreement and performs reconciliations of its records to those of the Guarantor. The Administrator is also contractually obliged to prepare for review and approval by the Board, the annual report including financial statements intended to give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the Administrator’s financial accounting and reporting routines and monitors and evaluates the external auditors’ performance, qualification and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and report to the Board.

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring that processes are in place for the timely identification of internal and external matters with potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company’s financial statements.

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These controls structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in the financial reporting for every significant account in the financial statement and the related notes in the Company’s financial statements. The fair value of the derivative financial instruments has been provided by the Swap Counterparty. In the opinion of the Board, the Swap Counterparty is the most appropriate and reliable source of such fair values in its capacity as Swap Counterparty. We are satisfied that the amounts as stated in the Company’s financial statements represent a reasonable approximation of those values.

The Company’s policies and the Board’s instructions with relevance for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner. The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended, if any, by the independent auditor.

Antonio De Negri has a significant indirect holding of shares of the Company. Antonio De Negri has significant direct holding of shares of Cirdan Capital Management Limited, which is the sole owner of the Company.

The Board has concluded that there is currently no need for the Company to have a separate audit committee or internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process and the monitoring of the statutory audit and the independence of the statutory auditors.

Report of the Directors
for the year ended 31 January 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors 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 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 the group and of the profit or loss of the group 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;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS
The auditors, Anstey Bond LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A M De Negri - Director

24 December 2019

Report of the Independent Auditors to the Members of
Cirdan Capital Management Limited

Opinion

We have audited the financial statements of Cirdan Capital Management Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2019 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated , the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 set out on page four, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

Colin Ellis (Senior Statutory Auditor)
for and on behalf of Anstey Bond LLP
Statutory Auditors &
Chartered Accountants
1-2 Charterhouse Mews
London
EC1M 6BB

24 December 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 January 2019

	Notes	2019 £	2018 £
CONTINUING OPERATIONS			
Revenue		2,994,135	1,081,355
Cost of sales		(1,523,957)	(593,859)
GROSS PROFIT		1,470,178	487,496
Administrative expenses		(1,152,955)	(420,045)
OPERATING PROFIT		317,223	67,451
Finance costs	4	(7,315)	-
Finance income	4	14	13
PROFIT BEFORE INCOME TAX	5	309,922	67,464
Income tax	6	(19,756)	636
PROFIT FOR THE YEAR		290,166	68,100
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		290,166	68,100
Profit attributable to:			
Owners of the parent		290,166	68,100
Total comprehensive income attributable to:			
Owners of the parent		290,166	68,100

The notes form part of these financial statements

Consolidated Statement of Financial Position
31 January 2019

	Notes	2019 £	2018 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	8	506,332	-
Property, plant and equipment	9	11,992	12,822
Investment in associates	10	-	-
Investments	10	2,358,344	-
		2,876,668	12,822
CURRENT ASSETS			
Trade and other receivables	11	1,294,791	346,814
Tax receivable		10,982	-
Cash and cash equivalents	12	5,061,863	272,999
		6,367,636	619,813
TOTAL ASSETS		9,244,304	632,635
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	419,763	198,675
Retained earnings	14	504,146	213,980
TOTAL EQUITY		923,909	412,655
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	15	6,586,115	-
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	507,315	-
		7,093,430	-
CURRENT LIABILITIES			
Trade and other payables	15	1,196,227	206,668
Tax payable		30,738	13,312
		1,226,965	219,980
TOTAL LIABILITIES		8,320,395	219,980
TOTAL EQUITY AND LIABILITIES		9,244,304	632,635

The financial statements were approved by the Board of Directors on 24 December 2019 and were signed on its behalf by:

A M De Negri - Director

The notes form part of these financial statements

Company Statement of Financial Position
31 January 2019

	Notes	2019 £	2018 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	8	-	-
Property, plant and equipment	9	11,992	12,822
Investment in associates	10	528,174	22,042
Investments	10	-	-
		540,166	34,864
CURRENT ASSETS			
Trade and other receivables	11	819,759	324,773
Tax receivable		10,982	-
Cash and cash equivalents	12	696,438	272,999
		1,527,179	597,772
TOTAL ASSETS		2,067,345	632,636
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	419,763	198,675
Retained earnings	14	504,146	213,981
TOTAL EQUITY		923,909	412,656
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	507,315	-
CURRENT LIABILITIES			
Trade and other payables	15	605,383	206,668
Tax payable		30,738	13,312
		636,121	219,980
TOTAL LIABILITIES		1,143,436	219,980
TOTAL EQUITY AND LIABILITIES		2,067,345	632,636

The financial statements were approved by the Board of Directors on 24 December 2019 and were signed on its behalf by:

A M De Negri - Director

The notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the year ended 31 January 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 February 2017	42,872	145,880	188,752
Changes in equity			
Issue of share capital	155,803	-	155,803
Total comprehensive income	-	68,100	68,100
Balance at 31 January 2018	198,675	213,980	412,655
Changes in equity			
Issue of share capital	221,088	-	221,088
Total comprehensive income	-	290,166	290,166
Balance at 31 January 2019	419,763	504,146	923,909

The notes form part of these financial statements

Cirdan Capital Management Limited (Registered number: 08853583)

Company Statement of Changes in Equity
for the year ended 31 January 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 February 2017	42,872	145,880	188,752
Changes in equity			
Issue of share capital	155,803	-	155,803
Total comprehensive income	-	68,101	68,101
Balance at 31 January 2018	198,675	213,981	412,656
Changes in equity			
Issue of share capital	221,088	-	221,088
Total comprehensive income	-	290,165	290,165
Balance at 31 January 2019	419,763	504,146	923,909

The notes form part of these financial statements

Consolidated Statement of Cash Flows
for the year ended 31 January 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	7,476,090	(44,089)
Interest paid		(7,315)	-
Tax paid		(13,312)	(18,323)
Net cash from operating activities		7,455,463	(62,412)
Cash flows from investing activities			
Purchase of goodwill		(506,332)	-
Purchase of tangible fixed assets		(2,668)	(10,496)
Purchase of fixed asset investments		(2,443,535)	22,042
Revaluation adjustment		85,191	-
Interest received		14	13
Net cash from investing activities		(2,867,330)	11,559
Cash flows from financing activities			
Amount withdrawn by directors		(20,357)	(37,251)
Share issue		221,088	155,803
Net cash from financing activities		200,731	118,552
Increase in cash and cash equivalents		4,788,864	67,699
Cash and cash equivalents at beginning of year	2	272,999	205,300
Cash and cash equivalents at end of year	2	5,061,863	272,999

The notes form part of these financial statements

Notes to the Consolidated Statement of Cash Flows
for the year ended 31 January 2019

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Profit before income tax	309,922	67,464
Depreciation charges	3,498	2,968
Finance costs	7,315	-
Finance income	(14)	(13)
	320,721	70,419
Increase in trade and other receivables	(927,620)	(310,922)
Increase in trade and other payables	8,082,989	196,414
Cash generated from operations	7,476,090	(44,089)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 January 2019

	31.1.19	1.2.18
	£	£
Cash and cash equivalents	5,061,863	272,999

Year ended 31 January 2018

	31.1.18	1.2.17
	£	£
Cash and cash equivalents	272,999	205,300

1. STATUTORY INFORMATION

Cirdan Capital Management Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations (collectively IFRS), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, as adopted by the European Union. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern
The financial statements have been prepared on the going concern basis. The Directors have produced financial projections for the company for the next twelve months and beyond. These projections take into account that expenditure has been cut in order that entity can currently cover its cost base. In addition, the entity has adequate resources to continue operating and to continue to meet the Financial Conduct Authority capital resources requirements.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by the directors. Revisions to accounting estimates are recognized in the financial period in which the estimate is revised and in any future periods affected.

Revenue recognition
Revenue is derived from the business of financial instrument broking, investment management and related activities and comprises bond brokerage, commissions, and fees. Brokerage commissions and fee income, are recognised at the date of trade, when costs can be measured and the receipts of the future economic benefits are probable. Investment management income is recongised when the service is rendered.

Revenue is categorised as;

	2019	2018
	£	£
Commissions	2,986,668	1,081,355
Other revenue	7,467	-
	2,994,135	1,081,355

Property, plant and equipment
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	-	25% on reducing balance
Computer equipment	-	25% on reducing balance

continued...

2. ACCOUNTING POLICIES - continued

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at Fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Transaction costs related to financial instruments designated at FVTPL are expensed immediately.

Classification of financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect Contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and interest (SPPI)

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Classification of financial liabilities

Financial liabilities are classified as either:

- Amortised cost
- Fair value through profit or loss (FVTPL)

Subsequent measurement of financial instruments

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in profit or loss. Financial assets and liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.

An exception is made for trade receivables without a significant financing component. These are recognised at the transaction price, per IFRS 15. For trade receivables with a significant financing component, any differences arising between the amount of revenue recognised in accordance with IFRS 15 and the fair value of the trade receivable is recognised as an expense in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the statement of financial position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition

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

Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled, expires or when a substantial modification of the terms occur.

continued...

2. ACCOUNTING POLICIES - continued

Impairment
At each reporting date the Company assesses whether there is a significant increase in credit risk over the remaining life of financial assets in comparison with the credit risk on initial recognition. The Company recognises expected credit losses (ECL) on financial instruments that are not measured at FVTPL.

IFRS 9 establishes a three-stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. Three-stages determine the amount of impairment to be recognised as expected credit losses at each reporting date as well as the amount of interest revenue to be recorded in future periods:
- Stage 1: Credit risk has not increased significantly since initial recognition - recognise 12 months ECL, and recognise interest on a gross basis;
- Stage 2: Credit risk has increased significantly since initial recognition - recognise lifetime ECL, and recognise interest on a gross basis;
- Stage 3: Financial asset is credit impaired (using the criteria currently included in IAS 39) - recognise lifetime ECL, and present interest on a net basis (i.e. on the gross carrying amount less credit allowance).

In making this assessment the Company considers a broader range of forward-looking information. Considerations include past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Company makes use of a simplified approach in accounting for trade and other receivables or contract assets without a significant financing component and records the loss allowance as lifetime expected credit losses.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. This includes both credit loss and non-credit loss scenarios.

Fair value measurement
'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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2. **ACCOUNTING POLICIES - continued**

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments - e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement based on the net exposure - are allocated to the individual assets and liabilities based on the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Employee benefit costs

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Foreign currency

A foreign currency transaction is recorded, on initial recognition in sterling, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in stirling by applying to the foreign currency amount the exchange rate between the stirling and the foreign currency at the date of the cash flow.

continued...

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents
Cash and cash equivalents comprise bank balances and bank overdrafts, including short-term highly liquid investments with original maturities of three months or less. Cash equivalents are held at cost plus accrued interest.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, including discounted cash flow models and option pricing models as appropriate. Derivatives are included as assets when their fair value is positive and liabilities when their fair value is negative, unless there is the legal ability and intention to settle net. Gains and losses arising from changes in the fair value of derivatives are included in the Statement of Comprehensive Income in the financial period in which they arise. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises profits on day one.

Trade and other receivables and payables
The trade and other receivables and payables are initially measured at fair value. They are subsequently-measured to amortised cost.

Unsettled trades
Unsettled trades include amounts payable for securities purchased and receivables for securities sold that have been contracted for but not yet delivered on the reporting date. They are initially measured at fair value plus any directly attributable incremental costs and subsequently measured at amortised cost.

3. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	679,700	233,127
Social security costs	82,268	23,728
Other pension costs	5,548	191
	767,516	257,046

The average number of employees during the year was as follows:

	2019	2018
Directors	2	2
Employees	9	4
	11	6

	2019	2018
	£	£
Directors' remuneration	259,452	82,109

Information regarding the highest paid director for the year ended 31 January 2019 is as follows:

	2019
	£
Emoluments etc	166,667

continued...

4. NET FINANCE COSTS

	2019	2018
	£	£
Finance income:		
Deposit account interest	14	13
Finance costs:		
Loan	7,315	-
Net finance costs	7,301	(13)

5. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	2019	2018
	£	£
Cost of inventories recognised as expense	1,523,957	593,859
Other operating leases	28,210	2,243
Depreciation - owned assets	3,498	2,968
Auditors' remuneration	32,562	5,000
Foreign exchange differences	11,084	5,899

6. INCOME TAX

Analysis of tax expense/(income)

	2019	2018
	£	£
Current tax:		
Tax	19,756	(636)
Total tax expense/(income) in consolidated statement of profit or loss and other comprehensive income	19,756	(636)

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £290,165 (2018 - £68,101).

8. GOODWILL

Group

	£
COST	
Additions	506,332
At 31 January 2019	506,332
NET BOOK VALUE	
At 31 January 2019	506,332

continued...

Notes to the Consolidated Financial Statements - continued
for the year ended 31 January 2019

9. PROPERTY, PLANT AND EQUIPMENT

Group

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 February 2018	634	17,934	18,568
Additions	-	2,668	2,668
At 31 January 2019	634	20,602	21,236
DEPRECIATION			
At 1 February 2018	226	5,520	5,746
Charge for year	102	3,396	3,498
At 31 January 2019	328	8,916	9,244
NET BOOK VALUE			
At 31 January 2019	306	11,686	11,992
At 31 January 2018	408	12,414	12,822

Company

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 February 2018	634	17,934	18,568
Additions	-	2,668	2,668
At 31 January 2019	634	20,602	21,236
DEPRECIATION			
At 1 February 2018	226	5,520	5,746
Charge for year	102	3,396	3,498
At 31 January 2019	328	8,916	9,244
NET BOOK VALUE			
At 31 January 2019	306	11,686	11,992
At 31 January 2018	408	12,414	12,822

continued...

10. **INVESTMENTS**

Group

	Financial assets at FVTPL £	Unlisted investments £	Totals £
COST			
Additions	2,369,810	73,725	2,443,535
Share of profit/(loss)	(85,191)	-	(85,191)
At 31 January 2019	2,284,619	73,725	2,358,344
NET BOOK VALUE			
At 31 January 2019	2,284,619	73,725	2,358,344

Company

	Interest in associate £
COST	
At 1 February 2018	22,042
Additions	506,132
At 31 January 2019	528,174
NET BOOK VALUE	
At 31 January 2019	528,174
At 31 January 2018	22,042

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary

SmartETN PLC
Registered office: Hamilton House, 28 Fitzwilliam Place, Dublin 2, D02 P283
Nature of business: Investment

Class of shares:	% holding
Ordinary	100.00

continued...

Notes to the Consolidated Financial Statements - continued
for the year ended 31 January 2019

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current:				
Trade debtors	367,395	(1)	367,395	-
Other debtors	168,920	68,504	33,257	46,462
Directors' current accounts	33,791	13,434	33,791	13,434
VAT	92,411	17,509	92,411	17,509
Prepayments and accrued income	295,917	247,368	292,905	247,368
Unsettled trades receivable	336,357	-	-	-
	1,294,791	346,814	819,759	324,773

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank accounts	5,061,863	272,999	696,438	272,999

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
1	Ordinary A	£1	1	1
475,000	Ordinary B	€1	419,762	198,674
			419,763	198,675

250,000 Ordinary B shares of €1 each were alloted and fully paid for cash at par during the year.

continued...

14. RESERVES

Group

	Retained earnings £
At 1 February 2018	213,980
Profit for the year	290,166
At 31 January 2019	504,146

Company

	Retained earnings £
At 1 February 2018	213,981
Profit for the year	290,165
At 31 January 2019	504,146

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Current:				
Trade creditors	568,894	93,987	568,894	93,987
Social security and other taxes	2,317	17,891	2,317	17,891
Other creditors	20,467	153	16,500	153
Unsettled trades payable	455,128	-	-	-
Interest payable on cert	21,283	-	-	-
Accrued expenses	128,138	94,637	17,672	94,637
	1,196,227	206,668	605,383	206,668
Non-current:				
Derivative instruments	180,698	-	-	-
Financial liabilities at FVTPL	1,118,691	-	-	-
Certificates issued at FVTPL	5,286,726	-	-	-
	6,586,115	-	-	-
Aggregate amounts	7,782,342	206,668	605,383	206,668

continued...

16. **FINANCIAL LIABILITIES - BORROWINGS**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Non-current:				
Other loans - 1-2 years	507,315	-	507,315	-

continued...

17. FINANCIAL ASSETS AND LIABILITIES - RISK MANAGEMENT

The Company's financial instruments include cash at bank, financial assets, financial liabilities and other receivables that arise directly from operations.

The subsidiary Company (Smart ETN PLC) is exposed to a variety of financial risks: capital risk, market risk (include foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk exposure. The Company has attempted to match the properties of its financial liabilities to its financial assets including derivative financial instruments to avoid significant elements of risk generated by mismatch of realised income and repayments from the investments against its obligations towards the Certificate holders. The directors seek to assess, monitor and manage the potential adverse effects of these risks on the Company's financial performance by appropriate methods as discussed below.

Operational risk exposure
Operational risk is the risk of direct or indirect loss arising from the Company's processes, personnel and infrastructure, and from external factors other than credit risk, market risk and liquidity risk. This includes risks arising from non-compliance with legal and regulatory requirements as well as generally accepted standards of corporate behavior.

The Company's aim is to manage operational risk so as to limit financial losses and damage to its reputation while achieving its investment objectives.

Capital risk management
The Company manages its capital to ensure that it is able to continue as a going concern while maximizing the return to Certificate holders. The capital managed by the Company comprises of ordinary shares and the financial liabilities outstanding as at financial period-end. The Company is not subject to externally imposed capital requirements.

Market risk
Market risk is the potential change in the value caused by the movements in foreign exchange, in the interest rates or market prices of the financial instruments. The Certificate holders are exposed to the market risk of the underlying reference item of each Certificate issued by the Company.

(i) Foreign exchange risk
The table below shows the Company's exposure to foreign currency risk as at 31 January 2019.

	EUR	**USD**	**GBP**	**CHF**	**Total**
Assets	**£**	**£**	**£**	**£**	**£**
Financial assets FVTPL	1,289,583	954,139	31,858	9,464	2,285,044
Derivative financial instruments	732	73,007	-	-	73,739
Trade and other receivables	30,114	108,586	-	-	138,700
Cash and cash equivalents	2,519,404	1,840,438	15,366	(8,972)	4,366,236
Unsettled trades receivable	-	336,419	-	-	336,419
	3,839,833	3,312,590	47.224	491	7,200,138

	EUR	**USD**	**GBP**	**CHF**	**Total**
Liabilities	**£**	**£**	**£**	**£**	**£**
Certificates issued at FVTPL	3,550,603	1,689,916	47,189	-	5,287,708
Financial liabilities at FVTPL	-	1,118,899	-	-	1,118,899
Derivative financial instruments	30,179	150,553	-	-	180,732
Interest payable on certificates	21,286	-	-	-	21,286
Trade and other payables	106,583	7,871	-	-	114,454
Unsettled trades payable	5,320	449,893	-	-	455,213
	3,713,971	3,417,132	47,189	-	7,178,292

 continued...

Notes to the Consolidated Financial Statements - continued
for the year ended 31 January 2019

(ii) Interest rate risk

The risk defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Company's financial assets and liabilities were as follows:

Assets	Fixed rate £	Up to 1 month £	1-6 months £	Non-interest bearing £	Total £
Financial assets at FVTPL	-	-	484,291	1,800,831	2,285,044
Derivative financial instruments	-	-	-	73,739	73,739
Trade and other receivables	-	-	-	138,700	138,700
Interest payable on certificates	21,286	-	-	-	21,286
Cash and cash equivalents	-	4,366,236	-	-	4,366,236
Unsettled trades receivable	-	-	-	336,419	336,419
	21,286	4,366,236	484,291	2,349,690	7,221,425

Liabilities	Fixed rate £	Up to 1 month £	1-6 months £	Non-interest bearing £	Total £
Certificates issued at FVTPL	1,173,209	-	-	4,114,499	5,287,708
Financial liabilities at FVTPL	-	-	-	1,118,899	1,118,899
Derivative financial instruments	-	-	-	180,732	180,732
Interest payable on certificates	-	-	-	21,286	21,286
Trade and other payables	-	-	-	114,454	114,454
Unsettled trades payable	-	-	-	455,213	455,213
	1,173,209	-	-	6,005,084	7,178,292

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or all factors affecting all similar financial instruments traded in the market.

The price risk associated with the realisation of the financial assets held by the Company is offset by the existence of the guarantees which the Company has in place from Cirdan Capital Management Limited. Changes in the fair value of the financial asset will not affect the equity of the Company and are borne by the Guarantor.

The Company uses the following three-tier hierarchy as a framework for disclosing fair value based on inputs to the valuation of the Company's financial instruments:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

continued...

The carrying amounts of financial instruments held at fair value are determined, in full or in part, by reference to the Level 1, Level 2 and Level 3 hierarchy categories as defined above. The table below sets out the instruments included in each category.

Financial assets at FVTPL	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Financial assets at FVTPL	2,285,044	-	-	2,285,044
Derivative financial instruments	73,739	-	-	73,739
	2,358,783	-	-	2,358,783

Financial liabilities at FVTPL				
Certificates issued at FVTPL	(5,287,708)	-	-	(5,287,708)
Financial liabilities at FVTPL	(1,118,899)	-	-	(1,118,899)
Derivative financial instruments	(180,732)	-	-	(180,732)
	(6,587,339)	-	-	(6,587,339)

Credit risk
Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The fair value of the financial instruments best represents the maximum credit risk exposure at the balance sheet date. In order to manage this risk, the Guarantor guarantees to the Issuer the amount and timely payment of the Certificates. Credit risk not managed by the Guarantor is ultimately passed to the certificate holders.

Assets	**£**
Derivative financial instruments	73,739
Trade and other receivables	138,700
Cash and cash equivalents	4,366,236
Unsettled trades receivable	336,419
	4,915,095

(i) The credit rating profile of the Swap Counterparty is as follows:

Derivative financial instruments	**31st Jan 2019**	**Credit rating**	**Rating agency**
	£	**£**	**£**
Interactive Brokers LLC	73,739	BBB+	S&P

(ii) Trade and other receivables credit profile is line with the financial performance of the Guarantor as it mainly relates to accrued guarantees payable by the Guarantor as well as cash in transit which is settled in the week following the financial period-end.

(iii) The credit rating profile of the bank holding the cash and cash equivalents balance is as follows:

Cash and cash equivalents	**31st Jan 2019**	**Credit rating**	**Rating agency**
	£	**£**	**£**
Citibank, N.A.	6,362	Aa3	Moody's

continued...

Goldman Sachs International Bank	2,140,824	A1	Moody's
Interactive Brokers LLC	2,219,049	BBB+	S&P
	4,366,236		

(iv) Credit risk for unsettled trades receivable is minimal as the balance is settled in the months following the financial period-end.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

Prudent liquidity risk management requires maintaining sufficient cash and marketable investments, which the Company does. The maturity profile of the financial liabilities as at 31 January 2019 is as follows:

Liabilities	**Gross contractual cashflow £**	**Up to 1 Year £**	**1-2 Years £**	**2-5 Years £**
Certificates issued at FVTPL	5,287,708	-	908,658	4,379,044
Financial liabilities at FVTPL	1,118,899	-	-	1,118,899
Interest payable on certificates	375,450	132,123	132,123	111,204
Trade and other payables	114,454	114,454	-	-
Unsettled trades payable	455,213	455,213	-	-
	7,351,724	701,790	1,040,781	5,609,147

The amounts shown are the contractual undiscounted cashflows whereas the Company manages the inherent liquidity risk based on expected undiscounted cash inflows.

18. RELATED PARTY DISCLOSURES

The Certificates issued by the Company are unconditionally and irrevocably guaranteed by the Guarantor. In case of shortfall, between the realisable value of the financial assets held by the Company and the contractual obligation of the Certificates issued by the Company, The Guarantor is obliged to cover the full amount of the shortfall. In case of a surplus, between the realisable value of the financial assets held by the Company and the contractual obligation of the Certificates issued by the Company, The Guarantor is entitled to the full amount of the surplus as a consideration for acting as Guarantor to
the Company.

During the year a loan advance was made to the director, Mr A De Negri, amounting to £20,357. As at the balance sheet date, included within debtors, the outstanding balance due to the Company amounted to £33,791(2018 : £13,434).

During the period the company purchased services amounting to £69,247 from Anna De Negri, a related party through their shareholding in the company. As at the balance sheet date the amounting due to Anna amounted to £Nil.

During the period the company invoiced Aldburg S.A., a related party due to the common control of both parties, £1,163,608 for services performed for the company. As at the balance sheet date the amount due from Aldburg S.A. amounted to £Nil.

During the period the company invoiced Smart ETN, a related party due to the common control of both parties, £147,242 for services performed for the company. As at the balance sheet date the amount due from Smart ETN PLC amounted to £36,904.

continued...

19. ULTIMATE CONTROLLING PARTY

As at the balance sheet date the ultimate controlling party is A M De Negri, Director and Shareholder of the Company.

20. FCA RISK DISCLOSURE

As required by The Financial Conduct Authority Handbook (BIRPU 11), the Pillar 3 risk disclosures are available on the company's website at https://www.cirdancapital.com