SWISSQUOTE LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

REGISTERED NUMBER 07710095

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

Directors	Marc Bürki - Chairman Gilles Chantrier - Non Executive Director Jude Bahnan - Non Executive Director Federico Cirulli - Executive Director & CEO
Secretary	Michelmores Secretaries Limited
Registered office	Boston House 63-64 New Broad Street London EC2M 1JJ
Business Address	Boston House 63-64 New Broad Street London EC2M 1JJ
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Bankers	Coutts & Co 440 Strand London WC2R 0QS
	Barclays Bank PLC 1 Churchill Place London E14 5HP
	Swissquote Bank Ltd 33 Chemin de la Crétaux 1196 Gland Switzerland

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their directors' report and financial statements for the year ended 31 December 2018.

Principal activities

Swissquote Ltd (the "Company") is authorised and regulated by the Financial Conduct Authority as a matched principal broker and provides online trading in foreign exchange, contracts for difference, and precious metals, to private and corporate clients. The Company's target market is primarily the European Union.

The Company trades with its clients as principal, with all trades being matched with offsetting trades with the parent, Swissquote Bank Ltd, hence the Company takes no market trading risk.

The Company's revenue is generated primarily from mark-ups and commissions applied to market spreads less prime broker fees charged by Swissquote Bank Ltd.

The Company was incorporated on 19 July 2011, is based in London, and has been authorised and regulated by the Financial Conduct Authority ("FCA") since 1 April 2013. Prior to then, the Company was regulated by the FCA's predecessor, the Financial Services Authority, which granted the Company its authorisation on 2 May 2012 as a matched principal broker able to hold client money.

Review of the Business

2018 has been the sixth full year of trading for the Company and the third profitable year. Hovewer, the number of new clients and trade volumes have dropped sharply which resulted in 39% less revenue in 2018. The revenue for the year of £3,613,423 compares to £5,955,394 in 2017. Operating expenses increased, and represent 96% of turnover compared to a proportion of 52% in the previous year. The profit for the year of £175,225 compares to £2,868,480 in 2017.

At year end, the statement of financial position showed that the total net assets balance was £5,945,123. The total assets less current liabilities balance was £5,945,123.
The Company's turnover for the year ended 31 December 2018 are shown in Note 4.

Future developments of the Company

The Board of Directors intends to expand the activities of the Company to include additional asset classes and services to bring it in line with the product offering of the parent, Swissquote Bank Ltd. This will further diversify the income stream of the Company and provide resilience against any changes in the regulatory environment. The Board has also considered the impact of Brexit, and will continue to evaluate the likely impact of this on the firm's operating model.

Principal risks and uncertainties

The Company is exposed to a number of financial, operational, business, market, credit, liquidity and regulatory risks. Each principal risk and how it is assessed and managed is outlined in Note 3 of the financial statements. Financial risk management and disclosures are also disclosed in Note 3 of the financial statements.

ESMA

In August 2018 the European Securities Markets Authority (ESMA) proposed new regulatory measures commenced for the CFD industry, using its new product intervention powers under Article 40 MiFIR. These measures were confirmed from August 2018 and included the following:

- Leverage restrictions based on the underlying instrument
- Negative balance protection on a per-account basis
- Restrictions on incentivisation of trading such as bonus payments
- Standardised risk warnings
- Prohibition on the marketing, distribution or sale of binary options

The implemented changes had an impact on trading volume which has fallen sharply since August 2018. The number of new clients and amount of trading volumes has decreased which also had negative impact on the companys over all revenue in 2018.

BREXIT

As a result of BREXIT vote in June 2016, the UK contunuied with exit talks with European Union (EU). The terms on which the United Kingdom may withdraw from the European Union are not currently clear, and it is difficult to evaluate all of the potential implications. The firm has been assesing these possible implication during the year. Among those changes is the possibility that financial services firms authorised in the UK may lose their "Passporting" rights to provide services in other EU jurisdictions. The FCA have confirmed that these rights will now remain in place until 31 December 2020 subject to deal being approved by the Parliament. The Board of Directors have considered the impact of the Company losing these rights after that date and will continue to monitor the situation.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Results and dividends

The Company's turnover for the year ended 31 December 2018 are shown in Note 4.
No dividends were paid or proposed during the year (2017: nil).

Directors

The directors in office during the year and at the date of signing this report were as follows:

Marc Bürki
Gilles Chantrier
Jude Bahnan
Federico Cirulli

Employees

The average number of employees during the year of 2018 was 27 (2017: 24).

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year of 2018(2017: nil).

Going Concern

The Company has not change its opinion since last financial year in regards to anticipated risks. The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review and the Principal risks and uncertainties sections of the Directors' Report on pages 1 to 3. As the Company is not separately rated, it at times relies on funding lines made available from the parent. The directors have satisfied themselves that there is no reason to believe that a material uncertainty exists that may cast significant doubt about the ability or willingness of the parent to continue with the current financing arrangements. Having satisfied themselves on the financial security of the Company, the directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 101, 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 company will continue in business.

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

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

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 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 company's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and therefore PricewaterhouseCoopers LLP will continue in office.

Approved by the board of directors and signed on behalf of the board by:

....
Federico Cirulli
Director
08/04/2019

Boston House
63-64 New Broad Street
London
EC2M 1JJ

Independent auditors' report to the members of Swissquote Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Swissquote Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not currently clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy

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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.
Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Independent auditors' report to the members of Swissquote Ltd (continued)

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, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Steven Linnegar

Steven Linnegar (Senior Statutory Auditor)
PricewaterhouseCoopers LLP
London
08th April 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Year to 31 Dec 18 £	Year to 31 Dec 17 £
Turnover	4	3,613,423	5,955,394
Operating expenses	5	(3,453,294)	(3,088,814)
Operating profit		160,129	2,866,580
Interest receivable and similar income		15,096	1,900
Profit before taxation		175,225	2,868,480
Tax on profit	14	-	-
Profit for the financial year		175,225	2,868,480

All the results shown in the above statement of comprehensive income are from continuing operations.

The Company has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 9 to 22 form part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	As at 31 Dec 18	As at 31 Dec 17
ASSETS		£	£
Fixed assets			
Tangible assets		5,027	59,007
		5,027	59,007
Current assets			
Trade and other receivables	10	716,171	812,494
Cash and cash equivalents	12	7,986,926	19,255,189
		8,703,097	20,067,683
Total assets		**8,708,124**	**20,126,690**
CAPITAL RESERVES AND LIABILITIES			
Capital and reserves			
Called up share capital	15	4,260,100	4,260,100
Other reserves		2,000,000	2,000,000
Profit and loss account		(314,978)	(480,203)
Total shareholders' funds		**5,945,122**	**5,779,897**
Current liabilities			
Trade and other payables	13	2,763,002	14,346,793
Total liabilities		**2,763,002**	**14,346,793**
Total liabilities and shareholders' funds		**8,708,124**	**20,126,690**

The financial statements on pages 6 to 22 were approved by the board of directors on and authorised for issue on 08/04/2019 and were signed on its behalf by:

....

Federico Cirulli
Director
08/04/2019

The notes on pages 9 to 22 form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Other reserves £	Profit and Loss account £	Total Shareholders funds £
Balance at 1 January 2017	3,760,100	2,000,000	(3,348,683)	2,411,417
Transaction with owners				
Capital Contribution received from parent company	500,000	-	-	500,000
Comprehensive income				
Profit and total comprehensive income for the year	-	-	2,868,480	2,868,480
Balance at 31 December 2017	4,260,100	2,000,000	(480,203)	5,779,897
Initial application of IFRS 9	-	-	(10,000)	(10,000)
Restated balance as at 1 January 2018	4,260,100	2,000,000	(490,203)	5,769,897
Comprehensive income				
Profit and total comprehensive income for the year	-	-	175,225	175,225
Balance at 31 December 2018	4,260,100	2,000,000	(314,978)	5,945,122

There are no financial assets that are past due but not impaired.

The notes on pages 9 to 22 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. **General information**

Swissquote Ltd (the "Company") is incorporated and domiciled in the UK as a private company with limited liability under the UK Company Law. Its registered office is at Boston House, 63-64 New Broad Street, London EC2M 1JJ, UK.

The Company is authorised and regulated by the Financial Conduct Authority (FCA Register number 562170) as a matched principal broker and provides online trading in foreign exchange, contracts for difference, and precious metals, to private and corporate clients. The Company's target market is primarily the European Union.

The Company trades with its clients as principal, with all trades being matched with offsetting trades with parent, Swissquote Bank Ltd, hence the Company takes no market trading risk. The Company's revenue is generated primarily from mark-ups and commissions applied to market spreads less prime broker fees charged by Swissquote Bank Ltd.

2. **Summary of significant accounting policies**

2.1 **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. They were also prepared in accordance with the Companies Act 2006 and under the historical cost convention, as has been modified by the revaluation of derivative financial instruments at fair value.

Under FRS 101 the Company is exempt from the following requirements on the grounds that it otherwise applies EU-adopted IFRS but makes amendments requirements where necessary in order to comply with the Act and the Regulations, and (3) the financial statements summarise (in narrative form) the exemptions applied and identify the consolidated financial statements in which the entity is consolidated.

The following exemptions from the requirements of IFRS as adopted by the EU have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraph 73(e) of IAS 16 Property, Plant and Equipment
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

The Company is a wholly owned subsidiary of Swissquote Bank Ltd, which heads the smallest group for which consolidated financial statements are produced. The ultimate parent and controlling party is Swissquote Group Holding Ltd, and which heads the largest group for which consolidated financial statements are produced. Those consolidated financial statements can be obtained from Swissquote's website: http://www.swissquote.ch/sqw-group/investor/reporting.jsp

As per paragraphs 2 and 8 of the Application Guidance to FRS 100, it was considered that the consolidated financial statements of the ultimate parent (Swissquote Group Holding Ltd) presented in accordance with IFRS provide disclosures that meet the basic disclosure requirements of the relevant standard. The accounting policies described above have been applied consistently.

2.2 **Critical accounting estimates and judgments**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

As at 31 December 2018 there have been no accounting estimates that have significantly impacted the financial statements.

2.3 **Adoption of new and revised IFRSs**

The following standards, amendments and interpretations are effective on or after 1 January 2018 and the Company applied them for the first time. The nature and effect of the change arising from the adoption of these new accounting standards are described below.

Standards / Interpretation	Content	Applicable for financial years beginning on / after
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018

IFRS 15 "Revenue from contracts with Customers"

The Company has adopted IFRS 15 that establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue guidance, including IAS 18 "Revenue". IFRS 15 contains new guidelines on whether revenue should be recognised at a certain point of time or over time. For cases involving variable consideration, a new recognition threshold was introduced. Under this reporting standard, variable amounts are only included in revenue if it is highly probable that a significant revenue reversal will not occur in the future as a result of re-estimation. IFRS 15 also introduces new guidance on the recognition of the costs of fulfilling and obtaining a contract and includes significantly increased requirements for the disclosure of revenue in the annual financial statements. The Company applied the exemptions set out under FRS 101 (art. 8, eA). The impact of the adoption of IFRS 15 was not significant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

2.3 Adoption of new and revised IFRSs (continued)

IFRS 9 "Financial instruments"

The Company has adopted IFRS 9 with a date of transition of 1 January 2018, which resulted in changes in: (1) the accounting policies for recognition, classification and measurement of financial assets and liabilities, (2) the impairment of financial assets and (3) in certain other standards dealing with financial instruments such as IFRS 7 "Financial instruments: disclosures".
As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures and the impact of the first time adoption was recognised in the opening retained earnings of the balance sheet as of 1 January 2018. The adoption of IFRS 9 did not lead to any changes in the classification and measurement of financial assets and liabilities, except for the application of expected credit loss model.

Details of the specific IFRS 9 accounting policies applied in the current period are described below. The previous IAS 39 accounting policies applied in the comparative period are detailed in Notes 2.7 and 2.8 (where new IFRS 9 accounting policies are not repeated).

Financial assets classification

Since the adoption of IFRS 9, the classification and measurement of debt instruments depend on (1) the business models of the entity for managing the assets and (2) the cash flow characteristics of the asset. Based on these factors, the company classifies its debt instruments into one of the following three measurement categories:
- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL).

Impairment

IFRS 9 outlines a 3-stage model for impairment based on changes in credit quality since initial recognition.

Stage 1	All financial instruments at initial recognition (except if already credit-impaired at acquisition).
Stage 2	A financial instrument is moved to stage 2 if there is a significant increase in credit risk since initial recognition.
Stage 3	Any financial instrument that is credit-impaired.

Financial instruments in stage 1 have their Expected Credit Loss (ECL) measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in stage 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

The following standards, amendments and interpretations have been issued but have not impacted the Company

Standards / Interpretation	Content	Applicable for financial years beginning on / after
IAS 40 (amended)	Transfer of Investment Property	1 January 2018
IFRS 2 (amended)	Classification and Measurement of Share-based Payment	1 January 2018
IFRS 4 (amended)	Insurance Contracts	1 January 2018
IAS 28 (amended)	Investments in Associates and Joint Ventures	1 January 2018
IFRS 1 (amended)	First-time Adoption of IFRS	1 January 2018

The following standards and interpretations have been issued, are mandatory for the accounting periods beginning on/after 1 January 2019 and are expected to be relevant to the Company:

Standards / Interpretation	Content	Applicable for financial years beginning on / after
IFRS 16	Leases	1 January 2019

IFRS 16, "Leases"

The standard sets out the principles for the recognition, measurement, presentation and disclosures of leases for both parties to a contract. IFRS 16 will replace the previous standard IAS 17 and related interpretations. Exemptions apply in the case of short term leases and low value lease assets. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16. The Company's undiscounted minimum lease payments for operating leases are disclosed in Note 3.2.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

2.4 Turnover

Turnover consists of commission and mark-up earned from trading foreign exchange, precious metals, and contracts for differences, net of rebates paid to introducing brokers and net of prime broker fees paid to Swissquote Bank Ltd.

2.5 Foreign currency translation

(i) Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Sterling Pound (£ or GBP), which is the Company's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign currency translation	2018 Closing rates	2017 Closing rates
EUR	0.8984	0.8888
USD	0.7841	0.7406

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise, the asset and settle the liability simultaneously.

2.7 Financial assets

Financial year ended 31 December 2018
The Company applied the classification and measurement requirements for financial assets under IFRS 9 for the year ended 31 December 2018. The 2017 comparative period was not restated, and the requirements under IAS 39 were applied. Reference is made to Note 2.3 for description of key changes in accounting policies because of IFRS 9 as they will not be repeated here.

Financial year ended 31 December 2017

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and advances. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss
This category includes financial assets that are acquired principally for the purpose of selling them in the near future or holding them as part of a portfolio that is managed together for short-term profits or position taking. Derivative financial instruments are also categorised as financial assets at fair value through profit or loss (unless designated as hedge accounting).

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets.
The Company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

2.8 Impairment of financial assets carried at amortised cost

Financial year ended 31 December 2018
The Company applied the impairment requirements for financial assets under IFRS 9 for the year ended 31 December 2018. The 2017 comparative period was not restated, and the requirements under IAS 39 were applied. Reference is made to Note 2.3 for description of key changes in accounting policies because of IFRS 9 as they will not be repeated here.

Financial year ended 31 December 2017
The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets 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 occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.8 Impairment of financial assets carried at amortised cost (continued)

The Group first assesses whether objective evidence of impairment exists.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is 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. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

When a loan is non-collectable, it is written off against the related provision for loan impairment. Such loans are written off after sufficient objective evidences have been identified, such as:

- Significant financial difficulty of the issuer;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- The probability that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets.

Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

2.9 Derivative financial instruments

Derivative financial instruments include contracts for difference on foreign currency pairs, gold, indices and commodities, that are initially recognised in the statement of financial position at fair value on the date a derivative contract is entered into and that are subsequently remeasured at their fair value. Fair values are determined by the prices quoted by the Company, which are derived from directly observable exchange rates and quoted prices obtained from stock exchanges. Derivative financial instruments are recognised on the statement of financial position as current assets when fair value is positive and as current liabilities when fair value is negative. Derivative financial instruments form part of the Company's operating activities.

2.10 Tangible assets

Tangible assets are stated at historical cost less depreciation. Historical cost includes expenses that are directly attributable to the acquisition of the items. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements/ fixtures & fittings	Over the period of the lease
Furniture and equipment	Over 3 years at 33% per annum on a straight line basis
Computer hardware	Over 3 years at 33% per annum on a straight line basis

Subsequent costs are included in the asset's carrying amount or are recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The cost of acquisition and accumulated depreciation of an item is derecognised when no future economic benefits are expected from its use or disposal.

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2.11 Impairment of tangible assets

Assets that have an indefinite useful life - for example, goodwill - are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the highest of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

2.12 Current and deferred tax

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred income taxes are provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rate (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that the Company has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the Company.

2.13 Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2.14 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date. Where a provision is measured using cash flow estimates to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefit required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

2.15 Share capital

Ordinary shares are classified as equity. Share premium includes any premium received on the issuing of new shares.

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Leases

The leases entered into by the Company are operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.17 Fiduciary activity

The Company holds money on behalf of clients in a fiduciary capacity and in accordance with the Client Money Rules of the Financial Conduct Authority. Such monies and the corresponding amounts due to clients are excluded from these financial statements as the Company is not beneficially entitled thereto. As at 31 December 2018 the Company held £14,417,778 in segregated client money accounts (£18,801,994 as at 31 December 2017).

2.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank and deposits held at call with banks.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

3 Financial risk management

The Company is exposed to a number of financial risks including business risk, market risk, credit risk, operational risk, liquidity risk, and regulatory risk. The board of directors has direct responsibility for the Company's risk management and control framework, which includes the preparation of a quarterly risk report presented to the Company's board of directors and also to the parent company's risk management function. The Company also reviews at least annually its Internal Capital Adequacy Assessment Process ("ICAAP"), which includes an assessment and quantification of the risks that the Company is exposed to.

3.1 Credit risk

Credit risk is defined as the possibility of a loss being incurred as the result of a counterparty failing to meet its financial obligations.

Credit risk arises from derivative financial instruments and deposits with banks and financial institutions, as well as from credit exposure to customers, including outstanding receivables. Customer cash is managed in accordance with the FCA's Client Money rules, and is held in bank accounts with authorised institutions. Under these rules and to safeguard its security, customer cash is segregated from the Company's cash. All financial institutions used for investment of both customer and corporate cash are evaluated for credit worthiness.

The credit risk in respect of customers arises from a customer's trading position going into deficit through incurring a loss in excess of the required margin deposit. The trading platform provided to customers compares in real time client margin deposits with potential losses, and where margin deposits are insufficient, will close out immediately all open positions to avoid a debtor position occurring (in normal market conditions). Given the liquidity in the markets in which the Company operates, the likelihood of this resulting in a loss to the Company is low. Given that the client's positions are all covered by margin held at the year end date, the credit risk exposure is nil. In exceptional situations where the market prices move very rapidly the closing of positions might result in a loss.

(i) Maximum exposure to credit risk

	31 Dec 2018	31 Dec 2017
Credit risk exposure relating to on balance sheet assets are as follows:	£	£
Derivative financial instruments - with customers	-	-
Cash at bank (excluding cash in hand)	7,996,925	19,255,189
Trade debtors	95,836	77,603
Other receivables	529,789	660,607
Total credit exposure on financial assets (gross amount)	8,622,551	19,993,399
Less: ECL allowance on cash and equivalent	(10,000)	-
Total credit exposure on financial assets (net amount)	8,612,551	19,993,399

(ii) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or using the Credit Quality Step of the central government in which the institution is incorporated.

Cash at bank (excluding cash in hand)

	31 Dec 2018	31 Dec 2017
	£	£
AAA to AA-	2,046,640	14,771,362
A+ to A-	2,801,932	2,809,854
BBB+ to BBB-	3,138,354	1,673,973
	7,986,926	19,255,189
Trade debtors and Other receivables		
Unrated	625,625	738,210

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

3.1 **Credit risk (Continued)**
(iii) Offsetting

Offsetting and related rights to set-off are risk management tools that the Group uses among others to reduce counterparty credit risk.
The following table presents the recognised financial instruments that are subject to enforceable matter netting arrangements or other similar agreements.

	Owed from Group - Gross amounts of Financial Liabilities	Owed to Group - Gross amounts of Financial Assets	Open derivatives with clients	Margin Received from client	Net amount after offsetting in the balance sheet
	£	£	£	£	£
Amounts owed to/from Group	43,137,468	42,413,974	-	-	723,494
Advances of net unrealised rev	-	-	(2,927,266)	2,927,266	-
Balance at 31 December 2018	43,137,468	42,413,974	(2,927,266)	2,927,266	723,494

	Owed from Group - Gross amounts of Financial Liabilities	Owed to Group - Gross amounts of Financial Assets	Open derivatives with clients	Margin Received from client	Net amount after offsetting in the balance sheet
	£	£	£	£	£
Amounts owed to/from Group	(18,571,167)	17,568,744	-	-	(1,002,423)
Advances of net unrealised rev	-	-	(12,458,590)	12,458,590	-
Balance at 31 December 2017	(18,571,167)	17,568,744	(12,458,590)	12,458,590	(13,461,013)

The Company has a contractual agreement with Swissquote Bank Ltd to enter into a back to back trade in respect of derivative positions with clients. Net trading gains and losses between the Company and Swissquote Bank Ltd are settled daily. Therefore, there are no open derivatives positions with Swissquote bank as at 31 Dec 2018.

The Company sets-off unrealised losses incurred in respect of an open position against any of the client money that is held by the Company.

This arrangement meets the criteria for offsetting and therefore no derivatives are presented on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

3.2 Liquidity Risk

This risk arises primarily from funding client open positions. All trades are on a matched-principal basis with parent company, Swissquote Bank Ltd, which provides funding for the Company. Liquidity risk also arises from the risk of not being able to liquidate investments in a timely manner. To mitigate this risk, the Company maintains sufficient liquid cash resources.

The table below presents the balances payable by the Company under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Total
31 December 2018	£	£	£
Trade and other payables	2,763,002	-	2,763,002
31 December 2017			
Trade and other payables	14,346,793	-	14,346,793

Financial commitments
At the year end, the Company was committed to make the following payments in respect of lease with expiry date on 29th March 2023

	Less than 1 year	Between 2 and 5 years	Total
31 December 2018	£	£	£
Land and buildings	213,219	710,729	923,948
31 December 2017			
Land and buildings	55,147	-	55,147

The lease term expires on 29 April 2023. The above figure does not include the return of the rent deposit of £139,260.

Contingent liabilities
The Company has no contingent liabilities at the year end.

3.3 Market risk

(i) Price risk

The Company trades on a matched-principal basis with its parent company and takes no proprietary positions, and hence is not exposed to direct market risk.

(ii) Foreign exchange risk

The functional currency is Sterling Pound, but the Company operates on a cross-border basis, hence has assets and liabilities denominated in other currencies, and is exposed to movements in foreign exchange rates. The company seeks to mitigate this exposure by minimising the exposure in foreign currencies.

The foreign exchange risk arises primarily with respect to the Euro and US dollar.
At 31 December 2018, if the Sterling Pound (£) had weakened/strengthened by 10% against the Euro with all other variables held constant the pre-tax loss for the year would have been £211,131 (2017: £382,172) lower/higher (2017: lower/higher), mainly as a result of foreign exchange losses/gains on the translation of Euro denominated balances.
At 31 December 2018, if the Sterling Pound (£) had weakened/strengthened by 10% against the US dollar with all other variables held constant the pre-tax loss for the year would have been £52,648 (2017: £57,695) lower/higher (2017: lower/higher), mainly as a result of foreign exchange losses/gains on the translation of US dollar denominated balances.

(iii) Market liquidity risk

Market liquidity risk represents the risk that the level of expected market activity changes dramatically and, in certain cases, may even cease to exist. This situation resulting in the inability for a market participant to liquidate a position in a timely manner at a reasonable price. The effects of market liquidity risk can result into a price impact of trading activity and/or a postponed trading execution. This exposes the Company to the risk that it will not be able to transact business and execute trades in an orderly manner which may impact the results and/or client account balances.

(iv) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.
As the Company does not hold any material assets/liabilities subject to interest rates, this risk is considered insignificant.
No sensitivity analysis is presented for interest rate risk as the impact of reasonably possible market movements on the Company's pre-tax profit are not significant to the Company's financial performance and position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

3.4 **Operational Risk**: is defined as the risk of direct or indirect losses resulting from an inadequacy or failure attributable to procedures resulting from human, systems, or external factors. This risk is mitigated by the Company's systems of internal controls, policies and procedures.

3.5 **Business Risk**: the principal business risk for the Company in the initial period following authorisation is to acquire sufficient customers and generate revenue that cover the fixed overheads of the business. Thereafter, the Company will have a dependency upon the trading volumes of its customer base, which are to a significant extent driven by volatility in the market. The impact of reduced volatility can be mitigated by reducing the level of marketing spend.

3.6 **Regulatory Risk**: is the risk of non-compliance with, and future changes to, regulatory rules potentially impacting our business in the markets in which we operate. The Company's products make them higher risk when compared to traditional forms of trading. They are leveraged, derivative products, not listed on an exchange. Consequently, the Company's regulatory licenses, especially those which enable trading with retail clients, are subject to a large number of rules. The Company mitigates the risk of non-compliance by ensuring it has adequate and experienced compliance professionals and associated policies and procedures.

3.7 **Capital Management**: the Company manages its capital resources on the basis of regulatory capital requirements and through its own assessment of capital required to cover all material financial risks. The Company manages its regulatory capital through an Internal Capital Adequacy Assessment Process (known as the ICAAP) in accordance with guidelines and rules implemented by the FCA. The Company's capital is equal to Total Shareholders Funds. The Company has complied with all externally imposed capital requirements to which it is subject.

3.8 **Financial assets and liabilities categorisation**
IFRS 7 requires presenting all the financial assets and liabilities of the Company by category and by class of instruments.

31 December 2018

Classes of financial assets	Loans and receivables	Fair value through profit or loss	Total
	£	£	£
Trade and other receivables	716,171	-	716,171
Cash and cash equivalents	7,986,926	-	7,986,926
Total financial assets	8,703,097	-	8,703,097

Classes of financial liabilities	Other liabilities	Fair value through profit or loss	Total
	£	£	£
Trade and other payables	2,763,002	-	2,763,002
Total financial liabilities	2,763,002	-	2,763,002

31 December 2017

Classes of financial assets	Loans and receivables	Fair value through profit or loss	Total
	£	£	£
Trade and other receivables	812,494	-	812,494
Cash and cash equivalents	19,255,189	-	19,255,189
Total financial assets	20,067,683	-	20,067,683

Classes of financial liabilities	Other liabilities	Fair value through profit or loss	Total
	£	£	£
Trade and other payables	14,346,793	-	14,346,793
Total financial liabilities	14,346,793	-	14,346,793

3.9 Fair value of financial assets and liabilities

The table below analyses financial instruments carried at fair value by major product category and fair value hierarchy. The different levels have been defined as follows:

• Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

• Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

• Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the Company's financial assets and liabilities that are measured at fair value:

31 December 2018	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Derivative financial instruments (Note 3.1 (iii))	-	2,927,266	-	2,927,266
Total financial assets	-	2,927,266	-	2,927,266
Financial liabilities				
Derivative financial instruments (Note 3.1 (iii))	-	(2,927,266)	-	(2,927,266)
Total financial liabilities	-	(2,927,266)	-	(2,927,266)

31 December 2017	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Derivative financial instruments (Note 3.1 (iii))	-	12,458,590	-	12,458,590
Total financial assets	-	12,458,590	-	12,458,590
Financial liabilities				
Derivative financial instruments (Note 3.1 (iii))	-	(12,458,590)	- -	12,458,590
Total financial liabilities	-	(12,458,590)	-	(12,458,590)

The fair value of financial instruments that are not traded in an active market (i.e. over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The Company uses mainly estimated discounted cash flow models to determine the fair value for the financial instruments which are not traded in an active market. If all significant inputs required to fair value of an instrument are observable, the instrument are included in level 2.

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair value.

4. Turnover

	Year to 31 Dec 18	Year to 31 Dec 17
	£	£
Commission and mark-up earned on foreign exchange and CFDs	4,923,852	7,331,998
Rebates payable to introducing brokers	(1,310,429)	(1,376,604)
	3,613,423	5,955,394

5. Operating expenses

	Year to 31 Dec 18	Year to 31 Dec 17
	£	£
Staff costs (shown in note 6)	1,710,180	1,578,258
Depreciation[1]	53,979	7,793
Auditors' remuneration:		
Auditors' - audit of these financial statements	28,405	21,630
Auditors' - other assurance services required by law or regulation	15,500	16,480
Auditors' - other services relating to taxation	-	-
Other service fees - accounting and tax	2,059	10,540
Other expenses (shown in note 7)	1,643,171	1,454,113
	3,453,293	3,088,814

[1] Due to an error identified during the period, depreciation cost has increased. As 2017 figures are not material, the comperative figures have not been restated and the entire adjustment has been included in 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Staff costs

	Year to 31 Dec 18	Year to 31 Dec 17
	£	£
Wages and salaries	1,442,388	1,363,309
Other pension costs	84,270	54,418
Social security costs	183,522	160,531
	1,710,180	1,578,258

The average monthly number of employees during the year was 27 (2017: 24).

7. Other expenses

	Year to 31 Dec 18	Year to 31 Dec 17
	£	£
Bank fees	83,368	36,201
Staff related expenses	115,345	174,327
Marketing	749,125	537,519
Lease expense	172,161	164,493
Occupancy	25,177	21,279
Communication & I.T	78,116	70,313
Legal	46,445	19,594
Insurance	1,268	2,935
Consultancy / Other Professional	201,650	258,104
Travel & Entertaining	53,111	74,919
Office General	6,154	8,511
VAT	111,251	85,918
	1,643,171	1,454,113

8. Remuneration of directors

	Year to 31 Dec 18	Year to 31 Dec 17
	£	£
Directors' emoluments	501,111	303,776
Amounts receivable under long term incentive schemes	-	-
Company contributions to money purchase pension schemes	27,446	20,897
Amounts paid to third parties in respect of directors' services	-	-
	528,557	324,673

The aggregate of emoluments and company pension contributions to a money purchase scheme of the highest paid director during 2018 is £360,155and 2017 was £355,909 and £282,673 respectively.
The amount of £360,155 is included in the staff costs stated in Note 6.

9. Pension costs

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounts to £84,270 (2017: £54,418).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

10. Trade and other receivables

	As at 31 Dec 18	As at 31 Dec 17
	£	£
Amounts due from customers	1,828,501	1,810,268
Prepayments	90,546	74,284
Rent deposit	139,260	139,260
Other receivables	390,529	521,347
Total - gross	2,448,836	2,545,159
Provision for bad debt	(1,732,665)	(1,732,665)
	716,171	812,494

At 31 December 2018, the balance of amounts due from customers of GBP 1.8 million (2017: 1.8 million) includes a provision of GBP 1.7 million related to the removal of the 1.20 floor on EUR/CHF by Swiss National Bank in 2015.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	As at 31 Dec 18	As at 31 Dec 17
	£	£
Pound sterling	620,335	774,261
Other currencies	95,836	38,233
	716,171	812,494

11. Derivative financial instruments

Derivative financial instruments are primarily open positions on contracts for difference (CFDs) in which the Company acts as the counterparty to positions held by the Company's customers at the year end. These instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates and in fluctuations of the quoted prices of the underlying indices, commodities and precious metals. The aggregate contractual or notional amount of these financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate from time to time. The fair value measurement of these derivative financial instruments is based on the prices quoted by the Company, which are derived from directly observable exchange rates and quoted prices obtained from stock exchanges.

The Company has a service level agreement with Swissquote Bank Ltd according to which all trades between the Company and its clients are hedged by entering into off-set trades between the Company and Swissquote Bank Ltd and are settled on a daily basis. Therefore, there are no open derivatives positions with Swissquote bank as at 31 Dec 2018.

31 December 2018	Fair value		Notional amount
	Assets	Liabilities	
	£	£	£
Currency forwards	2,456,917	-	635,573,166
Precious metals forwards	409	-	447,708
Derivative Financial Instruments	469,940	-	67,387,501
Total derivatives	2,927,266	-	703,408,375

31 December 2017	Fair value		Notional amount
	Assets	Liabilities	
	£	£	£
Currency forwards	12,197,720	-	1,692,191,429
Precious metals forwards	7,687	-	669,302
Derivative Financial Instruments	253,183	-	24,826,771
Total derivatives	12,458,590	-	1,717,687,502

The Company has a contractual agreement with Swissquote Bank Ltd to enter into a back to back trade in respect of derivative positions with clients. Net trading gains and losses between the Company and Swissquote Bank Ltd are settled daily, due to this agreement no derivatives are presented on the balance sheet.

12. Cash and cash equivalents

	As at 31 Dec 18	As at 31 Dec 17
	£	£
Corporate bank accounts	7,996,926	19,255,189
Initial application of IFRS 9	(10,000)	
	7,986,926	19,255,189

As explained in Note 2.17, the Company excludes from the face of its balance sheet cash held in segregated client money bank accounts on behalf of clients; as at 31 December 2018 this amounted to £14,417,778 (2017: £18,801,995).

The cash and cash equivalents are analysed in the following currencies:

	As at 31 Dec 18	As at 31 Dec 17
	£	£
Pound sterling	713,951	9,687,926
Euro	2,461,892	6,812,523
US dollar	999,551	1,502,380
Other currencies	3,811,533	1,252,360

13. Trade and other payables

	As at 31 Dec 18	As at 31 Dec 17
	£	£
Accrued operating expenses	274,731	459,677
Trade creditors	284,500	426,102
Amounts owed to group undertaking	2,203,772	13,461,013
	2,763,002	14,346,792

The fair values of trade and other payables as of 31 December 2017 and 31 December 2016 approximate their carrying amount.

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	As at 31 Dec 18	As at 31 Dec 17
	£	£
Pound sterling	(1,993,614)	(899,381)
Euro	3,184,072	12,381,707
US dollar	497,989	2,100,360
Other currencies	1,074,555	764,106
	2,763,002	14,346,792

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Tax on profit

Analysis of charge in year	As at 31 Dec 18 £	As at 31 Dec 17 £
UK corporation tax:	-	-
Total current tax	-	-
Adjustments in respect of prior periods		
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

Factors affecting the tax charge for the current year
The average rate of current tax for year, based on the UK standard rate of corporation tax, is 19% (2017: 19.25%). The current tax charge for the year and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	As at 31 Dec 18 £	As at 31 Dec 17 £
Profit activities before taxation	175,225	2,868,480
Tax on profit activities at average rate	(33,293)	(522,182)
Short term timing differences	-	-
Group relief paid for as prior year adjustment	-	-
Total actual amount of current tax	-	-

Factors that may affect future current and total tax charges:

As at 31 December 2018 there are £181,529 (2016: £214,822) potential tax credits available to the company to set off against future profits of the same trade. These have not been recognised as a deferred tax asset due to the uncertainty of the timing of the future profit stream of the company.
The UK Government announced that the main rate of corporation tax for the year beginning 1 April 2014 will reduce from 23% to 17% (2020) to be followed by a further 1% reduction for the year beginning 1 April 2015. The effective rate for the year ended 31 December 2018 is 19%.

15. Called up share capital

	As at 31 Dec 18 £	As at 31 Dec 17 £
Allotted, called up and fully paid:		
Brought forward	4,260,100	3,760,100
Ordinary shares of £1 each issued during the year	-	500,000
As at end of year	4,260,100	4,260,100

16. Related party transactions and ultimate controlling party

The Company is a subsidiary of Swissquote Bank Ltd, a company incorporated in Switzerland, whose address is Chemin de la Crétaux 33, 1196 Gland, Switzerland, and which is regulated by the Swiss Financial Market Supervisory Authority (FINMA), and which heads the smallest group for which consolidated financial statements are produced.

17. Subsequent events

There were no post statement of financial position events that require adjustments or disclosure in these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SWISSQUOTE LTD

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

In our opinion, Swissquote Limited's country-by-country information for the year ended 31st December 2018 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 31st December 2018 in the Country-by-Country Reporting.

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 additional disclosures on page 24 of the financial statements, 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

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not currently clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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

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 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.

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.

Steven Linnegar

Steven Linnegar (Senior Statutory Auditor)
for and behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
08/04/2019

ADDITIONAL DISCLOSURES AS PER ARTICLE 89 OF THE DIRECTIVE 2013/36/EU

Swissquote Ltd - Country by Country reporting

Basis of preparation
The Capital Requirements (Country By Country Reporting) ('CBCR') Regulations 2013 (the 'Regulations') came into effect on 1 January 2014 and have been transposed into UK law and impose certain reporting obligations on institutions within the UK within the scope of Article 89 of the EU Capital Requirements Directive IV. The Directors are responsible for the preparation of CBCR in accordance with the Regulations.

Country by country reporting
Swissquote Ltd (the "Company") hereby sets out the required CBCR information for the Company for the year ended 31 December 2018. The Company also confirms that the following information relates only to the United Kingdom, as the Company operates solely within this jurisdiction.

a) name, nature of activities and geographical location	Swissquote Ltd The Company is authorised and regulated by the Financial Conduct Authority as a matched principal broker and provides online trading in foreign exchange, contracts for difference, and precious metals, to private and corporate clients domiciled in EU and non-EU countries. The Company is located in the United Kingdom.
b) turnover	Turnover for the year ended 31 December 2018 is £3,613,423 (2017: £5,955,394)
c) number of employees on a full time equivalent basis	As at 31 December 2018, the number of employees on a full time equivalent basis was 24 (31 December 2017: 23).
d) profit or loss before tax	Profit before tax for the year ended 31 December 2018 is £175,225 (2017: profit of £2,868,480)
e) tax on profit or loss	The Company did not incur any tax for the year ended December 2018 (2017: nil)
f) public subsidies received	The Company did not receive any public subsidies in the year ended 31 December 2018 (2017: nil)