

# PEEL HUNT

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## PEEL HUNT INC.

(SEC FILE NUMBER: 8-68845)

### STATEMENT OF FINANCIAL CONDITION FOR THE YEAR ENDED MARCH 31, 2017

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

OMB APPROVAL	
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FACING PAGE  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 04/01/2016 AND ENDING 3/31/2017  
MM/DD/YYYY MM/DD/YYYY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

PEEL HUNT INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

MOOR HOUSE 120 LONDON WALL

(No. and Street)

LONDON

(City)

UK

(State)

EC2Y 5ET

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Dmitriy Rutitskiy

(212) 751-4422

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

DELOITTE & TOUCHE LLP

(Name -- if individual, state last, first, middle name)

30 ROCKEFELLER PLAZA

(Address)

NEW YORK

(City)

NY

(State)

10112

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

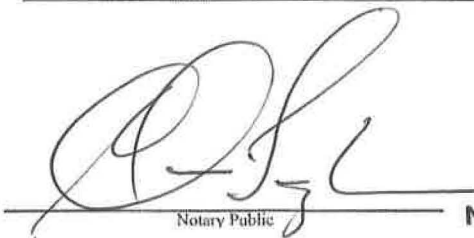
SEC 1410 (06-02)

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unless the form displays a currently valid OMB control number.

# OATH OR AFFIRMATION

I, Harry Jaffe, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Peel Hunt Inc., as of March 31, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

  
 Notary Public

  
 Signature

Chief Executive Office  
 Title

**CLAUDIA TAYLOR**  
**NOTARY PUBLIC, State of New York**  
**No. 01TA5068172**  
**Qualified in Kings County**  
**Commission Expires 10/28/2018**

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss)
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of  
Peel Hunt Inc.  
New York, New York

We have audited the accompanying statement of financial condition of Peel Hunt Inc. (the "Company") as of March 31, 2017, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such statement of financial condition presents fairly, in all material respects, the financial position of Peel Hunt Inc. as of March 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

*Deloitte & Touche LLP*

May 30, 2017

## STATEMENT OF FINANCIAL CONDITION

	March 31, 2017 \$ USD
<b>ASSETS</b>	
Cash	1,369,901
Accounts receivable	315,262
Deferred tax asset	189,882
Prepaid expenses	47,506
Fixed assets, net of depreciation	42,854
Security deposit	28,350
<b>Total assets</b>	<b>1,993,755</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>	
<b>LIABILITIES</b>	
Accounts payable and other accrued expenses	743,672
Payable to affiliate, net	197,428
<b>Total liabilities</b>	<b>941,100</b>
Subordinated borrowings	300,625
Commitments	
<b>STOCKHOLDER'S EQUITY</b>	
Common stock, \$1 par value, 500,000 shares authorized and 500,000 shares issued and outstanding	500,000
Retained earnings	252,030
<b>Total stockholder's equity</b>	<b>752,030</b>
<b>Total liabilities and stockholders' equity</b>	<b>1,993,755</b>

See notes to statement of financial condition.

# NOTES TO THE STATEMENT OF FINANCIAL CONDITION

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## 1. Organisation and Nature of Business

Peel Hunt Inc. ("PH Inc." or "the Company") is a corporation formed in the State of Delaware on March 4, 2011. On March 12, 2012 the Financial Industry Regulatory Authority, Inc. ("FINRA") approved the registration of the Company. The Company is registered as a securities broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of FINRA. The Company is 100% held by Peel Hunt Holdings Limited ("PHH Limited") which is a limited liability company registered in England and Wales. The Company was formed to act as a chaperoning broker dealer for its UK affiliate, Peel Hunt LLP ("PH LLP") which is a financial services firm, authorized and regulated by the Financial Conduct Authority in the UK. The principal business purpose of the Company is to act as an agent for PH LLP offering UK equities to US institutional clients. The Company will utilize PH LLP for all foreign security order execution, clearance and settlement.

The Company does not carry securities accounts for customers or perform custodial services and, accordingly, claims exemption from Rule 15c3-3 of the Securities Exchange Act of 1934.

## 2. Significant accounting policies

### 2.1. Basis of preparation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

### 2.2. Cash and cash equivalents

The Company classifies as cash equivalents highly liquid instruments with original maturities of three months or less. The Company does not have any cash equivalents at March 31, 2017.

### 2.3. Income taxes

The Company is subject to US Federal taxes. The Company utilizes an asset and liability approach to accounting for income taxes such that the amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates.

The Company recognizes and measures its unrecognized tax benefits in accordance with U.S. GAAP. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

The Company's income tax returns are subject to examination for three years from the date filed or the due date, whichever is later. The returns for the prior fiscal years are open for examination as of the date of these financial statements.

### 2.4. Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

### 2.5. Fair value measurements

U.S GAAP requires disclosing fair value to the extent practicable for financial instruments which are recognized or unrecognized in the Statement of Financial Condition. The fair values of the financial instruments are not necessarily representative of the amount that could be realized or settled, nor does the fair value amount consider the tax consequences of realization or settlement. For certain financial instruments, including cash, amounts due to/from related parties, accounts payable and accrued expenses, the fair values were determined based on the near term maturities of such obligations. The fair value of debt was determined based on current rates at which the Company could borrow or advance funds with similar remaining maturities, which amount approximates its carrying value.

# NOTES TO THE STATEMENT OF FINANCIAL CONDITION

## 2.6. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The estimated useful economic life for each item is considered to be as follows:

- Office equipment 3 to 5 years
- Fixtures and fittings 5 years
- Leasehold Improvements 5 years

## 3. Related party transactions

As of March 31, 2017 the Company has a net payable in the amount of \$197,428 due to the affiliate, PH LLP, comprised of \$145,963 of payable under the Transfer Pricing Agreement, \$6,765 payable under the Expense Sharing Agreement and \$44,700 of intercompany.

In 2012 the Company signed a Subordinated Agreement with its parent, Peel Hunt Holdings Limited. The principal amount of the loan was \$300,000 with a maturity set for March 12, 2015. Interest accrued under this loan agreement was at 4% per annum and was paid before the previous year end. The Company signed a new Subordinated Agreement with Peel Hunt Holdings Limited on March 12, 2015 and an updated agreement on 10 March 2016 on a rolling 12 month basis. As at March 31, 2017 the amount of accrued interest totalled \$625. The new loan agreement was reviewed and approved by FINRA as a satisfactory subordinated agreement. The Subordinated borrowings are available in computing net capital under the SEC's Uniform Net Capital rule.

## 4. Net capital requirements

The Company is subject to the SEC Uniform Net Capital Rule ("SEC Rule 15c3-1"). The Company has elected to use the alternative method to compute net capital as permitted by the Rule. Under the alternate method, the Rule requires net capital to be not less than the greater of the minimum net capital requirement or 2% of aggregate debit items computed in accordance with the formula for reserve requirements pursuant to SEC Rule 15c3-3. At March 31, 2017, the Company's minimum net capital requirement was \$250,000. The Rule also requires the Company to notify and sometimes obtain approval from the SEC and FINRA for significant withdrawals of capital or loans to affiliates. At March 31, 2017, the Company had net capital of \$1,014,821, which was \$764,821 in excess of its required net capital of \$250,000.

## 5. Risk and uncertainties

The Company has a credit risk exposure of uninsured cash in bank of \$1,369,901 at March 31, 2017. The Company does not require collateral or other security to support financial instruments subject to credit risk. For the year ended March 31, 2016, all service fee revenue earned was from PH LLP.

## 6. Property, plant and equipment

	Leasehold Improvements	Office Equipment	Total
As at March 31, 2017	\$ USD	\$ USD	\$ USD
<b>Cost</b>			
Balance at April 1, 2016	18,250	22,704	40,954
Additions	18,250	5,387	23,637
<b>Balance at March 31, 2017</b>	<b>36,500</b>	<b>28,091</b>	<b>64,591</b>
<b>Amortization</b>			
Balance at April 1, 2016	(507)	(3,142)	(3,649)
Charge for the year	(12,167)	(5,921)	(18,088)
<b>Balance at March 31, 2017</b>	<b>(12,674)</b>	<b>(9,063)</b>	<b>(21,737)</b>
<b>Carrying value at March 31, 2017</b>	<b>23,826</b>	<b>19,028</b>	<b>42,854</b>

## 7. Commitments

The Company leases its office facility in New York under an operating lease expiring February 28, 2021. Aggregate future minimum annual rental payments are as follows:

	March 31, 2017 \$ USD
<b>Outstanding commitments</b>	
2018	58,547
2019	60,303
2020	62,113
2021	58,498

The Company also has a security deposit of \$28,350 relating to the new lease.