ACTIVTRADES PLC

Company's registered number: 05367727

ACTIVTRADES PLC

Annual Report

For the year ended 31 December 2021

ACTIVTRADES PLC

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ACTIVTRADES PLC

DIRECTORS AND ADVISERS

DIRECTORS

J Reed	Non-Executive Chairman
P Storey	Non-Executive Director
A Pusco	Chief Executive Officer
A Draghi	Deputy Chief Executive Officer
A Gho	Chief of Staff

SECRETARY
J Silvester

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STRATEGIC REPORT

The directors present their strategic report on ActivTrades PLC (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2021. 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 Forex, Indices, Financials, Commodities and Equities. In 2018 the service offering was extended to cover loans to business customers.

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.

It has three broker subsidiaries; ActivTrades Corp, authorised and regulated by The Securities Commission of the Bahamas; ActivTrades Europe S.A., authorised and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") in Luxembourg, and ActivTrades CCTVM, authorised by the Central Bank of Brazil ("BACEN") and regulated by the Securities Commission of Brazil ("CVM")

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 2021 the Group made a profit after tax of £3.4m (2020: 18.8m). The profit before tax for the financial year was £4.1m (2020: £21.8m).

At 31 December 2021, Shareholder's funds were £70.7m (2020: £68.8m). Turnover for 2021 was £29.9m (2020: £46.5m).

The comparatively weaker revenues and profits represents both a slightly below forecast 2021 but also the exceptional year the business had in 2020 due to the higher market volatility. The firm acts as market maker and as such can be more exposed to bigger variances in revenue.

The Group's direct cost of sales fell 10% to £2.5m (2020: £2.8m), while total administrative expenses .(excluding FX revaluations) rose 8% to £26.1m (2020: £24.0m), representing the expanding operations of the business.

Net interest income increased in 2021 by 41% to £3.5m (2020: 2.5m).

Key performance indicators

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

The Group identified 116,396 new potential clients in 2021, of which 7,952 became customers with funded accounts through the year, a 3% fall from 2020. The Group had 19,448 clients actively trading at the end of the year[1]. This was up 12% from 17,421 at the end of 2020.

During 2021, total deposits from clients equalled £95.7m (2020: £132.1m) and total withdrawals £52.7m (2020: £73.9m). This leaves net deposits 26% down in 2021 at £43.0m (2020: £58.2m).

Trading volume, measured as the total notional value traded by Group's customers, averaged 67.8 yards (USD bn) for 2021, 17% up on 2020.

Overall strategy

The Group's strategy is to retain its customer base through providing excellent customer service, as well as reaching out to more customers via direct marketing campaigns and promotions in the local markets in which it operates. The Group will continue to innovate and to provide new financial products for its customers.

As the customer base has gradually become more spread out across the world and demand has continued to grow, the Group has established entities outside of its headquarters in London. At the beginning of 2021, ActivTrades Europe S.A. became operational which allowed the Group, post Brexit, to maintain its European passporting licence. From 1 January 2021, all customers from with the EU are guided to onboard with the Luxembourg entity, as well as a large proportion of existing EU clients being transfers. At the end of 2021, ActivTrades CCTVM in Brazil received authorisation from the Central Bank of Brazil, and it hopes to begin operations midway through 2022. Along with ActivTrades Corp in the Bahamas, this will mean that ActivTrades will have four broker licenses across the world.

The Group also aims to keep building out its specialist lending business, which focuses on unregulated short-term real estate loans written to UK domiciled borrowers. This business is now providing a significant diversified income stream for the Group. So far this has been achieved primarily through capitalising on the Group's cash reserves, however now that the lending business is more established, it is hoped to seek external funding to increase the loan book further.

Marketing strategy

ActivTrades' successful marketing approach consists of reaching potential customers through extensive knowledge of our customers, target market, research, customer profiling, competitor analysis, demographics, interests, performance and much more.

ActivTrades targets 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 targets customers who are financially literate individuals with middle to high

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

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 Group has had a high market share in occidental European countries. In the last few years, the Group has invested more heavily in acquiring clients from within newer markets such as the Middle East, South East Asia and Latin America, in order to develop the opportunities in these markets to their full potential.

Stakeholder Engagement

The Directors act in a way that they consider, in good faith, to be most likely to promote the success of the Group for the benefit of its members as a whole, and in so doing have regard, amongst other matters, to:

- the likely long term consequences of any decision;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

The Group has identified the following key stakeholders.

Customers

We aim to build trust by offering innovative products and services, with an excellent customer experience, such that customers feel comfortable to not only recommend us to others, but also to challenge us.

The Group has developed a range of KPIs around customer experience to inform the Board about what is working and where deficiencies may lie, e.g. timeliness of support or quality of trade execution. These are reported upwards to the Business Risk and Credit Committee, the Risk and Compliance Committee and to the Board. The thresholds are tested regularly. One large project the Group has undertaken is to develop a proprietary trading platform, ActivTrader, offered free to customers which testifies to the Group's commitment to innovation and end-user experience.

At the heart of our business is the protection of our client's money. In this regard we not only uphold the normal regulatory rules but give further comfort to our customers through measures such as additionally insuring client balances individually up to £1,000,000 at no cost to our customers. This is something we have replicated across our subsidiaries even in cases where there is no market for the insurance at the outset.

Ultimately, as an FCA-regulated firm, we are duty bound to strictly adhere to all FCA rules which includes FCA Conduct Rules, FCA Principles for Business, FCA Consumer Outcomes (which contains Treating Customers Fairly ('TCF')), and Client Money and Asset Rules.

Colleagues
We promote and maintain a diverse and inclusive workforce in which colleagues of all backgrounds are treated equally and supported to achieve their potential within a positive, values-based culture.

The Group offers a well-balanced benefits package which is designed to promote a healthy work life balance through a variety of schemes; cycle to work, corporate gym membership, cinema, city bikes, private healthcare and dentistry.

The Group also supports the professional development of its personnel with accredited qualifications.

Society and the Environment
As the business has expanded globally in recent years, we have tried to choose offices that are rated as energy efficient. In addition, we have well-established waste management procedures where, in the first instance waste is minimised through technological initiatives such as a managed print solution and then, materials such as paper, cardboard, aluminium certain plastics are recycled.

Business travel is only embarked on when necessary, with technological substitutes used instead such as video conferencing. We provide UK employees with access to the Cycle to Work Scheme and season ticket loans for public transport, incentivising the use of energy efficient means of transport.

Over the years, the Group has donated to causes which it has a personal connection to and will continue to do so in the future.

Suppliers
The relationships ActivTrades holds with its third party vendors are critical to the business' success. This is managed through careful vendor selection, good communication and fair terms and conditions.

The Group tries to work with its suppliers to improve each other's processes, providing timely, constructive feedback which ultimately creates a better working environment.

Regulators
The Group is regulated in the UK by the FCA, in Bulgaria by Financial Supervision Commission ("FSC"), in Italy by Commissione Nazionale per le Società e la Borsa ("CONSOB"), in Bahamas by the Securities Commission of Bahamas, in Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF") and in Brazil by the Securities Commission ("CVM").

The Group maintains a cordial relationship with regulators in all the jurisdictions which it operates and adopts the approach of relating with regulators in an open and transparent manner. The Group believes openness, disclosure and transparency are key principles of good regulation in the furtherance of market discipline, improving and protecting customers, regulated community and the general public.

ActivTrades innovatively enhances its internal systems and controls environment to comply above-board with various jurisdictional requirements, cutting across risk management and adequate capitalisation at all times. One example is the live risk management tool which tracks key risks such as credit & counterparty risk, market risk and capital adequacy ratios to be generally pro-active in risk management as opposed to being reactive. The Group adopts this approach of real-time risk management because it recognises the importance of setting industry-standards to ultimately protect investor funds and most importantly limit the untimely collapse of financial service firms which damages the trust placed by consumers in the financial services industry.

All five stakeholders are critical to the success of the Group and hence the board is pro-actively engaged in promoting and fostering the long term development of these relationships. Making consistently fair decisions in collaboration with all parties builds trust and furtherance of shared goals.

This is demonstrated by ActivTrades' own history in which it has grown organically since 2001, utilising its own capital and reserves and not relying on debt or any form of external funding. Many of the relationships with colleagues, clients and suppliers have been retained through this journey.

Regulatory changes

On 31 January 2020, the United Kingdom left the European Union with the transition period ending on 31 December 2020. Although there was eventually a deal made between the UK and the EU, this did not and still does not include any equivalence arrangements for financial services or anything specific to our industry. In anticipation of this scenario, the Group established a subsidiary in Luxembourg which was granted its license in December 2020. This subsidiary is used for the Group's EU business.

The ESMA regulatory changes for the marketing, distribution or sale of CFDs to retail investors, which were implemented on 1 August 2018 have also been renewed through 2021 and there is no indication that they will lapse or that the UK will diverge post Brexit. Although this has restricted the volumes traded by clients of both our UK and Luxembourg entities, the Group continue to operate at a more than sustainable level within Europe and have diversified the broker business through opening subsidiaries in the Bahamas and Brazil. In 2018 the Group used its substantial cash balance to begin real estate lending, which has now grown to become a significant part of the business, providing diversified revenue streams.

On 26 February 2021, the Securities Commission of The Bahamas Contracts for Differences Rules 2020 came into effect. The new rules resulted in two significant changes; the reduction of the leverage from 1:400 to 1:200 and the introduction of the elective professional client class. A client can now elect to reclassify as a professional once certain criteria have been met. This was expected and the new rules have not materially impacted our business.

The EU Investment Firms Regulation and Directive ("IFR/IFD") took effect from 26 June

2021 for investment firms within the EU. The UK Investment Firms Prudential Regime ("IFPR"), which is based on the EU regime but with certain adaptations for UK markets, came into effect slightly later on 1 January 2022. The regimes impact capital and liquidity requirements, prudential reporting and disclosure, remuneration and supervision for ActivTrades Europe S.A. in Luxembourg and ActivTrades PLC in the UK. As a Group, ActivTrades welcomes the new rules as being more geared to its business and having analysed and implemented the new rules we do not expect any adverse material impact on the business.

Principal risks and uncertainties

Systems and controls are in place to manage and mitigate risks at all times. The Group 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 Group: Operational risk, Strategic and Business risk, Credit risk, Market risk and Liquidity risk.

COVID-19 Response

The Group has continued to monitor the developing global situation with regards to the spread of COVID-19 carefully since the initial reports at the start of 2020. It has introduced a range of measures to ensure that the Group continues to trade whilst protecting the interests of all stakeholders.

In particular, the Group has focused on the ongoing health and welfare of its employees and their families, while continuing to deliver an excellent customer experience through delivery of its normal range of products and services. The Group has maintained regular contact with its key suppliers and is satisfied that they are able to continue to provide the Group with the appropriate level of service.

Throughout the pandemic, the Group has worked to support its employees to enable them to continue working safely and effectively from home. At the beginning 2022, with the relaxation of restrictions imposed on individuals and companies, the Group have supported a return to the office.

Operational results during this period have been good with strong trading flows and deposit levels. The Group remains strongly capitalised, highly liquid and in a position to continue normal trading for the foreseeable future. That notwithstanding, the Board will continue to meet regularly to keep the global situation under review and take whatever further action may be required.

Pillar 3 Disclosure

Financial risk management objectives and policies are discussed in further detail in note 24 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)[2].

Background
As a UK Investment Firm, during the year of this report, the Company falls within the

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

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. As mentioned above, from 1 January 2022, the UK firm will be under the new UK IFPR.

The paragraphs below, including any figures, are with respect to the Company, ActivTrades PLC, as this is for whom the Directive applies. However, the paragraphs and figures in note 24 on Financial Risk Management are from a Group perspective.

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).
- 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 PLC 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. The main risks facing the Company are operational, strategic, business, credit, market and liquidity. 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[3] 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 £61,789,000 as of 31 December 2021.

Business and strategic 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 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 on cash held at regulated international credit institutions, as well as on loans secured on real estate assets. The Company does not extend credit to its CFD 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 during periods of extreme intra-day market movements, for which the Company operates a policy of negative account protection to the clients. The Company's risk weighted exposure amount for credit and counterparty credit risk as at 31 December 2021 was £95,108,000, of which £63,120,000 arose from the lending business[4]. The Company's credit risk exposure is calculated as per the "Standardised Approach"[5].

Market risk
The Company's major risk arises from its market making positions in CFDs, primarily in foreign currencies and equity indices; therefore, the Company's principal market risk is its foreign exchange and equities risk. The Company at all times has systems in place to monitor its exposures to market risk on a real-time basis, 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[6]. The Company's total market risk exposure amount as at 31 December 2021 was £113,972,000.

Liquidity risk

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[3] According to Part 3, Title III, Chapter 2 of CRR L321/199 Official Journal of the European Union.
[4] The credit and counterparty risk figures are as per the Company's COREP filing of Q4 2021.
[5] According to Part 3, Title II, Chapter 2 of CRR L321/199 Official Journal of the European Union.
[6] According to Part 3, Title IV of CRR L321/199 Official Journal of the European Union.

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 to ensure that liquidity is well monitored. There are no concerns of a shortage of cash in the current business model, and the Company's current ratio[7] was 3,593% at 31 December 2021.

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 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 or Tier 2 Capital, therefore the CET1 Capital is equal to Total Capital. According to CRR regulation the Total Capital Ratio should exceed 8%.

The following table summarises the Company's regulatory capital resources as at 31 December 2021. The Company's capital management is reviewed further in note 24 to the financial statements.

	(Audited) £'000
Ordinary Shares	500
Previous years retained earnings	68,167
Current year profit after tax	3,861
Dividends	(1,500)
Intangible assets	(1)
CET1 Capital	**71,027**
Own Funds	**71,027**

Total risk exposure is the sum of operational risk exposure, market risk exposure and the risk-weighted exposure amounts for credit and counterparty risk[8]. As at 31 December 2021 the Company's Total Risk Exposure amount was £270,884,000 and the CET1 Capital Ratio was 26.2%[9]. Therefore, the surplus of Total Capital was £49,356,000.

	£'000
CET1 Capital ratio	**26.2%**
Surplus(+)/Deficit(-) of CET1 capital	58,837
T1 Capital ratio	**26.2%**
Surplus(+)/Deficit(-) of T1 capital	54,774
Total Capital ratio	**26.2%**
Surplus(+)/Deficit(-) of total capital	49,356

[7] Current assets divided by current liabilities.
[8] It also includes a risk exposure amount of £14,000 for Credit Valuation Adjustment according to Part 3, Title VI Article 384 of CRR L321/199 Official Journal of the European Union.
[9] The numbers reported above are as per values reported on the COREP return submitted for Q4 2021.

STRATEGIC REPORT (continued)

Under Pillar 2 requirements of the FCA's IFPRU Sourcebook[10], 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 requirement of £9,318,000 in addition to the Pillar 1 as of 31 December 2021.

Remuneration Code
For the purposes of the "Remuneration Code" the Company is classified by the FCA as a proportionality level 3 Firm.

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 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 2021, 13 employees were classified as code staff: being the three executive directors of the Company as well as the Chief Information Officer, Head of Risk, Head of Compliance, Head of Finance, Head of Internal Audit, Head of Sales, Head of Lending, the Sofia Branch Manager and two senior sales staff. Their aggregate remuneration in 2021 amounted to £1,560,884 of which £337,189 were bonus payments (2020: £1,235,188 and £240,741 respectively).

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

The financial statements on pages 19 to 49 were approved by the Board of Directors on 6 April 2022 and signed on its behalf by Alessandro Gho.

Alessandro Gho
Director
6 April 2022

Company's registered number: 05367727

[10] IFPRU 2.1-2.2.

ACTIVTRADES PLC

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2021.

Going concern

The conclusion drawn by the directors is that they expect the Company to be a going concern for the foreseeable future. The Board is confident that the firm will continue to be profitable and has adequate systems and controls to manage the risks resulting from the growth of the business. The Board continues to be committed to enhance its risk management and controls when necessary.

Business risk management

The Group applies the "three lines of defence" model. Committees at Board and Management level establish standards for the control and governance of the Group.

Branches outside the UK

During 2021 ActivTrades PLC operated two foreign branches, in Italy and Bulgaria.

The branch in Milan (Italy) was established in 2011 to support the promotion of ActivTrades to Italian customers and to better meet local administrative issues, although the Group undertakes majority of its client-service activities through the headquarters in UK. The branch was closed down at the beginning of 2021, following Brexit, at which point all its assets were transferred to a new Milan branch of ActivTrades Europe S.A., a Luxembourg subsidiary of ActivTrades PLC.

The branch in Sofia (Bulgaria) was established in April 2012. This branch handles all the technology aspects of ActivTrades' business, as well as the responsibility for risk control, and some client services. During 2021, the average headcount was 99 (2020: 96) with almost half of its employees 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.

Subsidiaries outside the UK

A subsidiary in Bahamas, ActivTrades Corp, was established in August 2017 and became operational in June 2018. This subsidiary continues to provide online trading services to worldwide customers with a focus on Latin America and Asia.

A subsidiary in Luxembourg, ActivTrades Europe S.A. received its broker license in December 2020 and began trading in January 2021. This entity allows the ActivTrades Group to continue to provide sales, support and marketing to its European customer base following Brexit.

Two subsidiaries in Brazil were established during 2021: a holding company, ActivTrades Brasil Participacoes LTDA and associated trading entity, ActivTrades CCTVM. The CCTVM received its broker license in December 2021 and should begin onboarding customers midway through 2022.

A subsidiary, ActivTrades SPV No 1 Ltd, was incorporated in July 2021. This special purpose vehicle was established to enable further lending.

All subsidiaries are included in the consolidated Group financial statements. Additional information on these subsidiaries are included in Note 14 to the financial statements.

Future developments

The Group will continue to pursue the acquisition of retail and professional clients through direct 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 Group, alongside a desire to grow the current business and expand the range of products and services offered to clients.

We hope that the newly established entities in Luxembourg and Brazil will help the Group expand its customer base.

ActivTrades PLC's lending business has grown substantially in 2021, with its loan portfolio now standing at £49.2m (2020: £30.8m) and the firm is confident it can continue to expand its loan portfolio into 2022 and beyond.

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
A Pusco	Chief Executive Officer
A Draghi	Deputy Chief Executive Officer
A Gho	Chief of Staff

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

Research and development

The Company has claimed a small and medium enterprise research and development tax relief for the year 2021. A proportion of the Company's activity has been identified as qualifying R&D in accordance with Part 13 CTA 2009 and the BEIS Guidelines because it comprises activities aimed at developing new or appreciably improved technology through the resolution of technological uncertainties. The Company has therefore claimed enhanced R&D tax deductions under the SME regime for the qualifying costs incurred in carrying out these activities.

Total qualifying expenditure for research and development was £950,168 during 2021 (2020: £856,727).

Dividend

Dividends totalling £1,500,000 were paid by the Group in 2021 (2020: £nil). The Directors also approved an interim dividend of £2,000,000 on 8 March 2022, see note 23, events after the reporting date.

Employees

The average Group headcount for 2021 was 221, compared with 203 in 2020.

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 Group continues and the appropriate training is arranged. It is the policy of the Group 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 in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements 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).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

ACTIVTRADES PLC

DIRECTORS' REPORT (continued)

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- So far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting.

The financial statements on pages 19 to 49 were approved by the Board of Directors on 6 April 2022 and signed on its behalf by Alessandro Gho.

Alessandro Gho
Director
6 April 2022

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 group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's and company's profit and the group's 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 consolidated and company statements of financial position as at 31 December 2021; the consolidated income statement and statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company 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 group 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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 group and company and their 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 in respect of the financial statements, 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 group's and 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 group or 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the rules of the Financial Conduct Authority and applicable tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws & regulations and fraud;

- Reviewing minutes of meetings of those charged with governance and internal audit reports;
- Reviewing key correspondence with the Financial Conduct Authority;
- Identifying and testing journal entries meeting certain risk-based criteria, including unusual account combinations; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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 obtained 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Ajay Kabra

Ajay Kabra (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 April 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	**2021** **£'000**	2020 £'000
Turnover	**7**	**29,865**	46,474
Cost of Sales		**(2,502)**	(2,794)
Gross Profit		**27,363**	43,680
Administrative Expenses	**8**	**(26,758)**	(24,417)
Operating Profit		**605**	19,263
Interest Income		**3,530**	2,498
Interest Expense		**(9)**	-
Profit before taxation	**8**	**4,126**	21,761
Tax on Profit	**10**	**(685)**	(2,993)
Profit for the financial year		**3,441**	18,768

The results shown above are derived wholly from continuing operations.

The notes on pages 25 to 49 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 £'000	2020 £'000
Profit for the financial year	**3,441**	18,768
Total comprehensive income for the financial year	**3,441**	18,768

The results shown above are derived wholly from continuing operations.

The notes on pages 25 to 49 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		ActivTrades Group		ActivTrades PLC	
	Note	**2021**	2020	**2021**	2020
		£'000	£'000	**£'000**	£'000
Fixed assets					
Intangible assets	12	**1**	3	**1**	3
Tangible assets	13	**439**	195	**78**	85
Subsidiary Undertakings	14	**-**	-	**5,428**	4,255
		440	198	**5,507**	4,343
Current assets					
Investments	15	**1,484**	-	**1,484**	-
Debtors	16	**9,938**	9,913	**10,999**	11,652
Cash at bank and in hand		**12,642**	30,587	**5,767**	24,259
Loans and Advances to Customers	17	**49,155**	30,766	**49,147**	30,766
		73,219	71,266	**67,397**	66,677
Creditors: amounts falling due within one year	18	**(2,956)**	(2,702)	**(1,876)**	(2,353)
Net current assets		**70,263**	68,564	**65,521**	64,324
Total assets less current liabilities		**70,703**	68,762	**71,028**	68,667
Net assets		**70,703**	68,762	**71,028**	68,667
Capital and reserves					
Called up share capital	19	**500**	500	**500**	500
Profit for the year attributable to the owners		**3,441**	18,768	**3,861**	18,753
Dividends Paid	11	**(1,500)**	-	**(1,500)**	-
Retained Earnings	20	**68,262**	49,494	**68,167**	49,414
Total Equity		**70,703**	68,762	**71,028**	68,667

The notes on pages 25 to 49 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 6 April 2022 and were signed on its behalf:

Alessandro Gho
Director
Company registration no: 05367727

CONSOLIDATED STATEMENT OF CASH FLOWS

For year ended 31 December 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Profit before taxation:	**4,126**	21,761
Adjustments for:		
Amortisation of intangible assets	**2**	3
Depreciation of tangible assets	**175**	207
Interest income	**(3,530)**	(2,498)
Exchange gains	**(1,197)**	(237)
Net (increase) in value of investments	**(6)**	-
Changes in:		
(Increase) in loans and advances to customers	**(17,744)**	(10,443)
Decrease/(increase) in other receivables	**365**	(2,866)
Increase/(decrease) in payables	**682**	(67)
Interest received	**2,885**	2,108
Income taxes paid	**(1,258)**	(2,478)
Income tax refund received	**106**	1,180
Net cash (used in)/generated from operating activities	**(15,394)**	6,670
Cash flows from investing activities		
(Purchases) of intangible assets	-	-
(Purchases) of tangible assets	**(419)**	(48)
(Purchases) of investments	**(1,438)**	-
Net cash used in from investing activities	**(1,857)**	(48)
Cash flows from financing activities		
Dividends paid	**(1,500)**	-
Net cash used in financing activities	**(1,500)**	-
Net (decrease)/increase in cash at bank and in hand	**(18,751)**	6,622
Exchange gains on cash at bank and in hand	**806**	499
Cash and cash equivalents at beginning of year	**30,587**	23,466
Cash and cash equivalents at end of year	**12,642**	30,587

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows.

The notes on pages 25 to 49 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For year ended 31 December 2021

	Called up share capital	Profit and loss account	Total
	£ '000	£ '000	£'000
At 1 January 2020	**500**	**49,494**	**49,994**
Profit and total comprehensive income for the financial year	-	18,768	18,768
Dividends paid	-	-	-
At 31 December 2020	**500**	**68,262**	**68,762**
Profit and total comprehensive income for the year	-	3,441	3,441
Dividends paid	-	(1,500)	(1,500)
At 31 December 2021	**500**	**70,203**	**70,703**

The notes on pages 25 to 49 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For year ended 31 December 2021

	Called up share capital	Profit and loss account	Total
	£ '000	**£ '000**	**£'000**
At 1 January 2020	**500**	**49,414**	**49,914**
Profit and total comprehensive income for the financial year	-	18,753	18,753
Dividends paid	-	-	-
At 31 December 2020	**500**	**68,167**	**68,667**
Profit and total comprehensive income for the year	-	3,861	3,861
Dividends paid	-	(1,500)	(1,500)
At 31 December 2021	**500**	**70,528**	**71,028**

The notes on pages 25 to 49 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

ActivTrades PLC ('the Company') and its subsidiaries (together 'the Group') is a financial markets broker which specialises in offering customers online trading of contracts for difference ("CFD") and spread betting in Forex, Indices, Financials, Commodities and Equities. Since April 2018, the service has diversified to cover loans to business customers.

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

Its subsidiary, ActivTrades Corp is authorised and regulated by The Securities Commission of the Bahamas and its permissions allows it to provide services to non-Bahamian customers.

Its subsidiary, ActivTrades Europe S.A. is authorised and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") in Luxembourg and its permissions allow it to passport its license across the EU.

Its subsidiary, ActivTrades CCTVM is authorised by the Central Bank of Brazil ("BACEN") and regulated by the Securities Commission ("CVM"), allowing it to market and provide services to Brazilian 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

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

The Group's financial statements are presented in Pound Sterling (GBP). The Company's functional and presentation currency is Pound Sterling.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

The Company has also taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

3 Going concern

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

4 Basis of Consolidation

The Group consolidated financial statements include the financial statements of the Company and its subsidiaries, ActivTrades Corp, ActivTrades Europe S.A., ActivTrades Brasil Participacoes LTDA, ActivTrades CCTVM and ActivTrades SPV No 1 Ltd made up to 31 December 2021.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

5 Significant estimates

Preparation of the Group and Company financial statements may require 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

This has been done in line with the license agreement at the time. 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 loans and advances to customers, 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.

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) Impairment of financial assets

On an ongoing basis, the Group assesses whether there is objective evidence that a loan or other receivable is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that may have occurred after the initial recognition of the asset which negatively impacts the estimated future cash flow of the financial asset. The impact needs to be able to be reliably estimated.

The criteria that the Group uses to determine whether there is objective evidence of impairment loss include but are not limited to, the following:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Deterioration in the value of the collateral secured; and
- Initiation of Bankruptcy/administration proceedings.

On investigation, if there is objective evidence that an impairment loss on a financial asset has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

When a loan becomes uncollectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Any subsequent recoveries of amounts previously written off will offset the amount of the provision for loan impairment in the income statement.

iii) 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.

iv) Derivatives

Customer positions in CFDs and spread betting where the Group acts as principal are classified as financial instruments and are 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 requiring segregation. If a customer makes a loss there will be a decrease in the customer funds requiring segregation.

Because the Group 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 Group'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 Group's profit and loss account within Revenue in the period in which it arises.

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

Positions in CFDs and other financial products between the Group and its counterparties in relation to the Group'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 16 (Debtors) and 18 (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 Group. 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 Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 Group 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 customer loans, segregated broker customer funds, bad debts due to the negative 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

The Group financial statements are presented in Pound Sterling (GBP) and rounded to thousands.

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.

Translation
The trading results of Group undertakings are translated into sterling at the spot rate at the dates of the transactions. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year end. The same exchange rates are used across the Group.

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:

	2021	2020
	£'000	£'000
Europe	**19,890**	37,100
Rest of the World	**9,975**	9,374
	29,865	46,474

Turnover, analysed by category, was as follows:

	2021	2020
	£'000	£'000
Trading gains and losses	**29,361**	46,443
Fee income on loans to customers	**504**	31
	29,865	46,474

8 Profit before taxation

The profit before taxation is stated after:

	2021 £'000	2020 £'000
Staff costs (note 9)	**10,918**	10,781
Marketing and IT	**6,523**	6,105
Legal & Professional	**3,113**	2,266
Foreign exchange losses	**852**	481
Operating lease rentals	**989**	1,180
Depreciation & Amortisation	**177**	210
Other Administrative Costs	**4,186**	3,394
	26,758	24,417

	2021 £'000	2020 £'000
Auditors' remuneration:		
Fees payable to the Groups' auditors for the audit of the Group's annual financial statements	**118**	104
Fees payable to the Group's auditor and its associates for other services:	**146**	250
Audit of the Company's subsidiaries/branches	**37**	36
Regulatory and other services	**51**	149
Tax compliance services	**33**	39
Audit-related assurance services	**25**	25
Fees payable for external audits of subsidiaries by other firms	**42**	0
Fees payable to the Group's internal auditor	**43**	124

9 Employees and Directors

Staff costs during the year were as follows:

	2021 £'000	2020 £'000
Wages and salaries	**9,663**	9,511
Social security costs	**983**	1,070
Other pension costs	**272**	200
	10,918	10,781

The Group recognises leave pay accruals, representing holiday balances accrued as a result of services rendered in the current year 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 Group 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 £272,000 (2020: £200,000).

Employees

Group

The average monthly number of persons (including directors) employed by the Group during the year was:

	2021 Number	2020 Number
Sales and trading	**51**	58
Processing and administration	**176**	145
	227	203

Company

The average monthly number of persons (including directors) employed by the Company during the year was:

	2021 Number	2020 Number
Sales and trading	**32**	51
Processing and administration	**133**	126
	165	177

Directors

Group

Remuneration in respect of the Group's directors was as follows:

	2021 £'000	2020 £'000
Emoluments	**715**	530
Pension contributions to pension schemes	**3**	4
Sums paid to third parties for directors' services	**93**	96
	811	630

During the year two directors (2020: one) participated in pension schemes.

Company

Remuneration in respect of the Company's directors was as follows:

	2021 £'000	2020 £'000
Emoluments	**425**	360
Pension contributions to pension schemes	**-**	2
Sums paid to third parties for directors' services	**93**	96
	518	458

During the year no directors (2020: one) participated in pension schemes.

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

	2021 £'000	2020 £'000
Emoluments	**197**	197
Pension contributions to pension schemes	**-**	-
	197	**197**

Qualifying third party indemnity insurance was in place throughout the financial year for the benefit of all directors.

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

Group

	2021 £'000	2020 £'000
Salaries and other short-term benefits	**1,893**	1,514
Pension contributions to pension schemes	**44**	43
	1,937	1,557

Company

	2021 £'000	2020 £'000
Salaries and other short-term benefits	**1,341**	1,244
Pension contributions to pension schemes	**41**	40
	1,382	1,284

10 Tax on profit

The reconciliation is shown below:

	2021 £'000	2020 £'000
UK corporation tax	**553**	2,595
Adjustments in respect of previous periods	**6**	(10)
Overseas subsidiaries corporation tax	**21**	-
Overseas branches corporation tax	**105**	413
Total current tax	**685**	**2,998**
Deferred tax: credit	**-**	(5)
Tax on profit	**685**	**2,993**

The tax claim assessed for the year is the standard rate of corporation tax in the UK at 19% (2020: 19%). The differences are explained as follows:

Profit before taxation	**4,126**	21,761
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	784	4,135
Expenses not deductible for tax purposes	77	53
Adjustments in respect of previous periods	6	(10)
Adjustments in respect of R&D	(235)	(212)
Pension contribution deductible on paid basis	5	(3)
Capital Assets expenses	5	2
Capital allowances in excess of depreciation	2	4
Impact of overseas tax rates	76	(3)
Foreign branch exemption adjustments	(161)	(1,386)
Overseas subsidiaries corporation tax	21	-
Overseas branches corporation tax	105	413
Tax on profit	**685**	**2,993**

There was no unrecognised deferred tax asset as at 31 December 2021 (2020: £nil).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This rate was substantively enacted on the 24 May 2021, however the effects of the rate change are immaterial to the financial statements as at the 31 December 2021 Balance Sheet Date.'.

11 Dividends

	2021 £'000	2020 £'000
Dividends paid during the year	**1,500**	-

12 Intangible assets

Group	**Software licenses £'000**	**Total £'000**
Cost		
At 1 January 2021	32	32
Additions	-	-
Disposals	-	-
At 31 December 2021	**32**	**32**
Amortisation		
At 1 January 2021	(29)	(29)
Disposals	-	-
Provided in the year	(2)	(2)
At 31 December 2021	**(31)**	**(31)**
Net book amount at 31 December 2021	**1**	**1**
Net book amount at 31 December 2020	3	3

Company	**Software licenses £'000**	**Total £'000**
Cost		
At 1 January 2021	32	32
Additions	-	-
Disposals	-	-
At 31 December 2021	**32**	**32**
Amortisation		
At 1 January 2021	(29)	(29)
Disposals	-	-
Provided in the year	(2)	(2)
At 31 December 2021	**(31)**	**(31)**
Net book amount at 31 December 2021	**1**	**1**
Net book amount at 31 December 2020	3	3

13 Tangible assets

Group	Computer equipmen t £'000	Office furnitur e £'000	Leasehold improve-ments £'000	Total £'000
Cost				
At 1 January 2021	1,021	164	122	1,307
Additions	204	155	60	419
Disposals	-	(3)	(2)	(5)
At 31 December 2021	**1,225**	**316**	**180**	**1,721**
Depreciation				
At 1 January 2021	(865)	(137)	(110)	(1,112)
Disposals	-	3	2	5
Provided in the year	(122)	(37)	(16)	(175)
At 31 December 2021	**(987)**	**(171)**	**(124)**	**(1,282)**
Net book amount at 31 December 2021	**238**	**145**	**56**	**439**
Net book amount at 31 December 2020	156	27	12	195

Company	Computer equipment £'000	Office furniture £'000	Leasehold improve-ments £'000	Total £'000
Cost				
At 1 January 2021	834	84	90	1,008
Additions	57	5	4	66
Disposals	(13)	(8)	(5)	(26)
At 31 December 2021	**878**	**81**	**89**	**1,048**
Depreciation				
At 1 January 2021	(751)	(85)	(87)	(923)
Disposals	-	-	3	3
Provided in the year	(49)	4	(5)	(50)
At 31 December 2021	**(800)**	**(81)**	**(89)**	**(970)**
Net book amount at 31 December 2021	**78**	**-**	**-**	**78**
Net book amount at 31 December 2020	83	(1)	3	85

14 Subsidiary Undertakings

The list of subsidiaries is as follows:

Name	Address of the registered office	Nature of business	Interest
ActivTrades Corp	209 & 210 Church Street, Olde Towne, Sandyport, West Bay Street, Nassau, New Providence, SP 64388, The Bahamas.	Financial Derivatives broker	100% ordinary shares
ActivTrades Europe S.A.	52, route d'Esch L-1470 Luxembourg	Financial Derivatives broker	100% ordinary shares
ActivTrades Brasil Participacoes LTDA	Avenida Mauro Ramos, n. 1512, Atico n. 01 e n. 02, Centro, Florianópolis, Santa Catarina, 88.020-302, Brazil	Holding Company	100% ordinary shares
ActivTrades CCTVM	Avenida Mauro Ramos, n. 1512, Atico n. 01 e n. 02, Centro, Florianópolis, Santa Catarina, 88.020-302, Brazil	Financial Derivatives broker	100% ordinary shares
ActivTrades SPV No 1 Ltd	1 Thomas More Square London E1W 1YN	Special Purpose Vehicle	100% ordinary shares

All subsidiaries are included in these consolidated financial statements.

15 Investments

Group and Company

	2021	2020
	£'000	£'000
Investments	**1,484**	-
	1,484	-

Investments consist of one USD denominated 92-day term liquidity fund with a high-grade rating valued at £1,484,000. This investment was made during 2021.

16 Debtors

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Trade debtors	6,537	7,624	5,832	6,420
Amounts owed by Group undertakings	-	-	3,024	3,281
Other debtors	2,272	1,122	1,133	899
Derivatives	18	-	10	-
Prepayments and accrued income	1,111	1,167	1,000	1,052
	9,938	9,913	**10,999**	11,652

Trade debtors include funds held at payment service providers and brokers. Other debtors include £220,000 (2020: £203,000) falling due after more than one year.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17 Loans and Advances to Customers

Group

	2021	2020
	£'000	£'000
Loans secured against property, within one year	**35,555**	26,835
Loans secured against property, between one and five years	**13,600**	3,931
Specific and general bad and doubtful debt provision	**-**	-
	49,155	**30,766**

Company

	2021	2020
	£'000	£'000
Loans secured against property, within one year	**35,547**	26,835
Loans secured against property, between one and five years	**13,600**	3,931
Specific and general bad and doubtful debt provision	**-**	-
	49,147	**30,766**

The above analysis is based on contractual maturity and may not reflect actual experience on repayments since loans can be repaid early.

All security held is within the UK. The loans and advances to customers are measured at amortised cost. The fair values of the loan financial assets are approximate to their book values.

18 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**477**	-	-	-
Trade creditors	**462**	430	**320**	326
Other creditors	**692**	591	**521**	498
Derivatives	**1**	-	**1**	-
Corporation tax	**57**	529	**29**	529
Other taxation and social security	**360**	187	**275**	170
Accruals and deferred income	**907**	965	**730**	830
	2,956	2,702	**1,876**	2,353

19 Called up share capital

The called up share capital for the Group and Company is as follows:

	2021	2020
	£'000	£'000
Authorised, allotted and fully paid:		
250,000 ordinary A shares of £1 each	**250**	250
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 the directors may at any time resolve to declare a dividend on the Ordinary A shares only.

There are no restrictions on the distribution of dividends and the repayment of capital.

20 Retained earnings

Retained earnings include all current and prior year retained profits and losses.

21 Leasing commitments

The future minimum lease payments under non-cancellable operating leases for each of the following periods:

Group

	2021 **£'000**	2020 £'000
Not later than one year	**925**	1,026
Later than one year and not later than five years	**330**	410
Later than five years	**-**	-
	1,255	1,436

Company

	2021 **£'000**	2020 £'000
Not later than one year	**776**	899
Later than one year and not later than five years	**269**	368
Later than five years	**-**	-
	1,045	1,267

The leasing commitments consist primarily of office space for the UK, Bulgaria, Milan, Bahamas and Luxembourg which have fixed rental contracts and no contingent rental clauses. There are also no sale and leaseback transactions.

22 Transactions with related parties

Dividends totalling £1,500,000 were paid in 2021 (2020: £nil)

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

See note 9 for disclosure of the directors' remuneration and key management Compensation.

A Company, Padan SaGL, controlled by a director, Alessandro Gho, provides marketing and risk management consultancy to ActivTrades PLC. The total paid for these services in 2021 was £93,000 (2020: £96,000). Amounts payable at the year end were £5,000 (2020: £6,000).

A Company, ActivTrades (Suisse), owned by the ultimate controlling party, Alex Pusco, provides IT hardware and services to ActivTrades CORP. The total billed for this service during 2021 was £27,000 (2020: £68,000). There was nothing outstanding at year end.

A Company, Gainwise LDA, owned by the ultimate beneficial owner, Alex Pusco, provides marketing services to ActivTrades PLC. The total billed for these services in 2021 was £50,000 (2020: £nil). At the year end Gainwise LDA owed £34,000 to ActivTrades PLC.

A Company, ActivTrades Loans PLC, owned by the ultimate beneficial owner, Alex Pusco, owed £680,000 at the year end to ActivTrades PLC.

The Company has intercompany debtor balances of £1,970,000 (2020: £3,117,000) with ActivTrades Corp in The Bahamas, £342,000 (2020: £163,000) with ActivTrades Europe S.A., and £1,871,000 (2020: £nil) with ActivTrades Brasil Participacoes LTDA.

The Company has an intercompany creditor balance of £475,000 (2020: £nil) with ActivTrades SPV No 1 Ltd.

All related party transactions are made on an arms-length basis.

23 Events after the reporting period

On 8 March 2022, the board of directors approved a resolution for an interim dividend to be paid of £2,000,000 to Mr. Alexander Pusco as Ordinary-A shareholder.

24 Financial risk management

The Group 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 Group'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[11]. The main objective of the ICAAP is to inform the Board of the on-going assessment of the Group'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

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

main market risk factors are stock prices, foreign exchange rates, interest rates and commodity prices.

Market risk positions are managed in accordance with the Group's Risk Appetite statement and Risk Management Framework to ensure the Group has enough capital resources to support the calculated Market Risk Capital Requirement at all times.

The Group'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 Group'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 Group's overall exposure which can vary significantly as it is highly dependent on clients' positions and underlying market conditions.

The main components of the market risk are presented below:

Risk Exposure Amount per Instrument Type	**2021 £'000**	2020 £'000
Foreign Exchange	59,077	75,017
Commodities	7,045	7,157
Equity	46,008	51,329
Collective Investment Units	1,164	4,589
Debt instruments	679	97
Total exposure	**113,973**	**138,189**

i) Non- trading book interest rate risk:

The Group is also exposed to interest rate risk arising from changes in interest rates paid or earned on assets and liabilities. Interest rate risk impacts the Group's income on segregated and its 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 Group'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 Group is earned in Euros and US Dollars. The Board has decided to keep the cash at bank in Euro and convert into local currency as required for financing the operations.

The Group 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 Group. The Group'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 2021	EUR / BGN £'000	USD / BSD £'000	CHF £'000	CNY £'000	BRL £'000
Debtors	5,676	804	88	319	2
Cash at bank and in hand	4,812	4,029	448	-	2,091
Investments	-	1,484	-	-	-
Creditors	(620)	(350)	(12)	(1)	(50)
	9,868	**5,967**	**524**	**318**	**2,043**

At 31 December 2020	EUR / BGN £'000	USD / BSD £'000	CHF £'000	CNY £'000	BRL £'000
Debtors	6,614	813	41	537	-
Cash at bank and in hand	17,039	11,317	457	-	-
Investments	-	-	-	-	-
Creditors	(482)	(276)	(8)	(1)	-
	23,171	**11,854**	**490**	**536**	**0**

BGN and BSD holdings are small but have been included within the EUR and USD totals respectively because they are pegged. All loans are held in GBP and so do not feature.

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 Group loss/profit before tax:

	For the year ended 31 December 2021		**For the year ended 31 December 2020**	
	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**
EUR/BGN	(470)	519	(1,103)	1,220
USD/BSD	(284)	314	(564)	624
CHF	(25)	28	(23)	26
CNY	(15)	17	(26)	28
BRL	(97)	108	-	-

Interest rate risk

The Group has one interest-bearing borrowing of £500,000 which has a fixed interest rate. It does not pay any interest to customers on segregated funds. As is now common across Europe, the Group has begun to be charged negative interest rates on some of its Euro holdings. The current amounts are still small but this is an area we are continuing to monitor and diversify accordingly. Changes in interest rates do have a small impact on the Group's cost base.

The Group's own cash and client segregated funds are available on demand or at a short notice (1 to 3 months) and therefore only attract zero or marginal levels of interest at current interest rate levels. The Group's loans and advances to customers all mature within 12-18 months and are based on a fixed interest rate. Thus no sensitivity analysis is presented as interest rate risk has no material impact on the Group's results.

b) Credit Risk

The Group's credit risk is primarily attributable to its loans and advances to customers, trade receivables, short term corporate bonds and cash at bank and in hand. The largest part of these balances are from loans and advances made to real estate borrowers which increased during 2021 to £49,155,000 (2020: £30,766,000). These loans are carefully selected and an acceptable loan to value of collateral is always secured. As a direct result of the increasing loans, there was a significant decrease in cash at bank to £12,642,000 (2020: £30,587,000). Trade and other debtors were stable through 2021 at £8,827,000 (2020: £8,747,000). Credit risk on customers trading is minimised by limiting the amount customers can trade relative to the money deposited in their account with the Group. In addition, the Group 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 Group 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 Group has written off customer negative balances of £60,000 (2020: £558,000).

Financial assets[12] subject to credit risk, for the purposes of the Group's disclosures regarding credit quality, financial assets subject to credit risk have been analysed as follows:

At 31 December 2021	Note	**Cash at bank and in hand**	**Trade and other debtors**	**Loans and advances to customers**	**Total**
		£'000	**£'000**	**£'000**	**£'000**
Neither past due nor individually impaired	(i)	12,642	8,827	41,968	63,437
Past due but not individually impaired	(ii)	-	-	7,187	7,187
Individually impaired	(iii)	-	-	-	-
Total		12,642	8,827	49,155	70,624
Impairment allowance		-	-	-	-
Total carrying amount		**12,642**	**8,827**	**49,155**	**70,624**

[12] Financial assets excludes prepayments, intangible and tangible fixed assets.

At 31 December 2020	Note	Cash at bank and in hand £'000	Trade and other debtors £'000	Loans and advances to customers £'000	Total £'000
Neither past due nor individually impaired	(i)	30,587	8,747	24,258	63,592
Past due but not individually impaired	(ii)	-	-	6,508	6,508
Individually impaired	(iii)	-	-	-	-
Total		30,587	8,747	30,766	70,100
Impairment allowance		-	-	-	-
Total carrying amount		**30,587**	**8,747**	**30,766**	**70,100**

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 Group when assessing customers and counterparties. The credit quality of financial assets subject to credit risk that were neither past due nor impaired, was as follows:

At 31 December 2021	Strong £'000	Satisfactory £'000	Higher risk £'000	Total £'000
Cash at bank and in hand	12,642	-	-	12,642
Investments	1,484	-	-	1,484
Trade and other debtors	8,827	-	-	8,827
Loans and advances to customers	41,968	-	-	41,968
Total	**64,921**	**-**	**-**	**64,921**
At 31 December 2020	**Strong £'000**	**Satisfactory £'000**	**Higher risk £'000**	**Total £'000**
Cash at bank and in hand	30,587	-	-	30,587
Investments	-	-	-	-
Trade and other debtors	8,747	-	-	8,747
Loans and advances to customers	24,258	-	-	24,258
Total	**63,592**	**-**	**-**	**63,592**

II) Past due but not individually impaired:

As at 31 December 2021, two financial assets totalling £7,187,000 were past due but not impaired (2020: £6,508,000). On these financial assets there are no concerns over recovering the full principal and interest receivable at the year end. As with all loans, they are fully secured against property which is valued significantly higher than the loan itself. This has been stress tested against possible market scenarios.

iii) Individually impaired:

As at 31 December 2021, no financial assets were individually impaired (2020: £nil).

c) Liquidity Risk

In managing liquidity risk, the main objective of the Group is to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its obligations as they fall due. The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and 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 Group can be required to pay.

31 December 2021	On demand	Less than Three months	Three month to One year	After one year	Total
	£'000	£'000	£'000	£'000	£'000
Financial assets					
Cash at bank and in hand	12,442	200	-	-	12,642
Investments	-	-	1,484	-	1,484
Trade and other debtors	-	8,608	-	220	8,828
Loans and advances to customers	-	13,649	21,906	13,600	49,155
	12,442	22,457	23,390	13,820	72,109
Financial liabilities					
Loan from bank	-	-	477	-	477
Trade and other creditors	-	1,572	-	-	1,572
Net liquidity surplus	**12,442**	**20,885**	**22,913**	**13,820**	**70,060**

31 December 2020	On demand	Less than Three month	Three month to One year	After one year	Total
	£'000	£'000	£'000	£'000	£'000
Financial assets					
Cash at bank and in hand	24,240	6,348	-	-	30,588
Investments	-	-	-	-	-
Trade and other debtors	-	8,543	-	203	8,746
Loans and advances to customers	-	8,908	17,927	3,931	30,766
	24,240	23,799	17,927	4,134	70,100
Financial liabilities					
Loan from bank	-	-	-	-	-
Trade and other creditors	-	1,737	-	-	1,737
Net liquidity surplus	**24,240**	**22,062**	**17,927**	**4,134**	**68,363**

d) Capital Resources

The Group's objective when managing capital is to safeguard the Group'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 Group. The FCA sets out the requirements for the Group in respect of the minimum level of capital it must hold at any point. In pursuing its primary objective, the Group also ensures that it is compliant with the FCA requirements.

In calculating regulatory capital, the Group'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 Group'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 Group'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 Group's management of capital during the year.

24 Financial instruments

Group

	2021	2020
	£'000	£'000
Financial assets measured at fair value through profit or loss:		
- Derivatives (note 16)	**18**	-
- Investments (note 15)	**1,484**	-
Financial assets measured at amortised cost (which approximates fair value):		
- Trade debtors (note 16)	**6,537**	7,624
- Loans and advances to customers (note 17)	**49,155**	30,766
- Other debtors (note 16)	**2,272**	1,122
Financial liabilities measured at fair value through profit or loss:		
- Derivatives (note 18)	**1**	-
Financial liabilities measured at amortised cost (which approximates fair value):		
- Trade creditors (note 18)	**462**	430
- Other creditors (note 18)	**692**	591

Company

	2021	2020
	£'000	£'000
Financial assets measured at fair value through profit or loss:		
- Derivatives (note 16)	**10**	-
- Investments (note 15)	**1,484**	-
Financial assets measured at amortised cost (which approximates fair value):		
- Trade debtors (note 16)	**5,832**	6,420
- Loans and advances to customers (note 17)	**49,147**	30,766
- Amounts owed by Group undertakings (note 16)	**3,024**	3,281
- Other debtors (note 16)	**1,133**	899
Financial liabilities measured at fair value through profit or loss:		
- Derivatives (note 18)	**1**	-
Financial liabilities measured at amortised cost (which approximates fair value):		
- Trade creditors (note 18)	**320**	326
- Other creditors (note 18)	**521**	498

Independent auditors' report to the directors of ActivTrades PLC

Report on the audit of the country-by-country information

Opinion

In our opinion, ActivTrades PLC's country-by-country information for the year ended 31 December 2021 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 December 2021 in the Country-by-Country Report.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information 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 country-by-country information in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to the country-by-country reporting which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation in the country-by-country reporting, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

In preparing the country-by-country information, 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 country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Our objectives are to obtain reasonable assurance about whether the country-by-country information as a whole is 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 this country-by-country information.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to the rules of the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as applicable tax legislation and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws & regulations and fraud;
- Reviewing minutes of meetings of those charged with governance and internal audit reports;
- Reviewing key correspondence with Financial Conduct Authority;
- Identifying and testing journal entries meeting certain risk-based criteria, including unusual account combinations; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the country-by-country information. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the country-by-country information 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 opinion, has been prepared for and only for the Company's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 April 2022

ACTIVTRADES PLC

COUNTRY BY COUNTRY REPORTING

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).

This report shows the turnover, profit before tax, corporation tax paid and average number of employees on a full-time equivalent basis for the entities located in the countries in which we operate.

Basis of preparation

(a) Country

Each subsidiary or branch is allocated to the country in which it is resident for tax purposes. The data is aggregated for all the subsidiaries and branches allocated to each country.

(b) Turnover and profit before tax

Turnover and profit before tax are compiled from the ActivTrades PLC consolidated financial statements for the year ended 31 December 2021, which are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

(c) Accounting tax change & Corporation tax paid

The accounting tax charge is the tax expense recorded in the ActivTrades PLC's consolidated financial statements for the year ended 31 December 2021. The corporation tax paid represents the net cash taxes paid to, or received from, the tax authority in each country. Corporation tax paid is reported on a cash basis and will normally differ from the tax expense recorded for accounts purposes due to two main types of timing difference:

- Differences arising from the due dates for tax payments in each country and the basis on which those payments are calculated. These requirements vary between countries.
- Differences between when income and expenses are accounted for under FRS and when they become taxable. These timing differences may be due to the application of local tax rules or differences between FRS and local accounting rules, on which tax returns are based.

(d) Full-time equivalent employees ("FTEs")

ACTIVTRADES PLC

FTEs are allocated to the country in which they are primarily based for the performance of their employment duties. The figures disclosed represent the average number of FTEs in each country during the period.

(e) Public subsidies received

There were no public subsidies received during the period.

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	59	£19,594,000	£3,404,000	£559,000	£1,088,000	No	Financial Derivatives broker	1. ActivTrades PLC 2. ActivTrades SPV No1 LTD
Bulgaria	99	£3,075,000	£789,000	£100,000	£174,000	No	Financial Derivatives broker	1. ActivTrades PLC
Italy	5	£576,000	£62,000	£22,000	£10,000	No	Financial Derivatives broker	1. ActivTrades PLC 2. ActivTrades Europe S.A.
Bahamas	23	£4,513,000	£584,000	£0	£0	No	Financial Derivatives broker	ActivTrades CORP
Luxembourg	25	£2,107,000	£26,000	£4,000	£0	No	Financial Derivatives broker	ActivTrades Europe S.A.
Brazil	9	£0	(£739,000)	£0	£0	No	Financial Derivatives broker	1. ActivTrades Brasil Participacoes LTDA 2. ActivTrades CCTVM
Group Total	220	£29,865,000	£4,126,000	£685,000	£1,272,000	No	Financial Derivatives broker	ActivTrades PLC