

Company Registration No. 06592025 (England and Wales)

TIO MARKETS UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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TIO MARKETS UK LIMITED

COMPANY INFORMATION

Director	D E Francis Simon I Quirke
Company number	06592025
Registered office	6th Floor 8 Devonshire Square London United Kingdom EC2M 4YD
Auditor	Azets Audit Services 2nd Floor Regis House 45 King William Street London United Kingdom EC4R 9AN

TIO MARKETS UK LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Director's report	5 - 6
Director's responsibilities statement	7
Independent auditor's report	8 - 10
Income statement	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15 - 25

TIO MARKETS UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents the strategic report for the year ended 31 December 2021.

Fair review of the business

The company offers online foreign currency trading to its Retail (Investment), Professional and Institutional clients utilising third party trading platforms. The company's main revenue is dependent on the trading volume of its clients and spread mark-up.

As the UK gradually emerged from the pandemic, 2021 has been a year of consolidation, restructuring, new key hires and creating a new strategy for the business going forward. During the year, the company's results before tax of \$Nil (2020: loss of \$2) was generated. The Directors feel that the firm is now in a strong position to move forward in 2022/2023 and expect its client numbers to steadily increase owing to a new marketing strategy, the addition of new products and new key hires to enhance the services offered to clients.

The company adheres to the rules and regulations of the FCA in the conduct of its business. The regulatory landscape has been changing, post Brexit, and, to stay ahead of these developments, the firm has been through a process of updating all compliance documentation and procedures. The firm will continue to work with the FCA in an open, communicative and transparent way to ensure best practice is offered to our clients (for their benefit) and for the benefit and stability of the UK financial system as a whole. Capital resources are maintained in accordance with the rules set by our regulator. The Directors seek to maintain a significant excess over the amounts required with the backing of the Shareholders. To keep all staff (including any outsourced services) abreast of regulatory changes and their responsibilities, a new staff education, communication and monitoring programme is being developed.

Client satisfaction and retention is paramount to the firm's success and 2021 recorded no complaints. We continue to provide tight spreads and fast execution and have enhanced our customer service department with new key hires. We have also asked our clients which new products they would like to see - this has resulted in the development and projected roll out in Q2 2022 of a range of new products.

From a marketing perspective, we conducted a marketing audit, which will, in 2022, manifest itself in a brand refresh and new client communication materials.

The firm has strong relationships with respected Liquidity Providers, enabling us to offer excellent and competitive bid/offer spreads and fast execution to our clients. We have investigated and engaged with several payment service providers as part of the firm's desire to provide enhanced payment and deposit options for clients. We have also made the decision to open accounts with an additional banking provider.

After a year of change, planning and updating, the Directors consider the company to be in a strong position to meet the future demands of our clients and to be competitive, relative to our peers, within an evolving regulatory landscape.

The Shareholders are therefore committed to supporting the company in its development and path to success.

Principal risks and uncertainties

The Directors consider that the most significant risks are operational.

Operational risk

The company is aware that there are many risks of an operational nature both internal and external, which could affect the business. A framework has been developed to identify, monitor and report on any incidences which may occur. This is a continuous process and receives an appropriate level of management attention.

TIO MARKETS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Key performance indicators

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators (KPI's). The key financial performance indicators are turnover, operating profit and net assets. These KPI's indicate the success of the company. The key non-financial performance indicators are client satisfaction (relating to query handling and any complaints), the number of clients and the notional volume traded by clients.

The key performance indicators for the year ended 31 December 2021, with comparatives for 2020 are set out below:

	2021	2020
Turnover (\$)	150,961	78,461
Operating profit/(loss) (\$)	Nil	(2)
Net assets (\$)	298,210	298,210

With the new strategy in place, we expect to see an uplift in financial KPIs in 2022.

TIO MARKETS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement by the directors relating to their statutory duties under s172(1) Companies Act 2006

The Board of Directors considers, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2021. As an FCA regulated firm, we are required to have a business plan to both serve the needs of the company, outline the goals of the firm and detail our plans to run a successful company within our regulatory remit. The firm also has an ICAAP which is updated from time to time. The ICAAP is an integral part of the business. Going into 2022, the ICAAP is being replaced by a fundamentally new methodology /approach to risk management, introduced by the Regulator – The Internal Capital and Risk Assessment, known as the ICARA.

The firm provides online trading platforms to our clients for investment and speculative purposes, we offer a range of CFD products – predominantly commodities, indices, single stocks and FX and we are recognised for the professional services we provide in line with FCA rules and guidelines and the laws governing the United Kingdom of England and Wales.

- Our team of staff remains fundamental to the achievement of our business plan. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our team to ascertain which training and development opportunities should be made available to improve our team's productivity and our individual employees' potential within the business. It is part of the firm's ethos for our staff to behave professionally, portray a positive manner both in and outside work and to act with integrity at all times. The professional services we offer our clients, mutual respect to our colleagues, adapting to change and promoting oneself and the business should be natural and encouraged at all times.
- We continue to engage with our clients, who operate mainly within the United Kingdom and other 3rd country jurisdictions in which the firm can legally offer its services. Our aim is to understand how clients are developing their knowledge of the services we offer and therefore which products we can provide which will enhance their offering.
- We work with a relatively small number of suppliers. We use a Tier 1 bank (HSBC) to hold firm funds and client monies in line with FCA rules and regulations. Our third party service providers (who mainly provide IT services and liquidity in order to provide us with trading platforms (MT4/5 – 'MetaTrader is the industry standard trading platform') for our clients and a competitive bid/offer spread on the markets our clients wish to trade. These liquidity and software providers are good names within our industry. We are also fortunate to be able to draw on existing relationships with 3rd party providers who offer services with our group companies. This enables us to achieve competitive rates and an open and communicative relationship from the outset. We remain committed to being fair and transparent in our dealings with all of our suppliers and expect the same in return.

The Board takes sustainability and environmental responsibility very seriously. The firm operates from a small office in London. Staff numbers are monitored to ensure maximum efficiency is maintained. The firm has minimal paper waste as we use the 'cloud' for storage, a clean desk policy is in place and staff are required to shut down non-essential electronic equipment overnight along with switching monitors off when they are away from their desk. Although the firm does not hold ISO 14001 accreditation, we do draw on it to consider where the firm can 'do its bit' for the environment, wherever possible. We are committed to reduce waste and keep energy usage to a minimum.

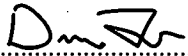
- The Board's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner, acting with the high standards of business conduct and good governance expected of a business of our nature and size. In doing so, we believe we will achieve our long-term business strategy and also further develop our reputation in our sector.
- The Board also seeks to behave in a responsible manner towards our shareholders and to treat them fairly and equally, in order that they too can benefit from the company achieving its long-term business strategy.

TIO MARKETS UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board



D E Francis
Director

Date: 27/04/22

TIO MARKETS UK LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his report with the financial statements of the company for the year ended 31 December 2021.

Principal activities

The principal activity of the company in the year under review was that of dealers in foreign exchange contracts utilising third party platforms. The company is authorised and regulated by the Financial Conduct Authority - FRN: 488900.

Results and dividends

No dividends will be distributed for the year ended 31 December 2021.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

D P McDowell (Resigned 28 February 2021)
D E Francis
Simon I Quirke (appointed 10 February 2022)

Financial instruments

Liquidity risk

The company has adequate net cash balances at the balance sheet date in-line with its regulatory capital adequacy requirement.

Credit risk

The company has no financial assets other than short-term debtors and cash at bank.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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

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

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

Disclosure in the strategic report

The company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to set out the following information in the Strategic Report, which would otherwise be required to be contained in the Report of the Directors:

- Business review and future developments
- Key performance indicators
- Principal risks and uncertainties

TIO MARKETS UK LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board



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D E Francis
Director

Date: 27/04/22

TIO MARKETS UK LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

TIO MARKETS UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TIO MARKETS UK LIMITED

Opinion

We have audited the financial statements of Tio Markets UK Limited (the 'company') for the year ended 31 December 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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 when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

TIO MARKETS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TIO MARKETS UK LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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

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

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

TIO MARKETS UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TIO MARKETS UK LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to him in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Robin Haslam (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: 27/04/22

Chartered Accountants
Statutory Auditor

2nd Floor
Regis House
45 King William Street
London
United Kingdom
EC4R 9AN

TIO MARKETS UK LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 \$	2020 \$
Revenue		150,961	78,461
Cost of sales		(145,935)	(99,792)
Gross profit/(loss)		<u>5,026</u>	<u>(21,331)</u>
Other operating income		441,041	418,180
Administrative expenses		(446,096)	(396,851)
Operating loss	7	<u>(29)</u>	<u>(2)</u>
Investment revenues	6	<u>29</u>	<u>-</u>
Profit/(loss) before taxation		<u>-</u>	<u>(2)</u>
Income tax expense		<u>-</u>	<u>-</u>
Profit/(loss) and total comprehensive income for the year		<u><u>-</u></u>	<u><u>(2)</u></u>

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

TIO MARKETS UK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 \$	2020 \$
Non-current assets			
Property, plant and equipment	8	1,235	1,408
Current assets			
Trade and other receivables	9	232,841	380,628
Cash and cash equivalents		643,885	524,850
		876,726	905,478
Current liabilities			
Trade and other payables	15	579,751	608,676
Net current assets		296,975	296,802
Net assets		298,210	298,210
Equity			
Called up share capital	12	2,776,502	2,776,502
Other reserves	16	255,000	255,000
Retained earnings		(2,733,292)	(2,733,292)
Total equity		298,210	298,210

The financial statements were approved by the board of directors and authorised for issue on 27/04/22 and are signed on its behalf by:



.....
D E Francis
Director

Company Registration No. 06592025

TIO MARKETS UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital \$	Other reserves \$	Retained earnings \$	Total \$
Balance at 1 January 2020	2,776,502	255,000	(2,733,290)	298,212
Year ended 31 December 2020:				
Loss and total comprehensive income for the year	-	-	(2)	(2)
Balance at 31 December 2020	2,776,502	255,000	(2,733,292)	298,210
Year ended 31 December 2021:				
Balance at 31 December 2021	2,776,502	255,000	(2,733,292)	298,210

TIO MARKETS UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 \$	\$	2020 \$	\$
Cash flows from operating activities					
Cash generated from operations	23	119,958		293,144	
Net cash inflow from operating activities		<u>119,958</u>		<u>293,144</u>	
Investing activities					
Purchase of property, plant and equipment		(952)		-	
Interest received		29		-	
Net cash used in investing activities		<u>(923)</u>		<u>-</u>	
Net increase in cash and cash equivalents		<u>119,035</u>		<u>293,144</u>	
Cash and cash equivalents at beginning of year		524,850		231,706	
Cash and cash equivalents at end of year		<u><u>643,885</u></u>		<u><u>524,850</u></u>	

TIO MARKETS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Tio Markets UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6th Floor, 8 Devonshire Square, London, United Kingdom, EC2M 4YD. The company's principal activities and nature of its operations are disclosed in the director's report.

1.1 Accounting convention

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union. The financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and under the historical costs convention, modified to include certain financial instruments at fair value.

The financial statements have been prepared under the historical costs convention and all accounting policies set out below have been applied consistently to all periods presented in these financial statements. These financial statements are presented in United States dollars which are also the functional currency of the Company.

1.2 Going concern

These financial statements have been prepared on the going concern basis. Having reviewed the budgets and in light of available cash resources, the directors believe that the Company will be able to continue as a going concern for the period of at least 12 months from date of approval of these financial statements subject to continued financial support from its parent company, T.I.O. Group Holdings Limited Ltd. The directors are confident that, if required, financial support would be available by the group companies in line with the agreed business plan.

1.3 Critical judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The judgements made with respect to applying the going concern assumption are set out above.

TIO MARKETS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Revenue recognition

The revenue of the company for the prior period has been derived from its principal activity wholly undertaken in the United Kingdom.

Revenue from foreign exchange brokerage services is recognised on a trade date basis and in accordance with the substance of the relevant agreements. Commission income receivable from principal transactions based on value traded and calculated on closed and open positions which are marked to market, and fees for volume traded are recognised on an accrual basis in accordance with the substance of the relevant agreements. Reimbursements of expenses by affiliated entities are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Plant and machinery	20% on cost
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1.6 Financial instruments

The Company's principal financial assets comprise: cash and cash equivalents; amounts due from fellow subsidiary undertakings; and trades and other receivables. The company's financial liabilities comprise: trade payables; amount due to fellow subsidiary undertaking; other payables, accrued expenses.

The directors determine, as required, the degree to which it is appropriate to use financial instruments and to mitigate risks. The main risks for which such instrument may be appropriate are liquidity risk, credit risk, and market risk each of which is discussed below.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk if change in value.

1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

TIO MARKETS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is held for trading. This is the case if:

- the asset has been acquired principally for the purpose of selling in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Interest and dividends are included in 'Investment income' and gains and losses on remeasurement included in 'other gains and losses' in the statement of comprehensive income.

Amounts owed by financial counterparties are measured at fair value on the basis of market conditions at the Balance Sheet Date.

Financial assets held at amortised cost

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

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

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

1.9 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

TIO MARKETS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Liabilities are non-interest bearing, and they generally have short time to maturity and so the values reported approximate their fair values. Included in other payables are amounts due to professional clients which are measured at fair value on the basis of market conditions at the Balance Sheet Date.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

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

1.10 Foreign currencies

The financial statements are presented in US dollar, which is also the functional currency of the company. Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to US dollar at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the reporting date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss and other comprehensive income.

1.11 Leasing commitments

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

The company assesses at contract inception whether a contract is, or contains, a lease, ie, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the company is a lessee, it applies a single recognition and measurement approach for all leases, except for short-term leases and leases for low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

For short term leases the company recognises the expense on a straight line basis.

1.12 Client money

The company holds money on behalf of clients in accordance with the client money rules of the Financial Conduct Authority. Client monies are classified as either segregated or non-segregated in accordance with the relevant regulatory requirements. The amount held on behalf of clients at the balance sheet date is stated in note 19.

TIO MARKETS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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

There are no new and revised standards that would significantly impact the company.

3 Auditor's remuneration

	2021	2020
	\$	\$
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	10,000	7,750
For other services		
Tax services	2,400	2,400
Other services	6,777	5,910
Total non-audit fees	9,177	8,310

4 Employees

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

	2021	2020
	Number	Number
Management and administration	2	2

Their aggregate remuneration comprised:

	2021	2020
	\$	\$
Wages and salaries	141,009	196,455
Social security costs	16,247	20,822
	157,256	217,277

Redundancy payments in the year amount to \$26,981 (2020 - \$-).

5 Director's remuneration

	2021	2020
	\$	\$
Remuneration for qualifying services	23,121	150,894
Compensation for loss of office	26,981	-
	50,102	150,894

TIO MARKETS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Director's remuneration

(Continued)

In addition directors fees of \$12,554 (2020: \$23,244) were paid to Damien Francis.

6 Investment income

2021	2020
\$	\$

Interest income

Financial instruments measured at amortised cost:

Bank deposits

29	-
<u>29</u>	<u>-</u>

Income above relates to assets held at amortised cost, unless stated otherwise.

7 Operating loss

2021	2020
\$	\$

Operating loss for the year is stated after charging/(crediting):

Exchange losses/(gains)

10,712	(12,628)
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Depreciation of property, plant and equipment

1,125	1,210
<u>10,712</u>	<u>(11,418)</u>

8 Property, plant and equipment

Plant and
machinery
\$

Cost

At 1 January 2020

6,050

At 31 December 2020

6,050

Additions

952

At 31 December 2021

7,002

Accumulated depreciation and impairment

At 1 January 2020

3,432

Charge for the year

1,210

At 31 December 2020

4,642

Charge for the year

1,125

At 31 December 2021

5,767

Carrying amount

At 31 December 2021

1,235

At 31 December 2020

1,408

At 31 December 2019

2,618

TIO MARKETS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

9 Trade and other receivables

	2021 \$	2020 \$
Amounts owed by fellow group undertakings	35,531	106,040
Other receivables	191,062	269,906
Prepayments	6,248	4,682
	<u>232,841</u>	<u>380,628</u>

10 Trade receivables - credit risk

Fair value of trade receivables

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

11 Fair value of financial liabilities

The director considers that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

12 Share capital

	2021 \$	2020 \$
Ordinary share capital		
<i>Issued and fully paid</i>		
1,731,910 Ordinary shares of £1 each	<u>2,776,502</u>	<u>2,776,502</u>

Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to increase the value of the entity for the benefit of its shareholders.

TIO MARKETS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Liquidity risk

The following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

	Less than 1 month	On demand	Total
	\$	\$	\$
At 31 December 2020			
Trade payables	5,129	-	5,129
Amounts owed to related parties	-	407,664	407,664
Accruals	16,061	-	16,061
Client balances	-	149,097	149,097
Other creditors	30,992	-	30,992
	<u>52,182</u>	<u>556,761</u>	<u>608,943</u>
At 31 December 2021			
Trade payables	7,564	-	7,564
Amounts owed to related parties	-	436,166	436,166
Client balances	-	113,583	113,583
Other creditors	22,435	-	22,435
	<u>29,999</u>	<u>549,749</u>	<u>579,748</u>

14 Market risk

Market risk management

Foreign exchange risk

The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2021	2020	2021	2020
	\$	\$	\$	\$
GB Pound	55,000	32,000	-	-
EURO	565,000	729,000	518,000	421,000
	<u>620,000</u>	<u>761,000</u>	<u>518,000</u>	<u>421,000</u>

TIO MARKETS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

15 Trade and other payables

	2021	2020
	\$	\$
Trade payables	7,564	5,166
Amounts owed to related parties	436,167	407,664
Accruals	22,437	15,794
Other payables	113,583	180,052
	<u>579,751</u>	<u>608,676</u>

16 Other reserves

	\$
Balance at 1 January 2020	255,000
Balance at 31 December 2020	<u>255,000</u>
Balance at 31 December 2021	<u>255,000</u>

There is \$255,000 of other reserves which relates to capital contributions made by shareholders to ensure that the company remains in compliance with the capital resources requirements of the Financial Conduct Authority. There has been no movement in this amount since 2018.

There is no obligation for the company to repay this balance unless the company has sufficient financial resources to do so.

17 Other leasing information

Lessee

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

	2021	2020
	\$	\$
Expense relating to short-term leases	<u>27,737</u>	<u>28,129</u>

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

	2021	2020
	\$	\$
Land and buildings		
Within one year	<u>4,675</u>	<u>4,984</u>

TIO MARKETS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

18 Capital risk management

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to increase the value of the entity to the benefit of the shareholders.

19 Related party transactions

Remuneration of key management personnel

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

Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	Intercompany charges	
	2021	2020
	\$	\$
Entities with joint control or significant influence over the company	441,041	418,180

The following amounts were outstanding at the reporting end date:

	2021	2020
	\$	\$
Amounts due to related parties		
Entities with joint control or significant influence over the company	436,167	407,664

The following amounts were outstanding at the reporting end date:

	2021	2020
	\$	\$
Amounts due from related parties		
Entities with joint control or significant influence over the company	35,530	106,040

20 Ultimate parent company

The ultimate parent company of the company is to T.I.O. Group Holdings Limited, a company registered in Cyprus. The consolidated financial statements of the parent company are available at Athinon 80, 3040 Limassol, Cyprus.

The ultimate controlling party is M Singh.

TIO MARKETS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Client money

The company holds money on behalf of clients. These funds are held separately from money belonging to the company and are subject to the client money rules as prescribed by the Financial Conduct Authority. At no time does the company have any legal title to the monies. Accordingly, they are not reflected in the company's balance sheet. As at 31 December 2021, the balance held in client money was \$235,764 (2020: \$602,365).

22 Going Concern

The company's business and risk analysis is set out in the director's report. The company has considerable financial resources and the directors believe that the company is well placed to manage all its business risks successfully despite the current economic outlook. The directors have reviewed the budgets, cash flow and commitments for the next twelve months and have concluded that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparation of the annual financial statements.

23 Cash generated from operations

	2021 \$	2020 \$
Profit/(loss) for the year after tax	-	(2)
Adjustments for:		
Investment income	(29)	-
Depreciation and impairment of property, plant and equipment	1,125	1,210
Movements in working capital:		
Decrease/(increase) in trade and other receivables	147,787	(162,033)
(Decrease)/increase in trade and other payables	(28,925)	453,969
Cash generated from operations	<u>119,958</u>	<u>293,144</u>