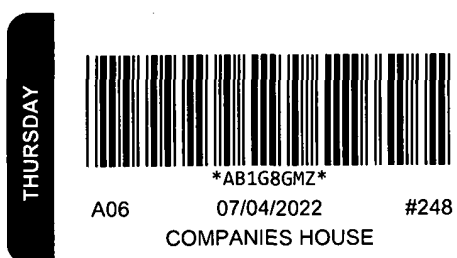


## **Trading 212 UK Limited**

### **Annual report and financial statements**

for the year ended 31 December 2021

Registered number: 08590005



**Company Information**

<b>Directors</b>	Andrew Bole Mukid Chowdhury Gary Dixon George Mantilas Borislav Nedialkov Philip Parsons Rajvinder Somal
<b>Registered number</b>	08590005
<b>Registered office</b>	107 Cheapside London EC2V 6DN

**Contents**

	<b>Page</b>
<b>Directors' report</b>	<b>3 - 4</b>
<b>Strategic report</b>	<b>5 - 10</b>
<b>Independent auditor's report</b>	<b>11 - 14</b>
<b>Statement of profit or loss and other comprehensive income</b>	<b>15</b>
<b>Statement of financial position</b>	<b>16</b>
<b>Statement of changes in equity</b>	<b>17</b>
<b>Statement of cash flows</b>	<b>18 - 19</b>
<b>Notes to the financial statements</b>	<b>20 - 39</b>

## **Trading 212 UK Limited**

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### **Directors' report**

for the year ended 31 December 2021

The directors present their Directors' report together with the Strategic report and the financial statements of Trading 212 UK Limited ('the company') for the year ended 31 December 2021.

### **Principal activity**

The company is regulated by the Financial Conduct Authority ('FCA') (FRN: 609146) as a MIFIDPRU £750k firm, which enables its customers to trade stocks through its proprietary trading platform and mobile app as well as entering into Contract for Differences ('CFDs') on a range of asset classes.

### **Results and dividends**

The profit for the year, after taxation, amounted to £45,287,966 (2020: £21,897,883).

The directors recommended a dividend of £nil (2020: £nil).

### **Directors**

The directors who served during the year were:

Andrew Bole  
Mukid Chowdhury (appointed 12 October 2021)  
Gary Dixon (appointed 26 August 2021)  
George Mantilas (appointed 15 October 2021)  
Borislav Nedialkov  
Philip Parsons (appointed 2 November 2021)  
Nicholas Saunders (resigned 19 March 2021)

Rajvinder Somal was appointed as a director on 28 February 2022.

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Accounting Standards (IASs) as adopted by the UK.

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;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IASs as adopted by the UK, subject to any material departures disclosed and explained in the financial statements; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Directors' report (continued)**

for the year ended 31 December 2021

**Directors' responsibilities statement (continued)**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Pillar 3 disclosures**

The company's Pillar 3 disclosures are made publicly available from [www.trading212.com](http://www.trading212.com).

**Matters covered in the Strategic report**

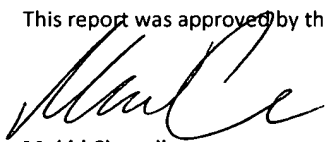
The company has chosen, in accordance with s.414C(II) of the Companies Act 2006, to set out in the company's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and Part 2 of The Companies (Miscellaneous Reporting) Regulations 2018 to be contained in the Directors' report. It has done so in respect of risk exposure, future developments, and engagement with suppliers, customers and others.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 31 March 2022 and signed on its behalf by



**Mukid Chowdhury**  
Director

## Trading 212 UK Limited

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### Strategic report

for the year ended 31 December 2021

#### Principal activity

Trading 212 UK Limited's ('T212' or 'the company') activities during the year consisted of:

- i. The provision of a stockbroking platform where customers can buy and sell a range of listed investments.
- ii. The provision of Contract for Difference ('CFD') trading service platform where two parties agree to exchange the market performance of an underlying security, currency, or other financial asset through a derivative contract.

Both products are operated through T212's trading platform to clients predominantly resident in the UK and the EU.

In terms of CFD products, the company operated from January 2021 to May 2021 on a spread revenue model, profiting from the difference between the prices offered to clients and those on which hedging trades were conducted via a back-to-back hedging agreement with a group affiliate. From May 2021 onwards, T212 opted to end the back-to-back hedging arrangement to manage its own risk, in accordance with its trading risk management policy and limits. T212 now directly manages the market risk of its open CFD positions with clients based on defined and approved risk parameters on each product and asset class, hedging exposures outside of these with reputable third parties.

For the stock trading business, the company operates a zero-commission model where clients do not pay commission for trading nor suffer custody fees for the assets held. T212 earns fees from clients when they trade in a currency different to that in which their cash was deposited, and through a fully collateralised stock lending programme.

From January 2021 to August 2021, T212 operated via routing all orders through to appropriate counterparties, but after that date T212 operated as a systematic internaliser ('SI'). This means that the company now internalises a large volume of trades by acting in a principal capacity to customer buy and sell orders, and holds inventory on its balance sheet.

#### Strategy

While operating both a CFD and a stockbroking platform, T212 continues to shift focus towards stockbroking with the growth strategy delivering increases in client money and asset balances from £2.1bn at the start of the year to £2.9bn at the end.

This growth has been led partly by broader market trends and activity, but also crucially by the increasing popularity of the platform and our product offering which includes, for example, T212's pricing structure, the ability to trade in fractional amounts of shares, and the functionality within the platform to build portfolios. In addition, the ability to trade via T212's mobile app has proved to be extremely popular with the tech savvy demographic.

These features have helped open share trading to a much wider and diverse client base who may not historically have had access to the financial markets or been considered as potential customers. T212's products, services and technology has facilitated and enabled a wider audience to participate in managing their own financial affairs and investment decisions that they were previously unable to do.

External factors have also contributed to the significant demand for T212's services and include both the well-publicised surge of public interest in the stock markets seen in early 2021 as well as the continuance of the COVID pandemic. This demand has translated into increased transaction volumes, customer deposits and significant increases in user activity.

With this exceptional growth came the need for the Board to, voluntarily and temporarily, pause onboarding and reflect on the firm's strategy and operating model, including the current systems, capacity, and controls in place at T212 to ensure that they remain appropriate for the size and scale of the growing business. This was also conducted with the mindset of ensuring that the firm continues to meet and exceed all regulatory obligations both today and in the future as the business continues to grow.

## Trading 212 UK Limited

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### Strategic report (continued)

for the year ended 31 December 2021

As a result, T212 has invested significantly in the UK entity and its operating model, and has included:

- 1) Increasing the share capital of the UK business by an additional £19.8m;
- 2) Increasing cash reserves year on year by over £90m, which supports the implementation of our improved liquidity framework;
- 3) The hiring of a new UK based senior management team with significant experience in this sector, including a new “C-Suite” of executives including a CEO, COO, CFO, CRO and a CTO;
- 4) Appointing new directors to the Board, including 2 new independent non-executive directors (1 after the year-end), which takes the total number of members on the Board to 7 directors at the date this report is signed;
- 5) Significantly increasing headcount in the UK, with further approved recruitment plans to grow to circa 70 by the end of Q3 2022; and
- 6) Increased oversight over outsourced functions within the wider group.

The result of this investment, which continues into 2022, means that the business is now well positioned to provide the products, functionality and quality of service offering that our clients expect, even in such unprecedented times. The company started the onboarding of a limited number of customers in February 2022 and looks forward starting full onboarding of clients thereafter, further contributing to and supporting of the investing public in gaining access to the wider stock markets and enabling them to take control of their financial undertakings and investment portfolios.

### Financial performance

As described above, and in prior year financial statements, T212 has seen incredible levels of growth over recent years. Revenue has grown from £2m in 2019 to £54.3m in 2020, and then to £94.1m in 2021, while profit/(loss) after tax has improved from (£0.3m) to £21.9m, and then £45.3m over the same time.

A renegotiation of some contracts provided significant cost savings, albeit offset by increased staff costs and other costs involved in up scaling the business. The largest new cost suffered is in respect of inter-company services received under an inter-company services agreement, in place with Trading 212 Limited in Bulgaria, who continue to provide the company with several outsourced services.

Net assets have also increased during this time due both to the retained profit in the business as well as the £19.8m share capital injection during the current year. Net assets now sit at £94m, up from £29m at the end of 2020.

The balance sheet continues to demonstrate the financial strength of the company.

Cash balances have increased from £5.3m at the start of the year to £96.6m at the end which coincides with a tighter level of management of amounts held with our payment service providers which was reduced from circa £21m to £2.0m as well as the continued cash generation from the financial performance of the company as a whole.

The firm’s financial performance and balance sheet strength also ensures that T212 has significant excess regulatory capital over and above its regulatory requirements.

The results are extremely encouraging and a clear demonstration of how T212’s performance has improved following its continued commitment and investment to driving excellence in technology, product offering, customer service and people.

The management’s vision and strategy continues to focus on driving long term sustainable shareholder value by placing its client interests at the forefront of its business operations and decision making, whilst ensuring the underlying fundamentals of the business remain strong.

**Strategic report (continued)**

for the year ended 31 December 2021

**Non-financial indicators**

Non-financial indicators have historically been focused on customer acquisition and customer activity. As there is no cost for a client to open an account, the number of accounts holding either cash or assets is the more useful gauge of business growth and potential. Both product lines saw a rapid growth of client numbers during the first few months of the year, driven not only by marketing and promotional activity, but by significant volatility in the market and other market events. This then flattened off during the remainder of the year as described above when the company decided to pause client onboarding for a period.

Other positive indicators of performance during the year include the significant improvements made across the business including:

- the continued strengthening of the Board and other committees alongside other corporate governance upgrades;
- improvements made to the company's operational resilience framework and operations;
- enhancements to the risk management framework and risk reporting capabilities;
- the appointment of an outsourced internal audit function; and
- improvements made to the client onboarding journey.

The commitment from the shareholders and the investment made in T212's strategy and operating model will ensure that the firm is able to accommodate significant future growth in both client acquisition and activity and ensure existing and future clients are able to enjoy and extract maximum value from the services and products offered by T212.

**Future developments**

As a result of Brexit, T212 will be looking to transfer circa 14% of its clients (representing T212's EU clients) to Trading 212 Markets Limited. This entity, a newly established and fully regulated company (regulated by the Cyprus Securities and Exchange Commission), is a sister-company of T212 in the wider T212 group of companies and is based in Cyprus. This is expected to occur in Q2 2022. T212 will continue to service all UK, EEA (ex-EU), and rest of world clients.

**Principal risks and uncertainties**

The principal risks to the company are as follows:

Technology

The company uses the trading platform, developed by its sister company Trading 212 Limited. This is a key differentiator from other outwardly similar competitors, the majority of which use a generic platform. The company believes that mobile trading will come to predominate and has therefore chosen a mobile led platform.

Recent statistics suggest this is the correct choice, with the T212 app being amongst the most downloaded trading apps in the UK.

Regulatory environment and Brexit

The end of the Brexit transition period sees the end of T212 UK's passporting rights. EU based clients who T212 UK is unable to serve will be offered the opportunity to move to an EU-regulated sister company as previously discussed.

Market risk

As discussed above, the company previously operated on a matched principal basis for CFDs and on an agency basis for equities and so exposure to market risk was limited to the FX risk of holding client money, and own funds, in multiple currencies. This has now altered following the changes in operating model, and so T212 is exposed to market risk on both lines of business.

For CFD trading, T212 is now exposed to market risk via the price movements of the underlying assets that clients take positions in. The company manages this market risk on a net basis as it is likely to take client positions in different directions on the same asset, and hence T212 itself is exposed to the net market position.



**Strategic report (continued)**

for the year ended 31 December 2021

The company manages this risk by having a Board approved trading risk appetite policy that documents a limit for each of the markets that the company operates in. This policy is then implemented by T212's risk managers who monitor exposures against these limits intra-day, with the authority to hedge positions with third parties should the exposures approach the pre-defined limits. Performance against the limits is reported throughout the corporate governance structure in the company.

For equities trading, the main market risk arises from the maintenance of the inventory, and in particular the risk that the value of the inventory falls. Therefore, the Board approved risk appetite limits incorporate the market risk on the inventory and is monitored intra-day using the same trading risk management framework and processes.

In terms of foreign currency risk on client money, as part of the daily client money reconciliation the currency balances are reviewed, and the proportions held in each currency adjusted, as necessary. The company does not hold sufficient own funds in currencies other than GBP to necessitate hedging but keeps the policy under review.

Liquidity risk

Liquidity risk arises if the company fails to meet its payments to brokers, clients, or suppliers as they fall due. Most clients are classified as retail investors and client money is therefore held in accordance with FCA rules in separate segregated client money accounts. The company voluntarily applies this protection to its small number of professional investors.

The company keeps all its own cash resources in no-notice cash accounts and closely monitors the rate of cash absorption. Over the last year, T212 has sought to build its liquidity reserves as can be seen from the balance sheet. It has also refreshed its liquidity risk framework, recovery plan, and contingency funding plan, all of which seek to assess the amount of liquidity that should be held in the business, based on various stress scenarios.

Having conducted this exercise, the company remains confident that it is adequately funded.

Credit risk

The company has exposure to its brokers, its banks, and its clients. Client defaults are managed by obtaining sufficient collateral from its clients to cover their contractual obligations. The trading platform automatically closes client positions at a *pre-determined margin level*. The company recognises there remains a *residual credit risk* but recognises this risk as inherent in its business model.

The company conducts thorough monitoring of each of its banking and hedging counterparty's financial position and considers that they are sufficiently well resourced. Periodic due diligence is also conducted on other key counterparties throughout the year and might include reviewing credit ratings, financial statements, and any other information that may indicate financial or reputational concerns thus ensuring that both T212's and its clients' funds are suitably protected.

Internal Controls

The company is conscious that, dealing with large amounts of money, it is highly exposed to loss through error or fraud. This risk is mitigated through comprehensive and clearly documented internal procedures, particularly those covering client money and payments. This is further supplemented by second line monitoring by the risk department via the production and reporting of key risk indicators, breach and incident reporting and periodic thematic reviews. To further strengthen, the company appointed an external firm to provide a "third line of defence" internal audit service.

Impact of Covid 19

The pandemic caused a large degree of volatility in the markets which has in turn facilitated increased trading volumes. In the short term the company has been a beneficiary both in revenue and in growth.

**Streamlined Energy and Carbon Reporting**

Streamlined Energy and Carbon Reporting (SECR) was introduced in 2019 as legislation to replace the Carbon Reduction Commitment (CRC) scheme. SECR requires certain companies to report on their energy consumption and associated greenhouse gas emissions within their financial reporting for Companies House. Certain companies will also need to report on any energy efficiency measures and state emissions with reference to an intensity metric.

As T212 qualifies as a large company due to its turnover and asset value, it is required to calculate its total UK energy use which consists of electricity, gas, and transport fuel.

**Strategic report (continued)**

for the year ended 31 December 2021

However, as the company uses a serviced office, it does not suffer these costs directly and so would need to estimate them. Based on the low average number of staff members during the year, the fact that most staff worked from home for the majority of the year, with hybrid working thereafter, and no fuel costs being suffered, the company considers that it is a low energy user.

**Section 172 statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to the 6 factors listed below:

**1) The consideration of the likely consequences of any decision in the long term**

T212's objective is to provide a high-quality service to its customers and achieves this by offering a variety of financial trading products, through an innovative trading service, which results in successful client trading experiences. By achieving this, the directors ensure that T212 continues to increase shareholder value.

The directors and senior management team, through board meetings and the wider corporate governance structure, ensure that T212 continues to attract and retain clients via ensuring it maintains high standards of customer service, trading platform accessibility and ease of navigation, competitive dealing spreads on CFD trading and by offering zero-commission trading.

T212 can point towards the temporary pausing of client onboarding during 2021 as an example of decisions being made with the long-term in mind. This was to ensure that the company could maintain the high-quality service expected by our existing and future clients, at a cost to the company, rather than continuing to onboard in the short-term.

**2) The consideration of the interests of the company's employees**

T212 and its directors recognise the significant contribution that its employees make to the continued success in delivering client satisfaction and driving shareholder value. This has especially been the case over recent years as employees have needed to perform their roles more independently and largely from home due to the COVID pandemic.

There have been a relatively small average number of employees during the year, with there being 6 employees at the beginning of the year and around 40 at the time of writing, and so the directors ensured that all employees were kept up to date with developments within the company through cascades to the executive management team, and then to each department.

As the business continues to mature and headcount increases, employee updates will become more formal with updates provided on all areas of the business. This will also provide greater chances to consult with T212's employees who continue to be key in ensuring that the company's strategic goals are achieved.

**3) The need to foster the company's business relationships with suppliers, customers and others**

As stated earlier in the Strategic report, the company's success is achieved by providing a high-quality service to its customers and offering a variety of financial trading products and services.

T212's clients are attracted to the zero-commission pricing structure, the ability to trade in fractional amounts of shares, the ease of use of the platform, and the functionality within the platform to build portfolios.

The directors, together with the senior management team and employees from across the organisation, are focused on ensuring that the company continues to deliver these high-quality products and services to its clients (both existing and prospective). It also continues to monitor trends in the market to ensure that the company is offering services that are in client demand.

Relationships with high-quality suppliers are also key in ensuring that T212 can provide its products and services to clients without disruption. To ensure this, the directors mandate that all suppliers are paid timely, to maintain a robust and open relationship with all its suppliers.

**Strategic report (continued)**

for the year ended 31 December 2021

**4) The impact of the company's operations on the community and the environment**

The directors remain committed to ensuring that the company, and its employees, operate in a manner that serves the best interest of the community in which it operates within and also the wider environment.

Indeed, as already mentioned in this Strategic report, T212 has helped open share trading to a much wider and diverse client base who may not historically have had access to the financial markets or been considered as potential customers. Our products, services and technology has facilitated and enabled a wider audience to participate in managing their own financial affairs and investment decisions that they were previously unable to do.

This commitment extends to ensuring that T212 always protects the interests of its clients, and this includes both the safeguarding of client money and assets as well as protecting those clients that are potentially vulnerable. The directors have access to information on vulnerable client monitoring on a periodic basis and monitor the statistics to ensure that action is taken to protect such clients.

**5) The desirability of the company maintaining a reputation for high standards of business conduct**

The directors remain committed to ensuring that the company operates at the highest standards of business conduct.

This can manifest in several ways, such as the company appointing an internal auditor during the year to ensure that a third-party review of our control environment is maintained. While this gives assurance over the specific controls in place at T212, it also facilitates the reporting to management of market best practice that can be incorporated into business-as-usual activities.

T212 is also authorised and regulated by the Financial Conduct Authority, while its sister companies are regulated by their local regulator in Bulgaria and Cyprus, with an application currently pending in Germany. This evidences that the directors, and the wider management of the group, are committed to ensuring that our business is conducted in accordance with the rules and requirements of the respective regulatory bodies of the markets we operate in. This ensures that T212 operates with the best outcome for clients always in mind.


Adherence to the FCA's conduct risk rules and guidance remain at the forefront of T212's objectives and operations. This is evidenced by T212 undertaking regular risk assessments and the production of management information to evidence compliance with the firm's conduct risk policy. T212 is committed to ensuring that it retains its clients' best interests in all its objectives and decision making whilst ensuring there is a clear value driven "tone from the top".

**6) The need to act fairly between members of the company**

The directors are fully committed to open engagement with its shareholders. While the company is 100% owned by a corporate parent company, that company is in turn owned by the 2 co-founding shareholders and as a result, the board is more able to have regular dialogue and interaction with the shareholders than would be the case in a company with a wider spread of shareholders.

The shareholders have access to all Board and Committee papers through a shareholder director being present on both the company and group boards.

This report was approved by the board on 31 March 2022 and signed on its behalf by



**Mukid Chowdhury**  
Director

# Buzzacott

## **Independent auditor's report to the member of Trading 212 UK Limited**

for the year ended 31 December 2021

### **Opinion**

We have audited the financial statements of Trading 212 UK Limited for the year ended 31 December 2021 which comprise the Statement of profit or loss and other comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies set out on pages 20 - 25. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards (IASs) as adopted by the United Kingdom (UK-adopted IAS)..

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 UK-adopted IAS; 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 United Kingdom, including the Financial Reporting Council'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 directors' 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 directors 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 directors are 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.

# Buzzacott

## **Independent auditor's report to the member of Trading 212 UK Limited (continued)** for the year ended 31 December 2021

### **Other information (continued)**

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.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

### **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 Directors' report of the Strategic report.

We have nothing to report in respect of the following matters in relation to which 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are 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 directors 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.

## **Independent auditor's report to the member of Trading 212 UK Limited (continued)**

for the year ended 31 December 2021

### **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.

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

#### **How the audit was considered capable of detecting irregularities including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, including knowledge specific to auditing investment brokerage businesses;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements through discussions with directors and other management at the planning stage, and from our knowledge and experience of investment brokerage businesses;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations;
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company including the Companies Act 2006, The Financial Services and Markets Act 2000, employment legislation, and taxation legislation; and
- we considered the impact of Brexit on the company and the laws and regulations above

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management; and
- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process; and
- reviewed journal entries throughout the year to identify unusual transactions, particularly in relation to expenditure;

## Independent auditor's report to the member of Trading 212 UK Limited (continued)

for the year ended 31 December 2021

### Auditor's responsibilities for the audit of the financial statements (continued)

- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the company's management;
- carried out substantive testing to check the occurrence and cut-off of expenditure; and
- tested the completeness and existence of revenue by comparing reports generated by the trading platform to entries in the nominal ledger.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Financial Conduct Authority and the company's legal advisors.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's member, 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 member those matters we are required to state to them 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 member, for our audit work, for this report, or for the opinions we have formed.



Peter Chapman (Senior statutory auditor)  
for and on behalf of

**Buzzacott LLP**  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

31 March 2022

## Trading 212 UK Limited

### Statement of profit or loss and other comprehensive income for the year ended 31 December 2021

	Note	2021 £	2020 £
<b>Revenue</b>	5	<b>94,078,983</b>	54,293,885
<b>Gross profit</b>		<b>94,078,983</b>	54,293,885
Other operating income	6	4,551,552	15,790
Administrative expenses	7	(42,432,997)	(27,113,426)
<b>Profit from operations</b>		<b>56,197,538</b>	27,196,249
Finance income	11	19,705	-
Finance expense	11	(265,181)	(232,779)
<b>Profit before tax</b>		<b>55,952,062</b>	26,963,470
Tax expense	12	(10,664,096)	(5,065,587)
<b>Profit for the year</b>		<b>45,287,966</b>	21,897,883
<b>Total comprehensive income</b>		<b>45,287,966</b>	21,897,883

All amounts relate to continuing operations.

There was no other comprehensive income for 2021 or 2020.

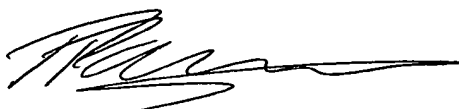
The notes on pages 20 to 39 form part of these financial statements.



**Statement of financial position**  
as at 31 December 2021

	Note	2021 £	2020 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	90,526	45,973
		<u>90,526</u>	<u>45,973</u>
<b>Current assets</b>			
Trade and other receivables	14	10,943,225	29,418,927
Cash and cash equivalents	15	96,555,303	5,322,387
Current asset investments	16	30,395,196	-
		<u>137,893,724</u>	<u>34,741,314</u>
<b>Total assets</b>		<u>137,984,250</u>	<u>34,787,287</u>
<b>Liabilities</b>			
Deferred tax liability	12	(55,513)	-
		<u>55,513</u>	<u>-</u>
<b>Current liabilities</b>			
Trade and other payables	17	(43,919,188)	(5,788,548)
Loans and borrowings	18	-	(38,056)
		<u>(43,919,188)</u>	<u>(5,826,604)</u>
<b>Total liabilities</b>		<u>(43,974,701)</u>	<u>(5,826,604)</u>
<b>Net assets</b>		<u>94,009,549</u>	<u>28,960,683</u>
<b>Issued capital and reserves</b>	20		
Share capital		24,560,900	4,800,000
Retained earnings		69,448,649	24,160,683
<b>TOTAL EQUITY</b>		<u>94,009,549</u>	<u>28,960,683</u>

The financial statements were approved and authorised for issue by the board of directors on 31 March 2022 and were signed on its behalf by:



**Philip Parsons**  
Director

The notes on pages 20 to 39 form part of these financial statements.

## Trading 212 UK Limited

### Statement of changes in equity for the year ended 31 December 2021

	Share capital £	Retained earnings £	Total equity £
<b>At 1 January 2021</b>	4,800,000	24,160,683	28,960,683
<b>Comprehensive income for the year</b>			
Profit for the year	-	45,287,966	45,287,966
<b>Total comprehensive income for the year</b>	-	45,287,966	45,287,966
<b>Contributions by/(distributions to) owners</b>			
Issue of share capital	19,760,900	-	19,760,900
<b>Total contributions by/(distributions to) owners</b>	19,760,900	-	19,760,900
<b>At 31 December 2021</b>	<b>24,560,900</b>	<b>69,448,649</b>	<b>94,009,549</b>

The notes on pages 20 to 39 form part of these financial statements.

	Share capital £	Retained earnings £	Total equity £
<b>At 1 January 2020</b>	2,800,000	2,262,800	5,062,800
Profit for the year	-	21,897,883	21,897,883
<b>Total comprehensive income for the year</b>	-	21,897,883	21,897,883
<b>Contributions by/(distributions to) owners</b>			
Issue of share capital	2,000,000	-	2,000,000
<b>Total contributions by/(distributions to) owners</b>	2,000,000	-	2,000,000
<b>At 31 December 2020</b>	<b>4,800,000</b>	<b>24,160,683</b>	<b>28,960,683</b>

The notes on pages 20 to 39 form part of these financial statements.

## Trading 212 UK Limited

### Statement of cash flows

for the year ended 31 December 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the year	45,287,966	21,897,883
<b>Adjustments for:</b>		
Depreciation	52,514	118,208
Finance expense	265,181	232,779
Finance income	(19,705)	-
Income tax expense	10,644,096	5,065,587
	<b>56,230,052</b>	<b>27,314,457</b>
<b>Movements in working capital:</b>		
Decrease/(increase) in trade and other receivables	18,475,702	(26,449,411)
Increase in trade and other payables	34,471,726	1,015,410
Net purchase of listed investments	(30,395,196)	-
	<b>78,782,284</b>	<b>1,880,456</b>
<b>Cash generated from operations</b>	<b>78,782,284</b>	<b>1,880,456</b>
Income taxes paid	(6,059,549)	(1,607,093)
	<b>72,722,735</b>	<b>273,363</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(97,067)	(7,092)
Finance income received	19,705	-
	<b>(77,362)</b>	<b>(7,092)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	19,760,900	2,000,000
Loans received	4,092,624	890,120
Repayment of loans	(4,982,744)	-
Repayment of lease liabilities	(38,056)	(111,552)
Finance expense paid	(265,181)	(232,779)
	<b>18,567,543</b>	<b>2,545,789</b>
<b>Net cash from financing activities</b>	<b>18,567,543</b>	<b>2,545,789</b>

**Trading 212 UK Limited**

**Statement of cash flows (continued)**

for the year ended 31 December 2021

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Net cash increase in cash and cash equivalents</b>	<b>91,212,916</b>	2,812,060
Cash and cash equivalents at the beginning of year	<b>5,322,387</b>	2,510,327
<b>Cash and cash equivalents at the end of the year</b>	<b>96,535,303</b>	5,322,387

The notes on pages 20 to 39 form part of these financial statements.

**Notes to the financial statements**

for the year ended 31 December 2021

**1. General information**

Trading 212 UK Limited is a private company limited by shares and was incorporated in England and Wales with registration number 08590005. Its registered office is 107 Cheapside, London, EC2V 6DN.

The company is regulated by the FCA (FRN: 609146) as a MIFIDPRU £750k firm, which enables its customers to trade stocks through its proprietary trading platform and mobile app as well as entering into Contract for Differences ('CFDs') on a range of asset classes.

**2. Accounting policies**

**2.1 Statement of compliance**

The financial statements have been prepared in accordance with International Accounting Standards (IASs) as adopted by the United Kingdom, IFRIC Interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IASs.

**2.2 Basis of preparation of financial statements**

The financial statements are prepared on the historical cost basis except for certain financial instruments that are measured at fair value, and the accounting policies set out below have been applied. The preparation of financial statements in conformity with IASs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see note 4).

**2.3 Revenue recognition**

Revenue is recognised and measured in accordance with the contracts that each client or third party enters into with the company and includes:

- i. The consideration due to/from clients on CFD contracts that have closed and reflects the gain or loss created by the movement of the underlying asset price between the time the client opened the position and when it closed. Open CFD positions are carried at their fair market value, based on the current value of the underlying asset on which the contract is based. Gains and losses on the CFD contracts are recognised as revenue.
- ii. Gains or losses on hedging transactions are also recorded as revenue and are accounted for in the same way as i) above.
- iii. Where a client maintains a CFD contract position overnight, the company charges them a financing cost for doing so depending on the underlying asset class invested in. This financing interest is recorded as revenue and is accounted for on an accruals basis.
- iv. FX fees are accounted for on an accruals basis at the point that the client enters into an order to buy or sell shares in another currency.
- v. Stock lending income is accounted for on an accruals basis.
- vi. The inventory of stock held is carried at fair market value at the balance sheet date, the fair value being the bid price. Any realised / unrealised gains and losses on the inventory is recognised as revenue.

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the company and the revenue can be measured reliably.

## Notes to the financial statements

for the year ended 31 December 2021

### 2. Accounting policies (continued)

#### 2.4 Other operating income

Deposit fees result from costs that the company suffers via third party payment providers where customers deposit funds, and they are included in 'Money transmission and other bank fees' in note 7 below. To cover these costs, the company in turn charges these costs to customers.

#### 2.5 Leasing

The company considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the company assesses whether the contract meets certain key criteria which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract; or
- implicitly specified by being identified at the time the asset is made available to the company;
- the company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the company has the right to direct the use of the identified asset throughout the period of use.

The company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### *Measurement and recognition of leases as a lessee*

At the lease commencement date, the company recognises a right-of-use asset and a lease liability on the Statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The company also assesses the right-of-use asset for impairment when such indicators exist.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance-fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

**Notes to the financial statements**  
for the year ended 31 December 2021

**2. Accounting policies (continued)**

**2.6 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**(i) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**(ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**2.7 Current and non-current classification**

Assets and liabilities are presented in the Statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting year; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting date; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Notes to the financial statements**  
for the year ended 31 December 2021

**2. Accounting policies (continued)**

**2.8 Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation on assets under construction does not commence until construction is complete and the assets are available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives on a straight line basis. It is provided over the following periods:

Computer equipment	3 years
--------------------	---------

**2.9 Segregated client funds**

Prior to trading CFDs, the company's clients deposit funds with the company as margin. This balance is held as collateral against client positions and is unavailable to the company except insofar as when a client realises a trading loss it is taken by the company from this balance. Clients will also deposit money with the company to facilitate the purchase of shares through the platform.

The company holds money on behalf of clients in accordance with the client money rules of the UK Financial Conduct Authority (FCA). Such monies are classified as 'segregated client funds' in accordance with the relevant regulatory requirements. Segregated client funds comprise individual client funds held in segregated client money accounts. Segregated client money accounts hold statutory trust status restricting the company's ability to control the monies and accordingly such amounts are not included in the Statement of financial position, except for cash that had been prudently segregated (see "Trade and other receivables" accounting policy below).

There is no interest paid on segregated client accounts.

**2.10 Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables include cash prudently segregated in client money accounts as, in the event of an administration and assuming no specific use of the amount segregated, it is due to the company.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is made when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

The company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.



## Notes to the financial statements

for the year ended 31 December 2021

### 2. Accounting policies (continued)

#### 2.11 Cash and cash equivalents

Cash and cash equivalents include cash at hand, deposits held on call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 2.12 Current asset investments

Current asset investments are stated at fair value using level 1 inputs from the fair value hierarchy. See further details on fair value in note 22.1.

#### 2.13 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Open CFD positions, and inventory positions are designated as financial instruments at fair value through profit or loss. This category of instrument is initially recognised at fair value on the date the derivative contract is entered into, or the date the stock is purchased, and is subsequently re-measured at the corresponding asset's fair value. Any resulting gains or losses are recognised in net trading revenue.

Client derivative positions are settled against client cash held in segregated accounts at the end of the day and thus do not appear on the Statement of financial position of the company.

The company's financial instruments that are held at fair value through profit or loss comprise:

- a. Holdings in listed investments - These holdings represent the company's inventory of financial investments held to facilitate client orders. The value of these assets will be determined by stock market movements; and
- b. Open financial derivative positions - These CFDs and related hedges involve two parties agreeing to exchange the market performance of an underlying asset through a derivative contract between those parties.

#### *Settling financial instruments*

In accordance with the company's client money and custody asset obligations, daily client money and asset reconciliations are performed. This ensures that, for CFD accounts, the balance in the segregated client money accounts is equal to the net client equity (deposits, less withdrawals, plus or minus any daily trading result from derivative positions). Any client gains or losses are simultaneously settled against the client cash in accordance with the terms of the client agreement between the clients and the group. For Invest accounts, the client money reconciliations ensure that any excess cash held in clients' trading accounts are suitably identified, segregated and protected, while the custody asset reconciliations ensure that the total balances of stocks owned by clients can be split on a client by client basis and that the total matches those held in custody with the third party custodian.

Apart from settlement of client trading result no other use may be made of client money. Clients may at any time request to withdraw their profits or any cash not being used as margin.

**Notes to the financial statements**

for the year ended 31 December 2021

**2. Accounting policies (continued)**

**2.14 Trade and other payables**

These amounts represent liabilities for services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**2.15 Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. See the fair value hierarchy in note 26.1.

**3. Functional and presentation currency**

*Functional and presentational currency*

These financial statements are presented in pound sterling, which is the company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## Notes to the financial statements

for the year ended 31 December 2021

### 4. Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements and are accounted for at fair value.

#### *Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

#### *Treatment of client derivative positions*

Client derivative positions are settled on a daily basis against client cash held in segregated accounts and thus do not appear on the statement of financial position.

### 5. Revenue

The following is an analysis of the company's revenue for the year from continuing operations:

	2021 £	2020 £
Investment brokerage services	94,078,983	54,293,885
	<u>94,078,983</u>	<u>54,293,885</u>

### 6. Other operating income

	2021 £	2020 £
Deposit fees	4,530,214	-
Other operating income	21,338	15,790
	<u>4,551,552</u>	<u>15,790</u>

**Notes to the financial statements**  
for the year ended 31 December 2021

**7. Administrative expenses**

	2021 £	2020 £
Money transmission and other bank fees	21,687,151	20,165,044
Market data and connectivity fees	1,007,299	-
Intercompany expense	7,168,203	-
Advertising and marketing	1,561,311	6,716,786
Staff costs	2,830,113	736,263
Professional fees	7,252,542	567,564
Audit and accountancy fees	1,260,432	169,994
Irrecoverable VAT	3,088,238	249,716
Operating lease rental	182,710	-
Depreciation	52,514	118,208
Communication and technology fees	339,850	14,022
Foreign exchange revaluation	(5,047,939)	(2,639,928)
Other administrative expenses	1,051,573	1,015,757
	<u>42,433,997</u>	<u>27,113,426</u>

**8. Auditor's remuneration**

During the year, the company obtained the following services from the company's auditor:

	2021 £	2020 £
Fees payable to the company's auditor for the audit of the company's financial statements	<u>54,000</u>	<u>54,000</u>

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent company.

## Notes to the financial statements

for the year ended 31 December 2021

### 9. Staff costs and average number of employees

	2021 £	2020 £
<b>Employee benefit expenses (including directors) comprise:</b>		
Wages and salaries	2,379,644	629,647
National insurance	310,422	53,658
Company contributions to defined contribution pension scheme	140,047	52,958
	<u>2,830,113</u>	<u>736,263</u>

The monthly average number of persons, including the directors, employed by the company during the year was as follows:

	2021 No.	2020 No.
Directors	4	1
Management	3	2
Marketing and HR	1	-
IT	1	-
Compliance	3	3
Administrative	5	2
	<u>17</u>	<u>8</u>

### 10. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	1,152,783	149,667
Company contributions to defined contribution pension scheme	10,944	6,707
	<u>1,163,727</u>	<u>156,374</u>

The highest paid director received remuneration of £796,849.

The value of the company's contributions paid to a defined contribution scheme in respect of the highest paid director amounted to £5,090.

**Notes to the financial statements**  
for the year ended 31 December 2021

**11. Finance income and expense**

**Recognised in profit or loss**

	2021 £	2020 £
Bank deposits	19,705	-
<b>Total finance income</b>	<b>19,705</b>	<b>-</b>
<b>Finance expense</b>		
Finance expense	222,489	228,914
Finance expense: right-of-use assets	278	3,865
Loans from group undertakings	22,271	-
Other loan interest payable	20,143	-
<b>Total finance expense</b>	<b>(245,476)</b>	<b>(232,779)</b>

**12. Tax expense**

**12.1 Income tax recognised in profit or loss**

	2021 £	2020 £
<b>Current tax</b>		
Current tax on profits for the year	10,616,686	5,065,587
Adjustments in respect of prior years	(8,103)	-
<b>Total current tax</b>	<b>10,608,583</b>	<b>5,065,587</b>
<b>Deferred tax expense</b>		
Origination and reversal of timing differences	25,704	-
Adjustments in respect of prior years	29,809	-
<b>Total deferred tax</b>	<b>55,513</b>	<b>-</b>
	<b>10,664,096</b>	<b>5,065,587</b>
<b>Total tax expense</b>		
Tax expense	10,664,096	5,065,587
	<b>10,664,096</b>	<b>5,065,587</b>

## Notes to the financial statements

for the year ended 31 December 2021

### 12. Tax expense (continued)

#### 12.1 Income tax recognised in profit or loss (continued)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2021 £	2020 £
Profit for the year	45,287,966	21,897,883
Income tax expense	10,664,096	5,065,587
<b>Profit before income taxes</b>	<b>55,952,062</b>	<b>26,963,470</b>
Tax using the company's domestic tax rate of 19% (2020: 19%)	10,630,892	5,123,059
Fixed asset differences	(5,042)	37
Expenses not deductible for tax purposes	3,215	491
Adjustments in respect of prior years - current tax	(8,103)	-
Adjustments in respect of prior years - deferred tax	29,809	-
Other differences leading to an increase/(decrease) in the tax charge	13,325	-
Tax losses carried forward	-	(58,000)
<b>Total tax expense</b>	<b>10,664,096</b>	<b>5,065,587</b>

#### Factors that may affect future tax charges

On 10 June 2021, the Finance Bill 2021 received Royal Assent. The Bill confirms an increase in the corporation tax rate from 1 April 2023. From this date, the rate will taper from 19% from business with profits of less than £50,000 to 25% for business with profits over £250,000.

### 13. Property, plant and equipment

	Right-of-use assets £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	221,838	32,054	253,892
Additions	-	7,092	7,092
<b>At 31 December 2020</b>	<b>221,838</b>	<b>39,146</b>	<b>260,984</b>
Additions	-	97,067	97,067
Disposals	(221,838)	-	(221,838)
<b>At 31 December 2021</b>	<b>-</b>	<b>136,213</b>	<b>136,213</b>

**Notes to the financial statements**  
for the year ended 31 December 2021

**13. Property, plant and equipment (continued)**

	Right-of-use assets	Computer equipment	Total
<b>Accumulated depreciation and impairment</b>			
At 1 January 2020	73,946	22,857	96,803
Charge for the year	110,919	7,289	118,208
<b>At 31 December 2020</b>	<b>184,865</b>	<b>30,146</b>	<b>215,011</b>
Charge for the year	36,973	15,541	52,514
Disposals	(221,838)	-	(221,838)
<b>At 31 December 2021</b>	<b>-</b>	<b>45,687</b>	<b>45,687</b>
<b>Net book value</b>			
At 31 December 2020	36,973	9,000	45,973
At 31 December 2021	-	90,526	90,526

**14. Trade and other receivables**

	2021 £	2020 £
Trade receivables	7,423,735	4,989,872
Amounts owed by group undertakings	223,783	1,609,421
Other receivables	2,750,647	22,688,935
Prepayments and accrued income	545,060	130,699
	<b>10,943,225</b>	<b>29,418,927</b>

**15. Cash and cash equivalents**

	2021 £	2020 £
Bank current accounts	90,984,357	4,662,387
Bank deposit accounts	-	660,000
Deposits with brokers	5,570,946	-
	<b>96,555,303</b>	<b>5,322,387</b>



**Trading 212 UK Limited****Notes to the financial statements**  
for the year ended 31 December 2021**16. Current asset investments**

	2021 £	2020 £
Listed investments	30,395,196	-
	<u>30,395,196</u>	<u>-</u>

**17. Trade and other payables**

	2021 £	2020 £
Trade payables	1,005,764	138,273
Amounts owed to group undertakings	7,113,125	890,120
Corporation tax	8,007,527	3,458,494
Other payables	1,010,919	2,584
Other taxation and social security	2,265,802	928,019
Accruals and deferred income	2,810,074	371,058
Amounts owed to brokers	21,705,977	-
	<u>43,919,188</u>	<u>5,788,548</u>

**18. Loans and borrowings**

	2021 £	2020 £
<b>Current</b>		
Lease liabilities	-	38,056
<b>Total loans and borrowings</b>		<u>38,056</u>

**Notes to the financial statements**  
for the year ended 31 December 2021

**19. Share capital**

Authorised, issued and fully paid

	2021 Number	2021 £	2020 Number	2020 £
<b>Shares treated as equity</b>				
Ordinary shares of £1.00 each	24,560,000	24,560,900	4,800,000	4,800,000
	<u>24,560,000</u>	<u>24,560,900</u>	<u>4,800,000</u>	<u>4,800,000</u>

During the year, 19,760,000 Ordinary £1 shares were issued at par.

**Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. All ordinary shares are fully paid, and the company does not have a limited amount of authorised capital.

**Capital risk management**

The company's objectives when managing capital are to safeguard its ability to continue as a going concern and exceed the minimum capital requirements set out by the FCA. The company met the FCA's capital requirements throughout the year.

Capital is regarded as total equity, as recognised in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the dividend payment to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged at the date of this report.

**20. Reserves**

*Retained earnings*

Retained earnings includes all current and prior periods' retained earnings.

**21. Leases**

**(i) Leases as a lessee**

Lease liabilities are due as follows:

	2021 £	2020 £
Not later than one year	-	38,056
	<u>-</u>	<u>38,056</u>

## Notes to the financial statements

for the year ended 31 December 2021

### 22. Financial instruments - fair values and risk management

#### 22.1 Financial risk management objectives

The company is exposed to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior risk managers ('Risk managers') under policies approved by the Board of directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate, procedures, controls and risk limits. Risk managers identify, evaluate and hedge financial risks within the company's operating units. Risk management reports to the Board monthly. Where areas of intense stress / potential harm are identified the Board are contacted immediately.

The company uses the following hierarchy of valuation techniques for determining and disclosing the fair value of financial instruments which are measured at fair value;

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all outputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The only assets or liabilities that are measured at fair value through profit or loss are the current asset investments, see note 16. These are valued using Level 1 inputs. All other assets and liabilities are measured at amortised cost.

At 31 December 2021, the financial instruments held by the company were:

	2021 £	2020 £
<b>Financial assets</b>		
Cash and cash equivalents	96,555,303	5,322,387
Current asset investments	30,395,196	-
Trade receivables	7,423,735	4,989,872
Other debtors	2,750,647	22,688,933
Amounts due from group undertakings	223,783	1,609,421
	<u>137,348,663</u>	<u>34,610,613</u>
<b>Financial liabilities</b>		
Trade payables	1,005,764	138,273
Other creditors	22,706,663	2,584
Accruals	2,810,074	371,058
Amounts due to group undertakings	7,113,125	890,120
	<u>33,635,626</u>	<u>2,330,054</u>

## Notes to the financial statements

for the year ended 31 December 2021

### 22. Financial instruments - fair values and risk management (continued)

#### 22.2 Foreign currency risk management

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the company's functional currency. The risk is measured using maximum exposure limits.

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

	Liabilities		Assets	
	2021	2020	2021	2020
	£	£	£	£
US Dollar	20,721,926	-	23,521,990	17,858,191
Euro	106,327	890,120	12,088,154	(2,771,476)
Canadian Dollar	-	-	394	245,497
Swiss Franc	(33,635)	-	(227,850)	804,077
Czech Koruna	-	-	(184,130)	(150,645)
Indian Rupee	-	-	20	2,599
Norwegian Krone	-	-	(22,123)	(113,842)
Polish Zloty	-	-	(75,197)	(608,609)
Swedish Krona	-	-	(10,425)	(76,465)
Romanian Leu	-	-	(327,301)	(183,816)
Hong Kong Dollar	-	-	813	-
	<b>20,794,618</b>	<b>890,120</b>	<b>34,764,345</b>	<b>15,005,511</b>

#### Foreign currency sensitivity analysis

The company is primarily exposed to foreign currency risk when there are fluctuations in Sterling.

The following table details the company's sensitivity to a 10% increase and decrease in the pound sterling against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the pound sterling strengthens 10% against the relevant currency. For a 10% weakening of the pound sterling against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	Sterling strengthened impact		Sterling weakened impact	
	2021	2020	2021	2020
	£	£	£	£
Profit or loss	(1,269,901)	(1,364,138)	1,552,101	1,667,279
Equity	(1,269,901)	(1,364,138)	1,552,101	1,667,279

## Notes to the financial statements

for the year ended 31 December 2021

### 22. Financial instruments - fair values and risk management (continued)

#### 22.3 Interest rate risk management

The company is not exposed to any significant interest rate risk at this time on the basis that it has no material variable interest bearing external borrowing.

#### 22.4 Price risk management

Price risk is market risk, arising from extreme adverse market movements in the prices of open derivative positions taken by the company with clients, or the assets held on the balance sheet.

The company was exposed to market risk during 2021 as part of its operating model. It was managed as follows:

Current asset investments are monitored through the setting of daily trading limits to ensure appropriate diversification of the trading book, with a single limit exposure cap of 5% exposure of the total trading book.

CFD trading - Daily retail client exposure limits have been put in place and are monitored regularly throughout the day. The company monitors the relevant markets/asset classes for signs of volatility and unusual daily trading volumes using various market data sources available and can amend these limits accordingly, or indeed choose to follow a hedging strategy by placing hedging trades with external counterparties.

#### 22.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit, and may include obtaining agency credit information, confirming references and setting appropriate credit limits. The company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of financial position and notes to the financial statements.

##### *Financial institutions credit risk*

Financial institutions credit risk is the risk of sustaining losses due to failure of a counterparty (financial institution) to meet its obligations in relation to own assets and segregated client account assets.

The company has a strict code of credit, and may include obtaining agency credit information, observing credit default swaps, industry stress test results, confirming references and setting appropriate credit limits. An annual credit risk assessment of the company's bankers is performed and measures to diversify away financial institution credit risk are implemented. To mitigate the risk as far as possible, the company conducts intrusive analysis of its counterparty, having access to its regulatory filings, annual accounts, liquidity stress test results and ICAAP (ICARA) document.

##### *Client credit risk*

The company operates a real-time mark-to-market trading platform with clients' profits and losses being credited/debited automatically to their accounts. Under the company's trading conditions the client cannot sustain losses exceeding the funds deposited.

As the CFD products offered by the company are margin-traded, the company could be exposed to client credit risk in case of sudden unexpected adverse market movements. This situation arises when the client's free equity is insufficient to cover any trading losses incurred on open positions in case of adverse market movements. However, the company's client credit risk exposure is limited by the automatic closing mechanism (margin call), imbedded in the Trading 212 platform.

## Notes to the financial statements

for the year ended 31 December 2021

### 22. Financial instruments - fair values and risk management (continued)

#### 22.6 Liquidity risk management

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The contractual maturity for all of the company's non-derivative financial liabilities and non-derivative financial assets are within 6 months.

#### 22.7 Non-financial risk management

Alongside the financial risk management discussed above, T212 also operate a comprehensive non-financial risk management Framework ('NFR'). T212 utilises the three lines of defence model with all members of staff within T212, irrespective of seniority responsible for identifying, mitigating, and managing NFR within their day-to-day roles. NFR is managed by 6 key processes:

##### *Risk and control self-assessment ('RCSA')*

T212 conducts a full RCSA bi-annually. All teams are required to perform an inherent risk assessment, control evaluation and residual risk assessment on every process they perform. All high-risk items are reported to senior management for discussion and where necessary discussed in the monthly committees.

##### *Key risk Indicators*

A suite of circa 200 key risk indicators which have individual RAG (red, amber, green) statuses and are reviewed quarterly. Breaches of these RAGs status act as the initial warning that there are issues that need attention.

##### *Risk appetite*

The firm operates a 3-tier risk appetite program across 18 key risk areas. Risk appetite is supported via the key risk indicator process and qualitative risk statements / quantitative thresholds.

##### *Risk events*

When an unexpected event occurs within T212, a full investigation is conducted by the risk team. A detailed form is utilised which identifies all issues relating to the risk event. These risk event reports are collated, analysed for themes, and reported to senior management / management committees for discussion.

##### *Risk taxonomy*

T212 has a 3-tier risk taxonomy in place. All processes / risk indicators / risk events are tied back to a specific risk category. This taxonomy forms the basis of identifying themes and appetite.

##### *Reporting*

The above processes along with the financial risks reported in section 22 feed a complex risk dashboard. This dashboard is presented to the three core risk committees within T212 monthly where discussion on the issues which have occurred in the past month take place. These committees are the Risk and compliance committee, the Audit, risk and compliance committee and the Board committee.

## Trading 212 UK Limited

### Notes to the financial statements

for the year ended 31 December 2021

#### 23. Related party transactions

During the year the company entered into CFD derivative contracts with Trading 212 Limited, a company under common control, under the normal course of business to simultaneously "match" the trades of Trading 212 UK Limited's customers as is a requirement of a matched principal broker. Detailed disclosure of positive and negative movements to the margin account of Trading 212 UK Limited in Trading 212 Limited is given as follows.

	2021	2020
	£	£
Trading account deposits	25,404,717	103,522,372
Trading account withdrawals	(7,075,297)	(66,009,818)
Net trading gains from CFD derivative contracts	64,411,137	293,894,328
Net trading losses from CFD derivative contracts	(81,376,291)	(330,442,899)

At the statement of financial position date, an amount of £nil was due to Trading 212 Limited in respect of these contracts (2020: £645,434).

During the year under review, the company paid £nil (2020: £871,434) of expenses on behalf of group companies.

The company hired the right to use the electronic trading platform and brand name Trading 212 for a fixed annual compensation of £10,000 payable to Trading 212 Limited (2020: £10,000). This agreement ended in June 2021 when the two companies signed an inter-company service agreement that changed the way that services provided by Trading 212 Limited were remunerated. During the year, the company incurred expenses totalling £7,113,125.

In December 2018, the company entered into an agreement with its sister company Trading 212 Limited, to run a promotional campaign ("Free Share Promotion Programme"), mainly geared towards increasing the company's commission-free stockbroking client base and the popularity of Trading 212 ("T212") brand as a whole. During the year under review, Trading 212 Limited compensated the Company £nil (2019: £2,703,570) in respect of costs associated with the promotional campaign in accordance with the agreement between the parties.

Separately from the contracts with Trading 212 Limited, the company had the following amounts outstanding with group companies at the year-end:

	2021	2020
	£	£
Amounts due to group undertakings	7,113,125	890,120
Amounts due from group undertakings	223,783	1,609,421

Amounts due to/due from group undertakings are interest free and are all repayable on demand.

#### 24. Segregated client funds

The company operates segregated client money bank accounts and client transaction accounts. As at 31 December 2021 the total balance of these accounts was £292,181k (2020: £309,391k). As at 31 December 2021 the total value of clients' custody assets held was £2,642,241k (2020: £1,727,192k).

#### 25. Contingent liabilities

There were no contingent liabilities noted at 31 December 2021 or 31 December 2020.

**Notes to the financial statements**

for the year ended 31 December 2021

**26. Capital commitments**

There were no capital commitments noted at 31 December 2021 or 31 December 2020.

**27. Events after the reporting date**

In March 2022, the company entered into a financing agreement where the finance provider will pay specific large payments on behalf of the company totalling circa £4.1m, to be repaid over 3 months. This has been completed as part of the company's liquidity strategy.

**28. Controlling party**

The immediate parent undertaking is Trading 212 Group Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The largest and smallest group of undertakings for which group accounts have been drawn up which includes the company is headed by Trading 212 Group Limited, whose registered office address is 107 Cheapside, London, EC2V 6DN. These group accounts are available from The Registrar, Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors do not consider there to be an ultimate controlling party.