ACTIVTRADES PLC

Company's registered number: 05367727

ACTIVTRADES PLC

Annual Report

For the year ended 31 December 2017

ACTIVTRADES PLC

CONTENTS

DIRECTORS AND ADVISERS

DIRECTORS

J Reed	Non-Executive Chairman	
P Storey	Non-Executive Director	(appointed 9 October 2017)
A Pusco	Chief Executive Officer	
S Clowes	Chief Finance Officer	(appointed 2 November 2017)
A Draghi	Chief Risk Officer	
J Scarabino	Finance Director	
J Friend	Chief Compliance Officer	(resigned 13 February 2018)
A Gho	Chief Marketing Officer	

SECRETARY
A Pusco

BANKERS
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hay's Galleria, 1 Hay's Lane,
London
SE1 2RD

TAX ADVISORS
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
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REGISTERED OFFICE
1 Thomas More Square
London
E1W 1YN

STRATEGIC REPORT

The directors present their strategic report on ActivTrades PLC ("ActivTrades" or the "Company") for the year ended 31 December 2017. All narrative and quantitative tables are unaudited unless otherwise stated.

Activities

ActivTrades PLC is a financial markets broker which specialises in offering customers online trading of contracts for difference ("CFD") and spread betting in foreign currencies, indices, single shares, commodities, cryptocurrencies and treasuries.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA") and its permissions allow it to provide services to UK and non-UK based customers.

The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is 1 Thomas More Square, London, E1W 1YN.

Review of business and results for the year

In 2017 the Company's profit after tax was £11.6m (2016: £12.8m). The profit before tax for the financial year was £13.5m (2016: £15.2m).

At 31 December 2017 Shareholder's funds were £51.1m (2016: £39.5m). £10.6m of the profit has been retained in the Company to fund continued expansion of operations and growth in new markets.

Trading volumes increased 20% compared with 2017, and the Company's turnover increased 16% to £40.4m from £34.9m in the prior year, positively impacted by high market volatility[1].

In 2017 the Company's administrative expenses increased 47% to £22.7m (2016: £15.4m), primarily due to FX revaluation losses of £0.6m compared with a gain of £4.8m in 2016. Excluding the impact of FX revaluation gains/losses the Company's administrative expenses increased by 9% compared with 2016, largely due to an increase in staff costs.

Key performance indicators

Success in the business is measured not only by the financial performance indicators stated above, but also by other indicators, such as number of new customers, levels of deposits and trading volume, each of which has a direct impact on client trading revenue.

The Company identified 70,452 new potential clients in 2017, of which 7,330 became customers with funded accounts during the year. The Company had more than 15,000 clients actively trading at the end of the year[2].

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[1] The annual average of the VIX Index registered an increase of 49% in 2017 compared with the previous year

[2] Customers that during the last 90 days placed at least one trade.

During 2017, total net deposits from clients were £45.7million. This level of net deposits was affected by the continuing depreciation of the GBP during the year as a large proportion of the client's deposits are denominated in EUR.

Overall strategy

The Company's strategy is to continue to expand its customer base through direct marketing campaigns and promotions in the local markets in which it operates, as well as to increase its range of products and innovate in financial markets.

During 2017 there were several new trading instruments launched: cash indices, single stocks on ADRs and the major cryptocurrencies. As well, the Company has launched an iOS version of ActivTrader, the proprietary trading platform.

Marketing strategy

Our successful marketing approach consists of reaching potential customers through a mix of seminars, webinars, trading fairs, social media, targeted online adverts, and adverts in specialised media outlets and financial TV channels.

ActivTrades target customers are financially literate individuals with middle to high income, ages 25 – 65. Within this group ActivTrades seeks to attract investors and speculators with sufficient disposable income or wealth to speculate on a leveraged high-risk product where capital is at risk who either:

a) do not want to use traditional investment vehicles and wish to put part of their savings in high risk financial products, or
b) have an interest in stock markets and other investments with capital at risk and are willing to diversify their exposures to other high risk speculative financial products either for gain or recreational purposes.

Historically, the Company had a high market share in occidental European countries. The Company is investing resources in acquiring clients from within newer markets such as the Middle East and Latin American, in order to develop these markets to their full potential. At the end of 2017, 25% of all active customers were from non-EU countries, generating 28% of total revenue.

Regulatory changes

ESMA[3] has announced regulatory changes for the provision of contracts for differences to retail clients which will have a significant impact on the industry. The measures include:

- Prohibit the marketing, distribution or sale of CFDs to retail clients
- Restrict leverage limits to 30:1 and 2:1, depending on the volatility of the underlying asset
- a margin close-out rule on a per account basis
- negative balance protection to provide a guaranteed limit on client losses
- restriction on benefits incentivising trading

[3] European Securities and Markets Authority (ESMA)

- a standardised risk warning

New rules are expected to be published in the coming weeks and will start to apply two months after their publication in the Official Journal of the EU. While ActivTrades already provides a margin close-out and negative balance protection, it will need to adjust its trading conditions to offer a lower leverage to retail clients. As the Company is expanding its client base outside Europe, it is in the process of opening a regulated subsidiary in Nassau, The Bahamas to serve clients outside Europe without the proposed leverage restrictions.

On 30 September 2017 the Criminal Finances Act 2017 came into force, making companies criminally liable if they fail to prevent tax evasion by either a member of their staff or an external agent, even where the business was not involved in the act or was unaware of it. The new rules cover both UK and overseas taxes. ActivTrades is implementing prevention procedures to ensure it is compliant with the Act.

There were no other significant regulatory changes during 2017 that impact the Company.

Principal risks and uncertainties

Systems and controls are in place to manage and mitigate risks at all times. The Company has implemented a 'three lines of defence' model which ensures clear delineation of responsibilities between day to day operational management, risk monitoring and oversight as well as assurance.

The following are the key risks impacting the Company:

- Operational risk,
- Strategic and Business risk,
- Credit risk,
- Market risk and
- Liquidity risk

Financial risk management objectives and policies are discussed in further detail in note 23 of the financial statements. The following information is provided pursuant to the Pillar 3 disclosure rules as laid out by the EU Capital Requirements Regulation (CRR)[4].

Background
As an EU Investment Firm, the Company falls within the scope of the Markets in Financial Instruments Directive (MiFID II) and applies the European Commission legislation contained in CRD IV, which seek to transpose the Basel III standards into EU law. The legislation consists of a Regulation (CRR), which is directly binding on firms, and a Directive (CRD), which has been implemented by the FCA in the UK.

CRD IV consists of three "pillars":

- Pillar 1 sets out the minimum capital requirements for firms. CRD IV requires a minimum level for the total capital of 8% of total risk exposures. The capital is measured through the Core Equity Tier 1 (CET1).

[4] Capital Requirements Regulation (EU No 575/2013) (CRR)

- Pillar 2 includes the Internal Capital Adequacy Assessment Process (ICAAP) and supervisory review (SREP) in order to assess whether additional capital is needed over and above that determined under Pillar 1; and
- Pillar 3 requires the Company to publish its objectives and policies in relation to risk management, information on its risk exposures and capital resources as well as remuneration policy disclosures.

Under FCA guidance and regulations, ActivTrades is classified as an IFPRU €730K Full Scope Investment Firm, engaged in financial markets broking and specialising in offering customers online trading of CFDs and spread betting in foreign currencies, indices, commodities, shares and treasuries. The Company has permission to hold client money and its clients are categorised as retail and professional clients. Therefore, the main risks facing the Company are operational, business, credit, market and liquidity risks. The disclosures below are the required Pillar 3 disclosures that apply to the Company.

Although the Company believes the risk management framework outlined herein is appropriate for the size and complexity of the Company and that the Company's capital is adequate to meet the risks assessed, it cannot guarantee that this will actually be the case in the event a particular risk arises. There could always be certain risks with an unusually high impact which may require additional capital should they arise. Therefore, the Company applies stress testing across a range of scenarios to help predict future capital needs.

Risk management

The Company has developed an overarching Risk Management Framework to strengthen its risk management processes and practices. The Risk Management Framework refers to the set of components, including risk appetite, policies, procedures, governance, systems and tools that support risk management at the Company.

This risk governance framework ensures clear delineation of responsibilities between day to day operations, independent monitoring and oversight and assurance over the Risk Management Framework.

Risks and mitigating controls are periodically reassessed, taking into account the Company's risk appetite. Where risks are identified which fall outside of the Company's risk tolerance levels, or where the need for remedial action is identified in respect of identified weaknesses in the Company's mitigating controls, then action is taken to improve the control framework.

Operational risk

This is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk and regulatory risk. The Company considers risks which may impact the Company directly or indirectly. The Company seeks to minimise operational risk through a controls framework, particularly when engaging in new business ventures or trading new products. The Company uses the Operational Risk Basic Indicator Approach[5] that equates to 15% of the average of three years net operational and non-operational revenue. The total risk exposure amount for operational risk was £59,155,000 as of 31 December 2017.

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[5] According to Part 3, Title III, Chapter 2 of CRR L321/199 Official Journal of the European Union.

Business risk
Business risk arises from external sources such as changes to the economic environment or one-off economic shocks, and also from internal sources such as poor decisions or suboptimal allocation of capital resulting in poor performance and damage to the Company's reputation. Various different scenarios are modelled in order to assess the impact of adverse economic conditions on our financial position. This enables the Company to monitor its business risk and to assist in its capital planning. The business risk modelling is included in the Company's ICAAP as part of Pillar 2.

Credit risk
The Company is exposed to credit risk mainly on cash held at regulated international credit institutions. The Company does not extend credit to its clients under normal circumstances and only deals with clients that have sufficient funds on their accounts to cover margin requirements. Small credit exposures do arise on client accounts from time to time in periods of extreme intra-day market movements, although the Company operates a policy of negative account protection to the clients. The Company has a limited number of credit exposures in respect of which it uses the standardised approach when calculating risk weighted exposures to its counterparties. The Company's risk weighted exposure amount for credit and counterparty credit risk as at 31 December 2017 was £20,625,000. The Company's credit risk exposure is calculated as per the "Standardised Approach"[6].

Market risk
The Company's major risk arises from its market making positions in CFDs, primarily in foreign currencies; therefore, the Company's principal market risk is its foreign exchange risk. The Company has systems in place to monitor its exposures to market risk on a real-time basis at all times which allows it to take effective decisions with regard to hedging its positions as and when required. The Company calculates its market risk exposure amounts by reference to the provisions of CRR[7]. The Company's total market risk exposure amount as at 31 December 2017 was £187,772,000.

Liquidity risk
The Company has designed liquidity management procedures to ensure significant buffers over liquidity requirements. Although the Company is not required to prepare an Individual Liquidity Adequacy Assessment Process (ILAAP), the liquidity risk management framework sets out all policies and procedures in order to ensure the liquidity is well monitored. There are no concerns of a shortage of cash in the current business model, and the Company's current ratio[8] was 2,106% at 31 December 2017.

Capital adequacy
The Company's Pillar 1 capital requirement is calculated in accordance with the EU Regulation No 575/2013 (CRR). The Company's Capital Ratio of CET1 is the Common Equity Tier 1 Capital expressed as a percentage of the total risk exposure amount. The Company has no Additional Tier 1 Capital and Tier 2 Capital, therefore the CET1 Capital is equal to Total Capital. According to CRR regulation, the Total Capital Ratio should be higher than 8%.

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[6] According to Part 3, Title II, Chapter 2 of CRR L321/199 Official Journal of the European Union.
[7] According to Part 3, Title IV of CRR L321/199 Official Journal of the European Union.
[8] Current assets divided by current liabilities.

STRATEGIC REPORT (continued)

The following table summarizes the Company's regulatory capital resources as at 31 December 2017. The Company's capital management is reviewed further in note 23 to the financial statements.

	(Audited) £'000
Ordinary Shares	500
Previous years retained earnings	39,035
Current year profits	11,557
Intangible assets	(31)
CET1 Capital	**51,061**
Own Funds	**51,061**

Total risk exposure is the sum of operational risk exposure, market risk exposure and the risk-weighted exposure amounts for credit and counterparty risk[9]. As at 31 December 2017 the Company's Total Risk Exposure amount was £267,573,000 and the CET1 Capital Ratio was 19.1%[10]. Therefore, the surplus of Total Capital was £29,655,000.

	£'000
CET1 Capital ratio	**19.1%**
Surplus(+)/Deficit(-) of CET1 capital	39,020
T1 Capital ratio	**19.1%**
Surplus(+)/Deficit(-) of T1 capital	35,007
Total Capital ratio	**19.1%**
Surplus(+)/Deficit(-) of total capital	29,655

Under Pillar 2 requirements of the FCA's IFPRU Sourcebook[11], the Company has undertaken an assessment of the adequacy of capital based upon all the risks to which the business is exposed ("ICAAP"). The Pillar 2 assessment identified an additional capital of £1,319,600 in addition to the Pillar 1 as of 31 December 2017.

Remuneration Code

For the purposes of the "Remuneration Code" the Company is classified by the FCA as a Tier 3 Firm. The Company is not part of a group and is therefore subject to these regulations on a solo basis.

The Company operates two types of remuneration:

- Fixed remuneration by way of annual salaries in line with industry scales.
- Discretionary bonus payments.

Remuneration is determined and reviewed annually by the Board of Directors. These arrangements are very much linked to performance. The Company does not make any

[9] It also includes a risk exposure amount of £22,000 for Credit Valuation Adjustment according to Part 3, Title VI Article 384 of CRR L321/199 Official Journal of the European Union.

[10] The values reported on the COREP return submitted for Q4 2017 differ with the ones in the Financial Statements as the profits for 2017 were not entirely included as part of eligible capital on the regulatory return.

[11] IFPRU 2.1-2.2.

guaranteed bonus commitments. Staff will be classified as code staff if they perform a significant influence function and/or manage or supervise a business unit.

In 2017, 12 employees were classified as code staff: being the six executive directors of the Company as well as the Heads of Compliance, Risk, Sales, Internal Audit and Branch Managers from Milan and Dubai. Their aggregate remuneration in 2017 amounted to £1,119,644 of which £274,973 were bonus payments.

The Board is confident that variable remuneration is linked to the long-term interests of the Company and does not encourage excessive risk taking.

Approved by the Board of Directors
and signed on behalf of the Board

Alex Pusco
Director
18 April 2018

Company's registered number: 05367727

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Corporate Governance

The Company applies the "three lines of defence" model. Committees at Board and Management level establish standards for the control and governance of the Company. During 2017, the company appointed a second experienced Non-Executive Director as Chairman of the Audit Committee in order to reinforce independence and enhance the Corporate Governance Framework.

Branches outside the UK

The Company operates three branches of the business outside the UK, in Italy, Bulgaria and in Dubai.

The first branch was established in Milan in 2011 to support the promotion of ActivTrades to Italian customers and local administrative issues, although the Company undertakes the majority of its client services activities through the headquarters in UK. This branch employed 6 people at the end of 2017.

The branch in Sofia, established in April 2012, handles all the technology aspects of ActivTrades business, as well as the responsibility for risk control, and some client services. At the end of 2017, it employed 107 people with almost half working in the IT department, which includes software development and IT infrastructure. The services they provide include the development of new products and enhancements to systems and products.

The Dubai branch was established in November 2016 and its main activity is to support the promotion of ActivTrades to customers in the Middle East region. Having trading activities established locally regulated by the Dubai Financial Services Authority (DFSA) ensures the Company's service offering is a more credible proposition for prospective clients in the region. The branch comprises 4 members of staff being responsible for customer enquiries, sales and compliance, as well as the Senior Executive Officer.

Subsidiaries outside the UK

ActivTrades established two new subsidiary companies outside the UK in 2017. An Irish subsidiary, ActivTrades Public Limited Company, was established in May 2017. The company is currently dormant. A Bahamian subsidiary, ActivTrades Corp, was established in August 2017 and currently has minimal activity. Neither subsidiaries were subject to consolidation in the current financial year due to the immaterial nature of their undertakings. Additional information on these subsidiaries is included in Note22.

Future developments

The Company will continue to pursue the acquisition of retail clients through direct

DIRECTORS' REPORT (continued)

marketing campaigns and promotions in local media, as well as organising events and participating in trade fairs. Innovation and technology are the main drivers of the Company, alongside a desire to grow the current business and expand the range of products and services offered to clients.

In the event of an unfavourable conclusion to Brexit negotiations, the Company is establishing an Irish subsidiary which will ensure the Company retains the ability to serve its European customers.

Directors

The directors of the Company during the year and up to the date of signing the financial statements are as follows:

J Reed	Non-Executive Chairman	
P Storey	Non-Executive Director	(appointed 9 October 2017)
A Pusco	Chief Executive Officer	
S Clowes	Chief Financial Officer	(appointed 2 November 2017)
A Draghi	Chief Risk Officer	
J Scarabino	Finance Director	
J Friend	Chief Compliance Officer	(resigned 13 February 2018)
A Gho	Chief Marketing Officer	

A Pusco holds 250,000 A shares and 245,000 B shares in the Company.

Dividend

The Company paid no dividends during the year. A dividend of £1,000,000 was paid on 5th February 2018.

Employees

During last year the Company has continued to expand its personnel, in particular in the software development and quality assurance departments.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted

Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 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

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the next annual general meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Alex Pusco
Director
18 April 2018

Company's registered number: 05367727

Independent auditors' report to the members of ActivTrades PLC

Report on the audit of the financial statements

Opinion

In our opinion, ActivTrades PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2017; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTIVTRADES PLC (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTIVTRADES PLC (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

John Wei

John Wei (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 April 2018

INCOME STATEMENT

For the year ended 31 December 2017

	Note	2017	2016
		£'000	£'000
Turnover	7	**40,448**	34,920
Cost of sales		**(4,338)**	(4,357)
Gross profit		**36,110**	30,563
Administrative expenses		**(22,696)**	(15,436)
Operating profit		**13,414**	15,127
Interest receivable and similar income		**121**	75
Profit before taxation	8	**13,535**	15,202
Tax on profit	10	**(1,978)**	(2,422)
Profit for the financial year		**11,557**	12,780

The notes on pages 20 to 38 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017 £'000	2016 £'000
Profit for the financial year	**11,557**	12,780
Total comprehensive income for the financial year	**11,557**	12,780

The notes on pages 20 to 38 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	**2017 £'000**	2016 £'000
Fixed assets			
Intangible assets	12	**31**	60
Tangible assets	13	**418**	516
Subsidiary Undertakings	22	**392**	-
		841	576
Current assets			
Debtors	14	**7,283**	7,224
Investments	15	**1,576**	1,999
Cash at bank and in hand		**44,309**	33,916
		53,168	43,139
Creditors: amounts falling due within one year	16	**(2,917)**	(3,500)
Net current assets		**50,251**	39,639
Total assets less current liabilities		**51,092**	40,215
Provisions for liabilities	17	**-**	(680)
Net assets		**51,092**	39,535
Capital and reserves			
Called up share capital	18	**500**	500
Profit and loss account	19	**50,592**	39,035
Total Equity		**51,092**	39,535

The notes on pages 20 to 38 form part of these financial statements.

The financial statements were approved by the Board of Directors on 18 April 2018.
Signed on behalf of the Board of Directors:

Alex Pusco
Director

Company registration no: 05367727

STATEMENT OF CASH FLOWS

For year ended 31 December 2017

	2017	2016
	£'000	£'000
Cash flows from operating activities		
Operating profit	**13,414**	15,127
Adjustments for:		
Amortisation of intangible assets	**34**	45
Depreciation of tangible assets	**315**	261
Increase in debtors	**(281)**	(3,813)
(Decrease) / increase in creditors	**(978)**	516
Cash from operations	**12,504**	12,136
Income taxes paid	**(2,151)**	(1,898)
Net cash generated from operating activities	**10,353**	10,238
Cash flows from investing activities		
Purchases of tangible assets	**(217)**	(260)
Purchases of intangible assets	**(5)**	(4)
Decrease/(increase) in investments	**195**	(120)
Disposals / (purchases) of investments	**228**	(1,879)
Increase in investment in subsidiaries	**(392)**	-
Interest received	**121**	75
Net cash used in investing activities	**(70)**	(2,188)
Cash flows from financing activities		
Dividends paid	**-**	(1,965)
Net cash used in financing activities	**-**	(1,965)
Net increase in cash and cash equivalents	**10,283**	6,085
Exchange gains/(losses) on cash at bank and in hand	**110**	(77)
Cash and cash equivalents at beginning of year	**33,916**	27,908
Cash and cash equivalents at end of year	**44,309**	33,916

The notes on pages 20 to 38 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For year ended 31 December 2017

	Called up share capital	Profit and loss account	Total Equity
	£ '000	£ '000	£'000
At 1 January 2016	**500**	**28,220**	**28,720**
Profit and total comprehensive income for the financial year	-	12,780	12,780
Dividends paid	-	(1,965)	(1,965)
At 31 December 2016	**500**	**39,035**	**39,535**
Profit and total comprehensive income for the financial year	-	11,557	11,557
Dividends paid	-	-	-
At 31 December 2017	**500**	**50,592**	**51,092**

The notes on pages 20 to 38 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Company information

ActivTrades PLC is a financial markets broker which specialises in offering customers online trading of contracts for difference ("CFD") and spread betting in foreign currencies, indices, single shares, commodities, cryptocurrencies, and treasuries.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA") and its permissions allow it to provide services to UK and non-UK based customers.

The Company is a Public Limited Company incorporated and domiciled in the United Kingdom. The address of its registered office is 1 Thomas More Square, London, E1W 1YN.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Pound Sterling.

3 Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

4 Consolidated financial statements

The company is exempt from the preparation of consolidated financial statements under FRS102 section 9 paragraph 3(a) on the basis that both subsidiaries of the company comply with the conditions of Companies Act 2006 Section 405(2).

5 Significant estimates

Preparation of the financial statements requires management to make significant estimates. For the current year there were no items requiring significant estimates.

6 Principal accounting policies

a) Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Software licences 5 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

b) Tangible assets

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of tangibles less their residual values over their estimated useful lives, using the straight-line method. The tangible assets are depreciated over the following useful economic lives:

- Computer equipment 3 years
- Office furniture 3 years
- Leasehold improvements Term of the lease

If there is an indication that there has been a significant change in depreciation rate or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

c) Financial instruments

i) General

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for the objective evidence of impairment, and the impairment loss is recognised in profit or loss. If there is a decrease of the impairment loss, the impairment is reversed and also recognised in profit or loss.

Other financial assets, including investments (disclosed in note 15) are initially measured at fair value, which is normally the transaction price, and are subsequently re-measured at fair value. Changes in the fair value are recognised in the profit and loss account in the period in which they arise.

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Amounts due from or to customers and hedging counterparties are netted against other assets and liabilities with the same counterparty where a legally-enforceable netting agreement is in place and where it is anticipated that assets and liabilities will be netted on settlement.

ii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, current account balances, bank deposits and other short term highly liquid investments with maturity dates of less than three months.

iii) Derivatives

Customer positions in CFDs and spread betting where the Company acts as principal are financial instruments held at fair value through the profit or loss. Transactions in these instruments are treated as maturing at the end of each day and re-opening the next day and they are measured on a fair value basis by reference to the underlying prices obtained from an open market. The fair value of these instruments at the end of each day may give rise to a customer making a profit or a loss by reference to the opening position on the same day. If a customer makes a profit, there will be an increase in the customer funds required to be segregated. If a customer makes a loss there will be a decrease in the customer funds required to be segregated.

Because the Company has the right to set-off at any point in time all of a customer's open positions against amounts held in the same customer's account, these profits or losses will result in a transfer of funds between the Company's bank account and the segregated client bank account to ensure the latter account has a sufficient balance to cover the segregated funds requirement. Therefore, a customer's position in CFDs and spread betting will never give rise to a derivative asset or liability at the Balance Sheet date.

The fair value gain or loss is recognised in the Company's profit and loss account within Revenue in the period in which it arises.

Segregated client funds are not included in the Company's Balance Sheet.

Positions in CFDs and other financial products between the Company and its counterparties in relation to the Company's hedging activity are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit or loss. The fair value of open derivative positions at year end with the hedging counterparties are disclosed in notes 14 (Debtors) and 16 (Creditors).

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

The aggregate benefit of operating lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

e) Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

f) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:
- the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

g) Turnover

Revenue represents the net of realised and unrealised gains and losses arising from trading in financial instruments, which are recognised daily and fair valued through profit and loss account, as well as financing and commission income. Revenue also includes interest receivable or payable on segregated customer funds, bad debts due to the balance protection policy and hedging revenue.

h) Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

i) Foreign currency translation

Functional currency and presentation currency
The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The Company's results and financial position are therefore presented in Pound Sterling.

Transactions and balances
In preparing the financial statements, transactions in currencies other than the functional currency of the Company (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

j) Investment in subsidiaries

Investment in subsidiary companies are held at cost less accumulated impairment losses.

7 Turnover

Turnover, analysed geographically between markets, was as follows:

	2017 £'000	2016 £'000
Europe	**28,918**	26,593
Rest of the World	**11,530**	8,327
	40,448	34,920

Turnover, analysed by category, was as follows:

	2017 £'000	2016 £'000
Trading gains and losses	**40,317**	34,885
Interest income on segregated client funds	**131**	35
	40,448	34,920

8 Profit before taxation

The profit before taxation is stated after:

	2017 £'000	2016 £'000
Staff costs (note 9)	**8,699**	7,344
Marketing and IT	**7,259**	5,417
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**56**	55
Fees payable to the Company's auditor and its associates for other services:	**141**	101
Regulatory and other services	**37**	38
Tax compliance services	**80**	35
Audit related assurance services	**24**	28
Foreign exchange losses / (gains)	**617**	(4,795)
Other operating lease rentals	**601**	380

9 Directors and employees

Staff costs during the year were as follows:

	2017 £'000	2016 £'000
Wages and salaries	**7,767**	6,559
Social security costs	**841**	735
Other pension costs	**91**	50
	8,699	7,344

The Company recognises leave pay accruals, representing holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. This expense is included within wages and salaries and is measured as the salary cost payable for the period of absence.

The Company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £91,000 (2016: £50,000).

The average monthly number of employees of the Company during the year was:

	2017 Number	2016 Number
Sales and trading	**49**	53
Processing and administration	**165**	145
	214	198

Remuneration in respect of directors was as follows:

	2017 £'000	2016 £'000
Emoluments	**748**	469
Pension contributions to pension schemes	**24**	16
	772	485

During the year three directors (2016: three) participated in pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2017 £'000	2016 £'000
Emoluments	**169**	135
Pension contributions to pension schemes	**-**	7
	169	142

10 Tax on profit

The tax charge is based on the profit for the year and represents:

	2017 £'000	2016 £'000
UK corporation tax	**1,450**	1,810
Adjustments in respect of previous periods	-	-
Overseas branches corporation tax	528	599
Total current tax	**1,978**	2,409
Deferred tax: credit/(charge)	-	13
Tax on profit	**1,978**	2,422

The tax assessed for the year is lower than the standard rate of corporation tax in the UK at 19.2% (2016: 20%). The differences are explained as follows:

Profit before taxation	**13,535**	15,202
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	2,606	3,040
Expenses not deductible for tax purposes	7	9
Adjustments in respect of previous periods	-	-
Adjustments in respect of research and development	(196)	(153)
Pension contribution deductible on paid basis	(2)	-
Capital allowances in excess of depreciation	(9)	-
Capital Assets Expensed	13	-
Foreign branch exemption	(969)	(1,073)
Overseas branches corporation tax	528	599
Tax on profit	**1,978**	2,422

The deferred tax (asset)/liability relating to capital allowances in excess of depreciation is recognised as follows:

	2017 £'000	2016 £'000
At 1 January	(1)	(11)
Profit and loss account credit	-	13
Foreign Branch Exemption	1	(3)
At 31 December (note 14)	-	(1)

There was no unrecognised deferred tax asset as at 31 December 2017 (2016: £1,000). A change to the UK corporation tax rate was announced in the Chancellor's summer budget 2015 and 2016. The changes announced are to reduce the main rate to 19% for the years starting the 1 April 2017, 2018 and 2019 and 17% for the year starting 1 April 2020.

11 Dividends

	2017	2016
	£'000	£'000
Paid during the year	-	1,965

A dividend of £1m was declared post year end on 5th February 2018.

12 Intangible assets

	Software licences	**Total**
	£'000	**£'000**
Cost		
At 1 January 2017	224	224
Additions	5	5
Disposals	(124)	(124)
At 31 December 2017	**105**	**105**
Accumulated Amortisation		
At 1 January 2017	(164)	(164)
Disposals	124	124
Charged in the year	(34)	(34)
At 31 December 2017	**(74)**	**(74)**
Net book amount at 31 December 2017	**31**	**31**
Net book amount at 31 December 2016	60	60

13 Tangible assets

	Computer equipment	Office furniture	Leasehold improvements	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 January 2017	795	122	89	1,006
Additions	192	19	6	217
Re-allocation				
Disposals	(105)	(13)	(4)	(122)
At 31 December 2017	**882**	**128**	**91**	**1,101**
Accumulated Depreciation				
At 1 January 2017	(356)	(91)	(43)	(490)
Re-allocation				
Disposal	105	13	4	122
Charged in the year	(270)	(26)	(19)	(315)
At 31 December 2017	**(521)**	**(104)**	**(58)**	**(683)**
Net book amount at 31 December 2017	**361**	**24**	**33**	**418**
Net book amount at 31 December 2016	439	31	46	516

14 Debtors

	2017	2016
	£'000	£'000
Trade debtors	**5,479**	5,161
Other debtors	**1,048**	1,087
Derivatives	**2**	-
Deferred tax assets	**-**	1
Prepayments and accrued income	**754**	975
	7,283	7,224

Trade debtors include funds held at electronic money providers and brokers.

Other debtors include £141,000 (2016: £136,000) falling due after more than one year.

15 Investments

	2017 £'000	2016 £'000
Investments	**1,576**	1,999

Investments include a portfolio of USD denominated corporate and government bonds with high grade ratings[12] valued at £1,576,000 (2016: £1,999,000). The portfolio has an average maturity of 8 months and coupon rates between 1%-4.4%. They are measured at fair value through profit and loss.

16 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	**572**	790
Other creditors	**465**	558
Derivatives	**20**	1
Other tax and social security	**315**	321
Corporation tax	**784**	969
Accruals and deferred income	**761**	861
	2,917	3,500

17 Provisions for liabilities

	2017 £'000	2016 £'000
At 1 January	**(680)**	(515)
Release / (Additions)	**680**	(165)
At 31 December	**-**	(680)

The Company recognised a provision of £nil (2016: £680,000) for their reward points programme which was discontinued during the year.

[12] Bond ratings between A and AAA from S&P rating agency as of 31 December 2017.

18 Called up share capital

	2017 £'000	2016 £'000
Authorised, allotted and fully paid:		
250,000 (2016: 250,000) ordinary A shares of £1 each	**250**	250
250,000 (2016: 250,000) ordinary B shares of £1 each	**250**	250
	500	500

Called up share capital represents the nominal value of shares that have been issued.

Ordinary A and ordinary B shares rank pari-passu with the exception that only ordinary A shares are entitled to a dividend.

19 Profit and loss account

Profit and loss account includes all current and prior year retained profits and losses.

20 Leasing commitments

The Company's future minimum operating lease payments are as follows:

	2017 £'000	2016 £'000
Within one year	**1,250**	440
Between one and five years	**1,962**	1,534

21 Transactions with related parties

	2017 £'000	2016 £'000
Dividends paid to directors	-	1,965

The Company does not have a parent undertaking. The ultimate controlling party of the Company is Alex Pusco.

A Company, Padan SaGL, controlled by a director, Andrea Draghi, provides marketing and risk management consultancy to ActivTrades PLC. The total paid for these services in 2017 was £88,500 (2016: £80,000). Amounts payable at the year-end were £5,000 (2016: £5,000).

The Company has an intercompany creditor balance of £22,000 (2016: £nil) with ActivTrades Public Limited Company in Ireland and an intercompany creditor balance of £146,000 (2016: £nil) with ActivTrades Corp in The Bahamas. As well, the Company has transferred a management recharge of £148,000 (2016: £nil) with ActivTrades Corp in The Bahamas.

22 Subsidiary Undertakings

	2017 **£'000**	2016 £'000
Subsidiary Undertakings	**392**	-

The list of subsidiaries is as follows:

Name	Address of the registered office	Nature of business	Interest
ActivTrades Public Limited Company	24/26 City Quay, Dublin 2, D02 NY19, Ireland	Financial Derivatives broker	100% ordinary shares
ActivTrades Corp	P.O. Box N-7776, Nassau, The Bahamas	Financial Derivatives broker	100% ordinary shares

All of the above subsidiaries are exempt from consolidation on the basis of being immaterial for the purposes of giving a true and fair view of the group.

23 Financial risk management

The company has exposures to a range of financial risks including market, credit and liquidity risk. Market risk exposures arise from the trading book positions held in Foreign exchange, market indices, single stocks and commodities. Credit risk exposure arises primarily from balance sheet exposures and outstanding trades in the event of client/counterparty failure.

The Board is ultimately responsible for the implementation of risk strategy, defining the risk appetite and the establishment of effective risk controls. The approach to managing risk is described within the Risk Management Framework. In addition, the Company's Internal Capital Adequacy Assessment Process (ICAAP) is prepared and updated on an annual basis in accordance with the requirements of the Financial Conduct Authority (FCA) and CRD IV[13]. The main objective of the ICAAP is to inform the Board of the on-going assessment of the Company's risks, how to mitigate these risks and identify how much current and future capital is necessary, considering also various stress tests scenarios.

a) Market Risk

Market risk is defined as the risk of loss arising from changes in market risk factors. The main market risk factors are stock prices, foreign exchange rates, interest rates and commodity prices.

Market risk positions are managed in accordance with the Company's Risk Appetite statement and Risk Management Framework to ensure the Company has enough capital

[13] The Capital Requirements Directive (2013/36/EU) (CRD) and the Capital Requirements Regulation (575/2013) (CRR), called "CRD IV"

resources to support the calculated Market Risk Capital Requirement at all times.

The Company's real-time market position monitoring system allows it to monitor its market exposure against these limits continuously and manage the exposure with internal limits designed to mitigate the risk of breaching the Capital Adequacy Requirements. If exposures exceed these limits, the policy requires that hedging is undertaken to bring the exposure back within the defined limit.

The Company's net position in its trading book reflects a significant natural hedge as individual clients frequently take opposite trading positions in the same instruments. This is reflected in the Company's overall exposure which can vary significantly as it is highly dependent on clients' positions and underlying market conditions.

Although the own funds requirement for Market Risk increased 40% against prior year it remains well within the risk appetite. The main components of the market risk are presented below:

Risk Exposure Amount per Instrument Type	**2017 £'000**	2016 £'000
Foreign Exchange	**144,620**	95,025
Commodities	**5,922**	4,663
Equity	**36,649**	32,440
Debt instruments	**581**	1,651
Total exposure	**187,772**	133,779

i) Non- trading book interest rate risk

The Company is also exposed to interest rate risk arising from changes in interest rates paid or earned on assets and liabilities. Interest rate risk is felt on the Company's income on segregated and own funds.

All assets and liabilities have a re-pricing maturity of less than one year. Sensitivity analysis has not been presented as the impact of possible market movements on the Company's revenue is considered to be immaterial.

ii) Non- trading book foreign exchange risk

Transactional currency exposures arise in the normal course of business as most of the revenue of the Company is earned in Euros. The Board has decided to keep the cash at bank in Euro and convert into local currency as required for financing the operations.

The Company is exposed to foreign currency risk which arises from transactions giving rise to monetary assets and liabilities denominated in currencies other than the functional currency of the Company. The Company's net exposure to foreign exchange risk based on the carrying amounts for each of the major foreign currency exposures at each year-end was as follows:

At 31 December 2017	EURO £'000	USD £'000	CHF £'000
Debtors	3,029	2,172	62
Cash at bank and in hand	29,694	12,135	1,648
Investments	-	1,576	-
Creditors	(594)	(275)	(21)
	32,129	**15,608**	**1,689**

At 31 December 2016	EURO £'000	USD £'000	CHF £'000
Debtors	3,237	1,474	9
Cash at bank and in hand	19,840	11,993	1,339
Investments	-	1,999	-
Creditors	(828)	(383)	(15)
	22,249	**15,083**	**1,333**

The following sensitivity table demonstrates the effects of a 5% rise or fall in foreign currency exchange rates against GBP for each of the foreign currency exposures above on the Company profit before tax:

	At 31 December 2017		**At 31 December 2016**	
	Decrease in profit before tax if currency weakens 5%	Increase in profit before tax if currency strengthens 5%	Decrease in profit before tax if currency weakens 5%	Increase in profit before tax if currency strengthens 5%
	£'000	**£'000**	**£'000**	**£'000**
EURO	(1,531)	1,692	(1,059)	1,171
USD	(761)	841	(718)	794
CHF	(80)	89	(64)	70

iii) Interest rate risk

The Company does not have any interest-bearing borrowings nor does it pay any interest to customers on segregated funds. Accordingly changes in interest rates do not immediately affect the cost base.

The Company's own cash and client segregated funds are available on demand or at a short notice (1 month) and therefore only attract marginal level of interest at current interest rate levels. Thus, no sensitivity analysis is presented as interest rate risk has no material impact on the Company's results.

b) Credit Risk

The Company's credit risk is primarily attributable to its trade receivables and cash at bank and in hand. The majority of these balances are due from banks who are selected through a due diligence process to ensure the Company is dealing with appropriate counterparties. As at 31 December 2017, trade, other debtors and derivatives amounted to £6,529,000 (2016: £6,248,000), investments were £1,576,000 (2016: £1,999,000) and cash balances were £44,309,000 (2016: £33,916,000). Credit risk on customers trading is minimised by limiting the amount customers can trade relative to the money deposited in their account with the Company. In addition, the Company has mechanisms in place to reduce a customer's open trades so that losses are highly unlikely to exceed their relevant deposits. As a result, management believes credit risk to be low and monitors it on an on-going basis.

The Company has implemented a negative balance protection policy which writes off any negative amount should a customer account go into negative after an abrupt market movement. During the year, the Company has written off customer negative balances of £341,000 (2016: £761,000).

The maximum exposure to credit risk as at 31 December 2017 was £52,414,000 (2016: £42,163,000). There is no significant concentration of credit risk.

Financial assets subject to credit risk: for the purposes of the Company's disclosures regarding credit quality, financial assets subject to credit risk have been analysed as follows:

At 31 December 2017	Note	**Cash at bank and in hand** £'000	**Investments** £'000	**Trade, other debtors and derivatives** £'000	**Total** £'000
Neither past due nor individually impaired	(i)	44,309	1,576	6,529	52,414
Past due but not individually impaired	(ii)	-	-	-	-
Individually impaired	(iii)	-	-	-	-
Total		44,309	1,576	6,529	52,414
Impairment allowance		-	-	-	-
Total carrying amount		**44,309**	**1,576**	**6,529**	**52,414**

At 31 December 2016	Note	Cash at bank and in hand £'000	Investments £'000	Trade, other debtors and derivatives £'000	Total £'000
Neither past due nor individually impaired	(i)	33,916	1,999	6,248	42,163
Past due but not individually impaired	(ii)	-	-	-	-
Individually impaired	(iii)	-	-	-	-
Total		33,916	1,999	6,248	42,163
Impairment allowance		-	-	-	-
Total carrying amount		**33,916**	**1,999**	**6,248**	**42,163**

i) Financial assets subject to credit risk neither past due nor individually impaired:

Financial assets subject to credit risk that are neither past due nor individually impaired can be analysed according to the rating systems used by the Company when assessing customers and counterparties. The credit quality of financial assets subject to credit risk that were neither past due nor impaired, based on credit rating, was as follows:

At 31 December 2017	Strong £'000	Satisfactory £'000	Higher risk £'000	Total £'000
Cash at bank and in hand	44,309	-	-	44,309
Investments	1,576	-	-	1,576
Trade and other debtors	6,529	-	-	6,592
Total	**52,414**	**-**	**-**	**52,414**

At 31 December 2016	Strong £'000	Satisfactory £'000	Higher risk £'000	Total £'000
Cash at bank and in hand	33,916	-	-	33,916
Other Cash Equivalents	1,999			1,999
Trade and other debtors	6,248	-	-	6,248
Total	**42,163**	**-**	**-**	**42,163**

ii) Past due but not individually impaired:

As at 31 December 2017, no financial assets were past due but not impaired (2016: £Nil).

iii) Individually impaired:

As at 31 December 2017, no financial assets were individually impaired (2016: £Nil).

c) Liquidity Risk

In managing liquidity risk, the main objective of the Company is to ensure that it has the ability to pay all of its liabilities as they fall due. The Company monitors its levels of working capital to ensure that it can meet its obligations as they fall due. The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

31 December 2017	On demand	Less than three months	Three months to one year	More than one year	Total
	£'000	£'000	£'000	£'000	£'000
Financial assets					
Cash at bank and in hand	39,528	4,781	-	-	44,309
Other Cash Equivalents	1,576	-	-	-	1,576
Trade and other debtors	-	6,388	-	141	6,529
	41,104	11,169	-	141	52,414
Financial liabilities					
Trade and other creditors	-	1,057	-	-	1,057
Net liquidity surplus/(gap)	**41,104**	**10,112**	**-**	**141**	**51,357**

31 December 2016	On demand	Less than three months	Three months to one year	More than one year	Total
	£'000	£'000	£'000	£'000	£'000
Financial assets					
Cash at bank and in hand	19,740	14,176	-	-	33,916
Investments	1,999	-	-	-	1,999
Trade and other debtors	-	6,112	-	136	6,248
	21,739	20,288	-	136	42,163
Financial liabilities					
Trade and other creditors	-	1,348	-	-	1,348
Net liquidity surplus/(gap)	**21,739**	**18,940**	**-**	**136**	**40,815**

d) Capital Resources

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The above objective must be achieved in accordance with guidelines set by the FCA, the regulator for the Company. The FCA sets out the requirements for the Company in respect of the minimum level of capital it must hold at any point. In pursuing its primary objective, the Company also ensures that it is compliant with the FCA requirements.

In calculating regulatory capital, the Company's capital is analysed into Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital. Common Tier 1 capital is the core measure of a Company's financial strength from a regulator's point of view. It consists of the types of financial capital considered the most reliable and liquid, primarily being shareholders' equity.

The Company's Common Equity Tier 1 Capital consists of share capital and retained earnings, details are provided in the Strategic report. There have been no changes in the Company's management of capital during the year.

24 Financial instruments

The Company has the following financial instruments:

	2017	2016
	£'000	£'000
Financial assets measured at fair value through profit or loss:		
- Derivatives (note 14)	**2**	-
- Investments (note 15)	**1,576**	1,999
Financial assets measured at amortised cost (which approximates fair value):		
- Trade debtors (note 14)	**5,479**	5,161
- Other debtors (note 14)	**1,048**	1,087
Financial liabilities measured at fair value through profit or loss:		
- Derivatives (note 16)	**(20)**	(1)
Financial liabilities measured at amortised cost (which approximates fair value):		
- Trade creditors (note 16)	**(572)**	(790)
- Other creditors (note 16)	**(465)**	(558)

25 Contingent Liabilities

The company has been notified of an action relating to customer trading activity during the period 2013-2015. The company has received legal advice that the action is unlikely to succeed. No provision for any liability has been made in these financial statements. We are not able to make a reliable estimate of the claim for the purpose of this disclosure.

Country by country reporting

Independent auditors' report to the Directors of ActivTrades PLC

We have audited the accompanying schedule of ActivTrades PLC for the year ended 31 December 2017 ("the schedule"). The schedule has been prepared by the directors based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Directors' Responsibility for the schedule

The directors are responsible for the preparation of the schedule in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the schedule, and for such internal control as the directors determine is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the country-by-country information in the schedule as at 31 December 2017 is prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to the schedule, which describes the basis of preparation. The schedule is prepared to assist the directors to meet the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. As a result, the schedule may not be suitable for another purpose.

Our report is intended solely for the benefit of the directors of ActivTrades PLC. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
18 April 2018

ACTIVTRADES PLC

COUNTRY BY COUNTRY REPORTING (continued)

The following table is disclosed to capture the requirements of Article 89 relating to country-by-country reporting (CBCR) of the Capital Requirements Directive IV (CRDIV), which was enacted as a result of the Capital Requirements (Country-by-Country) Reporting Regulations 2013 (Statutory Instrument 2013 No. 3118).

Jurisdiction	Number of employees	Turnover	Profit (or loss) before tax	Accounting tax charge (credit)	Cash tax paid on profit or loss	Public subsidies received	Description of activities	List of entities
UK	97	£33,124,000	£8,505,000	£1,450,000	£1,685,000	No	Financial Derivatives broker	ActivTrades PLC
Bulgaria	107	£6,223,000	£4,940,000	£510,000	£446,000	No	IT, Risk, Compliance, Client Services	ActivTrades PLC
Italy	6	£630,000	£55,000	£18,000	£20,000	No	Compliance, Client Services	ActivTrades PLC
Dubai	4	£471,000	£35,000	£0	£0	No	Compliance, Client Services	ActivTrades PLC
Group Total	214	£40,448,000	£13,535,000	£1,978,000	£2,151,000	No	Financial Derivatives broker	ActivTrades PLC