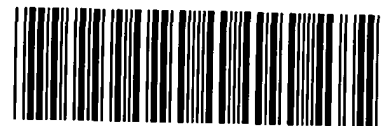


**TRADING POINT OF FINANCIAL  
INSTRUMENTS UK LIMITED**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2021**

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# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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# **TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED**

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## **BOARD OF DIRECTORS AND OTHER OFFICERS**

**Board of Directors:**                      Andréas Loizides  
    Marios Papapostolou  
    Bilal Waheed  
    Rishi Zaveri

**Company Secretary:**                      Marios Papapostolou

**Independent Auditors:**                      BDO LLP  
    55 Baker Street,  
    London,  
    W1U 7EU

**Registered office:**                          Finsbury House  
    23 Finsbury Circus  
    London, England  
    EC2M 7EA

**Registration number:**                      09436004

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## STRATEGIC REPORT

The Board of Directors of Trading Point of Financial Instruments UK Limited (the "Company") presents its strategic report for the year ended 31 December 2021.

### Principal activities

The principal activities of the Company comprise the provision of online trading delivered through the Company's trading platform. The Company enables retail customers to trade global over-the-counter CFDs (Contract for Difference) on currency pairs, equities, indices and commodities markets. The Company acts as the counterparty to all trades entered into by its clients. The Company receives commission income from its related group entity Trading Point of Financial Instruments Ltd ("TPFIL") based on the total trading volume of all its clients' trading activity.

### Review of the business and its performance

The directors of the Company have assessed the most significant risks affecting the business as well as the wider market that the Company operates in which may impact the profitability and thus the cash position of the Company. The Company's Key Performance Indicators (KPIs) that are reviewed and assessed by the directors of the Company are the Company's revenue and the number of active clients. Revenue from operations during the year amounted to £705,077 (2020: £1,602,699). The decrease in the revenue figure resulted from the lower number of clients onboarded in comparison with the prior year, mainly because of Brexit.

The Company's Net Asset position fell to £2,464,244 (2020: £3,630,148) and this was due to the losses incurred during the year. In addition, cash and cash equivalents amounted to £2,559,297 (2020: £3,721,817) indicating its ability to cover its obligations as they fall due. Management reviews the cash position of the Company on a regular basis to ensure that it has the liquidity to operate without any external financial support.

### Section 172 statement

The Board of Directors confirm that they have acted in the best interests of the Company's members as a whole (as identified in s172 (1)(a-f)) in relation to the decisions taken during the year ended 31 December 2021.

One of the Company's key goals is to continue providing the highest level of service to its customers while also providing competitive solutions. All the decisions that were taken by the Board during the year, are aimed at supporting its vision in the long term.

The performance of the Company is closely monitored on an ongoing basis by the Directors of the Company. At the same time, the senior management is considering ways to enhance brand recognition in order to strengthen its market presence in the United Kingdom. At the date of this report, the business operations have not been impacted and all employees have been able to work successfully remotely. The Directors are also satisfied with the Company's strong cash position and the fact that no financial aid from the UK government has been used.

Our workforce is our most valuable asset. The Board of Directors would therefore like to thank the Company's highly skilled and well-trained employees who play an integral part in the Company's success. Personal development of our employees is a key pillar of the Company's strategy. We aim to be a responsible employer in our approach to the pay and benefits of employees. The health, safety and wellbeing of our employees is one of the primary considerations in the way we do business.

### COVID 19

Since March 2020 the staff have been working remotely from the safety of their homes, seamlessly, whilst still being able to meet all regulatory requirements and continue serving the clients with an exceptional quality. In 2022 the Company taking into account the recent guidance changes for the pandemic and the safety of its employees has introduced a hybrid working scheme, where employees can work flexibly from the office for an agreed number of days. It is also worth noting that during these difficult times, the Company did not use any furlough schemes but on the contrary recruited additional employees.

### Principal risks and uncertainties

As a result of its daily operations and the industry in which the Company operates, it exposes itself into a variety of risks, for which constant monitoring is required in order to be maintained at an acceptable level. The risks faced by the Company are analysed below, in addition to the ones (Market, Credit and Liquidity risk) which are analysed in greater depth together with financials in Note 4 of these Financial Statements.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## STRATEGIC REPORT (continued)

### Operational Risk

Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company initially devotes significant resources each year to ensure that its systems are evaluated, maintained and upgraded continuously. In addition, daily backups are being created on servers established outside the offices to be able to carry its core operations in cases of unforeseen events. Also, one of its policies is to have several providers for the same service, so that in case of default by one, an alternative will exist. Lastly, a hierarchy is maintained at all of the Company's departments to limit the possibility of a human error being made without being noticed.

### Litigation Risk

Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations as well as from the fact that it engages with reputable lawyers for advice and support.

### Reputation Risk

One of the most important factors in attracting clients in our sector is the reputation that each company has and how it is perceived. The Company takes good care in safeguarding and maintaining its brand reputation. The loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company.

### Compliance Risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with applicable laws and regulations. With the continuously evolving regulatory landscape the Company is obliged to follow all the directives and guidance's issued from time to time. The risk is limited to a significant extent due to the supervision applied daily by the Compliance Department, as well as the Company's monitoring systems and controls.

In addition, each staff member undergoes the relevant training to ensure that they are aware of the new rules to be followed. All senior management should be aware and in line with their roles and responsibilities in the Company. Lastly, the senior management, undergoes a regular comprehensive monitoring of the Company's operations to identify and resolve any deficiencies.

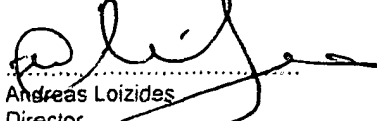
### **Future Developments**

The FCA has introduced the UK Investment Firms Prudential Regime (IFPR), which came into force in January 2022. The IFPR will impact prudential reporting, disclosures as well as the calculation method of capital and liquidity requirements. The Company is following the rules and consultations of the FCA on regulatory changes and has the capability and resources to adapt to the changes.

### **Adjusting events after the balance sheet date**

The FCA has introduced several sanctions for Russia, in relation to the recent events in Ukraine which have an impact in the financial services sector. However, the Company does not serve clients, nor does it have any relationships with Russia and as a result has not been affected from these sanctions. The Management will remain vigilant to the adverse macroeconomic conditions that the war will create and take any necessary actions. There were no adjusting events after the balance sheet date and until the date of signing of this report, which could cause doubts on the going concern of the Company and require a separate disclosure.

On behalf of the Board



Andreas Loizides  
Director  
London, 12 May 2022

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## BOARD OF DIRECTORS REPORT

The Board of Directors of Trading Point of Financial Instruments UK Limited (the "Company") presents to the members, its annual report together with the audited financial statements of the Company, for the year ended 31 December 2021.

### Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in the Strategic Report and in note 4 of the financial statements.

### Expected future developments of the Company

The Board of Directors do not expect major changes in the principal activities of the Company for the foreseeable future.

### Dividends

During the year ended 31 December 2021, the Company did not distribute any dividends (2020: Nil).

### Board of Directors

The members of the Company's Board of Directors as at 31 December 2021 and at the date of this report are presented on page 2.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

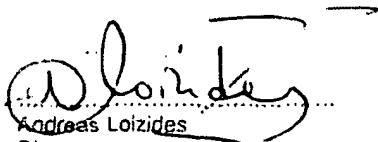
Each of the persons who are directors at the time when this report is approved has confirmed that:

- (a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) that each director has taken all the steps that ought to have been taken as a director including making appropriate enquiries of the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

### Independent Auditors

The Independent Auditors, BDO LLP, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Board meeting.

By order of the Board of Directors,

  
Andreas Loizides  
Director  
London, 12 May 2022

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company financial statements in accordance with UK-adopted international accounting standards. 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 for that period.

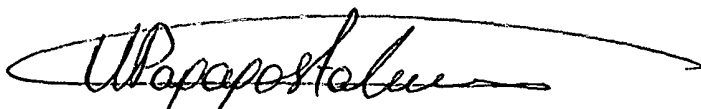
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether the applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Each of the directors, whose names are listed on page 2 confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit; and
- The Board of Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board of Directors,



Marios Papapostolou  
Company Secretary  
12 May 2022

# INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

## Opinion on the financial statements

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 loss for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Trading Point of Financial Instruments UK Limited ("the Company") for the period ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

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

## 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 Directors are responsible for the other information. The other information comprises the information included in the strategic report, other than the financial statements and our auditor's report thereon. 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. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report has 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 Strategic Report and the Report of the Directors.

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.

## 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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:

We obtained an understanding of the legal and regulatory framework applicable through discussions with management and from industry knowledge. The laws and regulations that we considered in this context include, Companies Act 2006, International Accounting Standards, the Financial Conduct Authority's regulations and relevant tax legislation.

Our tests to check compliance with the above laws and regulations included, but were not limited to:

- agreement of financial statement disclosures to underlying supporting documentation;
- enquiries with management;
- review of board and committee minutes of meetings throughout the period.

We agreed the susceptibility of the financial statements to material misstatements including how fraud might occur, from discussions with senior management and obtaining an understanding of the controls and processes in place to prevent, deter and detect fraud. The key areas identified were revenue recognition and management override of controls in place and our tests to address these included but were not limited to:

- recalculation of income and agreement to third party confirmations;

- identifying and testing journal entries made throughout the year which were considered to be large or unusual as well as a sample of others


We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Designed by:  
  
 Kelly Sheppard (Senior Statutory Auditor)  
 For and on behalf of BDO LLP, statutory auditor  
 London  
 Date: 12 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Revenue	6	705,077	1,602,669
Operating Expenses	7	(1,804,767)	(1,778,147)
Operating loss		(1,099,690)	(175,478)
Net finance income / (loss)	9	(68,481)	57,592
Loss before tax		(1,168,171)	(117,886)
Income tax	10	2,267	-
Loss for the year		(1,165,904)	(117,886)
Total comprehensive loss for the year		(1,165,904)	(117,886)

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The notes on pages 14 to 29 form an integral part of these financial statements.

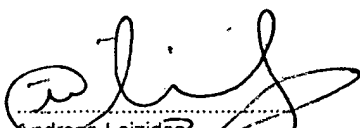
# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

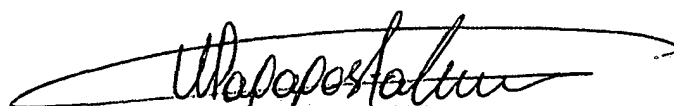
## STATEMENT OF FINANCIAL POSITION

As at 31 DECEMBER 2021

	Note	2021 £	2020 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	12,372	12,640
<b>Total non-current assets</b>		<u>12,372</u>	<u>12,640</u>
<b>Current assets</b>			
Trade and other receivables	12	27,637	63,783
Cash and cash equivalents	13	2,559,297	3,721,817
<b>Total current assets</b>		<u>2,586,934</u>	<u>3,785,600</u>
<b>TOTAL ASSETS</b>		<u>2,599,306</u>	<u>3,798,240</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	14	1,500,000	1,500,000
Retained earnings		964,244	2,130,148
<b>Total equity</b>		<u>2,464,244</u>	<u>3,630,148</u>
<b>Current liabilities</b>			
Trade and other payables	15	135,062	165,825
Current tax liabilities		-	2,267
<b>Total liabilities</b>		<u>135,062</u>	<u>168,092</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,599,306</u>	<u>3,798,240</u>

On 12 May 2022, the Board of Directors of Trading Point of Financial Instruments UK Limited (Company Number: 09436004) authorised these financial statements for issue. They were signed on their behalf by:

  
Andreas Loizides  
Director

  
Marios Papapostolou  
Director

The notes on pages 14 to 29 form an integral part of these financial statements.

## TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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

	Share capital £	Retained earnings £	Total £
<b>Balance at 1 January 2020</b>	<b>1,500,000</b>	<b>2,248,034</b>	<b>3,748,034</b>
<b>Comprehensive income</b>			
Total comprehensive loss for the year	-	(117,886)	(117,886)
<b>Balance at 31 December 2020/ 1 January 2021</b>	<b>1,500,000</b>	<b>2,130,148</b>	<b>3,630,148</b>
<b>Comprehensive income</b>			
Total comprehensive loss for the year	-	(1,165,904)	(1,165,904)
<b>Balance at 31 December 2021</b>	<b>1,500,000</b>	<b>964,244</b>	<b>2,464,244</b>

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The notes on pages 14 to 29 form an integral part of these financial statements.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Loss before income tax		(1,168,171)	(117,886)
Adjustments for:			
Depreciation and amortisation expense		9,597	6,120
Interest Income		(68)	(1,272)
Interest expense		718	796
		<u>(1,157,924)</u>	<u>(112,242)</u>
<b>Operating cash flows before movements in working capital:</b>			
Decrease in trade and other receivables		8,133	35,876
Decrease in trade and other payables		<u>(30,762)</u>	<u>(127,336)</u>
<b>Net cash generated used in operating activities</b>		<b>(1,180,553)</b>	<b>(203,702)</b>
Tax refund		28,013	273,269
Interest paid		<u>(718)</u>	<u>(796)</u>
<b>Net cash generated from operating activities</b>		<b>(1,153,258)</b>	<b>68,771</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment		(9,329)	(5,426)
Interest received		68	1,272
<b>Net cash (used in) / from investing activities</b>		<b>(9,261)</b>	<b>(4,154)</b>
<b>Net increase/(decrease)in cash and cash equivalents</b>		<b>(1,162,519)</b>	<b>64,617</b>
<b>FX movement on cash and cash equivalent</b>		<b>(1)</b>	<b>(265)</b>
Cash and cash equivalents at beginning of the year		<u>3,721,817</u>	<u>3,657,465</u>
<b>Cash and cash equivalents at end of the year</b>		<b><u>2,559,297</u></b>	<b><u>3,721,817</u></b>

As at 31 December 2021, the Company had no borrowings.

The notes on pages 14 to 29 form an integral part of these financial statements.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 1. Incorporation and principal activities

#### Country of incorporation

Trading Point of Financial Instruments UK Limited (the "Company") was incorporated and domiciled in England and Wales on 12 February 2015 as a private company limited by shares. Its registered office and principal place of business is at Finsbury House, 23 Finsbury Circus, London, England, EC2M 7EA.

#### Principal activities and nature of operations of the Company

The principal activities of the Company continue to comprise the provision of online trading. The Company's trading platform provides access to clients to global over the counter CFDs (Contract for Difference) on currency pairs, equities, metals, energies, indices and commodities markets and presents them with the price quotation on which clients take positions (trades).

The Company operates under the firm reference no. 705428 granted by the UK Financial Conduct Authority. The Company is licensed to hold and control client money and to act as principal on clients' trades.

### 2. Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in its financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The financial statements of Trading Point of Financial Instruments UK Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on a going concern basis, as already mentioned on the strategic report. This contemplates the realisation of assets and liabilities in the ordinary course of business. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

#### Adoption of new and revised accounting standards

There were no new standards, amendments or interpretations issued during the period which have had a material impact on the Company.

Also, certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. None of these are expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

#### Use of estimates and judgements

The preparation of financial statements in accordance with the UK-adopted International Accounting Standards requires from management the exercise of judgement, to make estimates and assumptions that influence the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects the present as well as future periods.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of online trading services in the ordinary course of the Company's activities.

The Company recognises revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity. Revenues earned by the Company are recognised on the following bases:

#### Commission income

The Company receives commission income on a monthly basis, from Trading Point of Financial Instruments Limited based on the total trading volume of all its clients' trading activity.

The basis on which the trading volume is calculated each month, takes into consideration the trades which have been opened in the month under consideration by the Company's clients.

#### Finance Income

Finance Income includes interest income which is recognised on an accrual basis.

#### Finance expenses

Interest expense and other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### Foreign currency

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

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates effective at the date the fair value was denominated.

#### Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

The calculation of current and deferred tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method. The carrying amounts of deferred tax are reviewed at the end of each reporting period and adjusted if needed.

Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Significant accounting policies (continued)

#### Income taxes (continued)

Deferred tax liabilities are generally recognised in full, although IAS 12 specifies limited exemptions. The Company does not offset deferred tax assets and liabilities unless it has a legally enforceable right to do so and intends to settle on a net basis.

#### Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributed to the acquisition of property and equipment.

Depreciation is recognised on a straight-line basis so as to write off the cost or revalued amount of each asset to its residual value, over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	10
Computer equipment	20

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Expenditure for repairs and maintenance of property and equipment is charged to profit or loss of the year in which it is incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. When revalued assets are sold, the amounts included in the fair value reserves are transferred to retained earnings.

#### Leases

The entity makes the use of leasing arrangements for the provision of the office space. The Company has elected to account for lease payments as an expense on a straight-line basis over the lease term since the lease term of its office is for less than 12 months and has no purchase option.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

#### Financial Assets – Classification

From 1 January 2016 the Company classifies its financial assets in the following measurement category:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Significant accounting policies (continued)

#### Financial Assets – Classification (continued)

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

#### Financial assets - Recognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

#### Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss. Financial assets measured at amortised cost (AC) comprise cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

**FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

**FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Significant accounting policies (continued)

#### Debt instruments (continued)

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss.

#### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### **Financial assets – impairment**

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI;

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

#### **Financial assets -Reclassification**

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

#### **Financial assets - write-off**

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amount that are contractually due, however, there is no reasonable expectation of recovery.

#### **Financial liabilities - Classification**

Financial liabilities are initially recognised as:

- Fair value through profit or loss; or
- Amortised cost

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Significant accounting policies (continued)

#### **Financial liabilities – Measurement**

Subsequent measurement of the financial liabilities:

- i) **Fair Value through profit or loss**  
A financial liability is classified as a FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.
- ii) **Amortised cost**  
Financial liabilities that are not classified as FVTPL, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### **Derecognition of financial assets and liabilities**

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

##### **Pension costs**

The Company contributes to a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Pension costs are recognised when they become payable to the pension scheme on behalf of the employees as a result of contractual obligations.

##### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Significant accounting policies (continued)

#### Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. In line with IFRS 9, for trade receivables, expected credit losses are recognised from the point of initial recognition and these are based on a reasonable estimate of the losses that might be expected to arise on an instrument over its whole life. The carrying value of the trade receivable balance is reduced by the value of the loss allowance. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or delinquency payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate.

#### Clients' funds

Clients' funds are not recognised as assets as they do not represent resources controlled by the Company and the significant risks and rewards of ownership in relation to these funds remain with the clients. The clients' funds are kept in segregated accounts in the Company's name on behalf of its clients and these accounts are held by the Company in a fiduciary capacity.

#### Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate.

#### Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

#### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

### 4. Financial risk management

#### Financial risk factors

The Company is exposed to market risk (currency risk), credit risk, liquidity risk, operational risk, litigation risk, compliance risk and reputation risk. The risk management policies employed by the Company to manage these risks are discussed below:

##### 4.1 Market risk

##### 4.1.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 4. Financial risk management (continued)

#### 4.1.1 Currency Risk (continued)

Currency risk arises when future commercial transactions and recognised asset and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's management monitors the exchange rates fluctuations on a continuous basis and acts accordingly, if significant fluctuations are identified. The Company is mainly exposed to currency risk on the cash and cash equivalents held.

The Company's exposure to currency risk in relation to cash and cash equivalent was as follows:

	2021	2020
	£	£
US Dollar	508,872	214,553
Euro	735,604	662,916
Polish Zloty	95,913	59,142
	<b>1,340,389</b>	<b>936,611</b>

#### Sensitivity analysis

An increase in currency prices by 5%, in terms of the exposure to the US Dollar, Euro and Polish Zloty, at 31 December 2021 would have increased profit or loss by £67,019 (2020: £46,831). For a decrease of 5% there would be an equal and opposite impact on the profit.

#### 4.1.2 Price Risk

The Company although having a full scope licence, acts as a matched principal broker with its clients, therefore eliminating any price risk exposures created by the open positions of its clients. All trades opened by its clients are hedged by offsetting trades with its sister company, Trading Point of Financial Instruments Limited.

#### 4.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's open overnight positions are affected by interest rate fluctuations, however the Company is not exposed as each client's trade is fully hedged by off-set trades between the Company and Trading Point of Financial Instruments Limited.

#### 4.3 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution. The credit risk in respect of customers arises from a customer's trading position going into deficit through incurring a loss in excess of the required margin deposit. Since the Company will not demand these amounts from its customers, due to the negative balance protection policy it has in place; it will absorb all unexpected losses over and above the clients' deposited funds. In addition to clients' stop loss limits capabilities, the Company uses various tools and automations to reduce its exposure to credit risk, including automatic stop outs well before margin levels are eliminated to prevent any open position going into deficit and protect the clients by minimising their losses, dynamic leverage which increases the margin required as open positions exposure increases.

The carrying amount of financial assets represents the maximum credit exposure without taking into account any balances held as required margin for open trading positions in CFDs.

The maximum exposure to credit risk as at 31 December 2021 and 31 December 2020 was:

	2021	2020
	£	£
Cash at bank	2,559,297	3,721,817
	<b>2,559,297</b>	<b>3,721,817</b>

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 4. Financial risk management (continued)

#### 4.3 Credit risk (continued)

The table below shows an analysis of the Company's cash by the credit rating of the financial institution in which they are held:

	2021 £	2020 £
<u>Financial institutions based on credit ratings by Moody's</u>		
Aa3	1,259,104	1,120,947
A1	581,025	1,811,677
Ba3	35,878	44,966
	<b>1,876,007</b>	<b>2,977,590</b>
Cash in hand	107	127
Unrated financial institution	-	23,374
Unrated financial institution (liquidity provider)	200,000	200,000
Cash in payment providers – not rated	483,183	520,726
Total	<b>2,559,297</b>	<b>3,721,817</b>

#### 4.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2021	Carrying amounts £	Contractual cash flows £	3 months or less £	3-12 months £	1-2 years £	2-5 years £	More than 5 years £
Trade and other payables	12,365	12,365	12,365	-	-	-	-
Payable to group entity	80,628	80,628	80,628	-	-	-	-
	<b>92,993</b>	<b>92,993</b>	<b>92,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
31 December 2020	Carrying amounts £	Contractual cash flows £	3 months or less £	3-12 months £	1-2 years £	2-5 years £	More than 5 years £
Trade and other payables	29,526	29,526	29,526	-	-	-	-
Payable to group entity	112,171	112,171	112,171	-	-	-	-
	<b>141,697</b>	<b>141,697</b>	<b>141,697</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 4.5 Capital risk management

The legal and regulatory framework under which the Company operates, stipulates that the Company must maintain a minimum capital adequacy ratio of 8%. The method of calculation is determined in accordance with the provisions of the European Capital Requirements Regulation No. 595/2013. The Company aims to always maintain a high capital adequacy ratio well above the required minimum, which has achieved during the year. The capital adequacy ratio is reported to the Company's regulatory authority on a quarterly basis.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 4. Financial risk management (continued)

#### 4.5 Capital risk management (continued)

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

The legal and regulatory framework under which the Company operates stipulates that, as at 31 December 2021, the Company was required to maintain a Pillar 1 minimum capital adequacy ratio of 8%. The Company aims to always maintain a high capital adequacy ratio well above the required minimum.

The risk weighted assets are measured by assigning specified degrees of risk to the credit, market and operational risk exposures of the Company, depending on the characteristics of each exposure and, where relevant, each counterparty, and also taking into account any eligible forms of credit protection (e.g. guarantees).

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

### 5. Fair value measurement

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

The fair value of financial instruments traded in active markets, such as publicly traded held for trading and available-for-sale financial assets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price and the quoted market price for financial liabilities is the current ask price.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2021	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Financial Assets</b>				
Derivative Assets	-	949,280	-	949,280
Total	-	949,280	-	949,280
<b>Financial Liabilities</b>				
Derivative Liability	-	949,280	-	949,280
Total	-	949,280	-	949,280
31 December 2020	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Financial Assets</b>				
Derivative Assets	-	1,037,012	-	1,037,012
Total	-	1,037,012	-	1,037,012
<b>Financial Liabilities</b>				
Derivative Liability	-	1,037,012	-	1,037,012
Total	-	1,037,012	-	1,037,012

## TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 5. Fair value measurement (continued)

##### 5.1 Offsetting financial assets and liabilities

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows:

##### 31 December 2021

	Gross amounts before any offsetting £	Off-set gross amount in the statement of financial position £	Net amount after off-set £
<b>Financial Assets</b>			
Derivative Assets	949,280	(949,280)	-
<b>Total</b>	<b>949,280</b>	<b>(949,280)</b>	<b>-</b>
<b>Financial Liabilities</b>			
Derivative Liability	795,197	(795,197)	-
Unrealised revenue	154,082	(154,082)	-
<b>Total</b>	<b>949,280</b>	<b>(949,280)</b>	<b>-</b>

##### 31 December 2020

	Gross amounts before any offsetting £	Off-set gross amount in the statement of financial position £	Net amount after off-set £
<b>Financial Assets</b>			
Derivative Assets	1,037,012	(1,037,012)	-
<b>Total</b>	<b>1,037,012</b>	<b>(1,037,012)</b>	<b>-</b>
<b>Financial Liabilities</b>			
Derivative Liability	99,911	(99,911)	-
Unrealised revenue	937,101	(937,101)	-
<b>Total</b>	<b>1,037,012</b>	<b>(1,037,012)</b>	<b>-</b>

The Company has a service level agreement with Trading Point of Financial Instruments Limited according to which all trades between the Company and its clients are hedged by entering into off-set trades between the two companies and are settled on an agreed basis. The Company reserves the right, at any time and at the Company's sole discretion, to set-off any unrealised losses incurred in respect of a clients' open positions against that client money held by the Company on behalf of that client in accordance with the agreement between the customer and the Company. This arrangement meets the criteria for offsetting and therefore, no derivatives and associated fair value balances are presented on the statement of financial position or statement of comprehensive income.

#### 6. Revenue

	2021 £	2020 £
Commissions from related party (Note 16.1)	704,834	1,599,672
Other income	243	2,997
	<b>705,077</b>	<b>1,602,669</b>

## TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 7. Operating loss

	2021 £	2020 £
The operating loss is stated after charging the following items:		
Depreciation of property, plant and equipment (Note 11)	9,597	6,120
Amortisation of intangibles	-	-
Staff costs (Note 8)	1,494,158	1,507,637
Independent auditors' remuneration – statutory audit	31,274	23,920
Independent auditors' remuneration – non audit – tax compliance	13,238	16,795
Rent expense	76,920	73,895
Legal and Professional fees	154,809	115,508

#### 8. Staff Costs

	2021 £	2020 £
Wages and salaries	1,191,121	1,242,995
National Insurance and other contributions	228,153	228,461
Pension contributions	74,884	36,181
	<b>1,494,158</b>	<b>1,507,637</b>

During the year ended 31 December 2021, the payments towards the Directors were £913,358 (2020: £1,150,087).  
The total monthly average number of employees for 2021 was 9 (2020: 9).  
Emoluments in respect of the highest paid director were as follows:

	2021 £	2020 £
Gross wages and salaries	497,543	387,498
National Insurance contributions	12,866	9,895
Pension contributions	-	-
	<b>510,409</b>	<b>397,393</b>

#### 9. Net Finance Income / (expenses)

	2021 £	2020 £
Interest Income	68	1,272
Net Foreign exchange income	162	64,299
<b>Finance Income</b>	<b>230</b>	<b>65,571</b>
Bank charges	(12,655)	(5,829)
Interest expense	(718)	(796)
Net Foreign exchange loss	(55,338)	(1,354)
<b>Finance Expenses</b>	<b>(68,711)</b>	<b>(7,979)</b>
<b>Net Finance income / (expenses)</b>	<b>(68,481)</b>	<b>57,592</b>

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 10. Income tax

	2021 £	2020 £
Corporation tax - current year	-	-
Deferred tax derecognised	(2,267)	-
<b>Charge for the year</b>	<b>(2,267)</b>	<b>-</b>
The total charge for the year can be reconciled to the accounting profit as follows:		
	2021 £	2020 £
Loss before income tax	(1,168,171)	(117,886)
Tax calculated at the applicable tax rates (19%)	(221,952)	(22,398)
Remeasurement of deferred tax for changes in tax rates	(76,363)	267
Movement in deferred tax not recognised	296,048	22,131
<b>Tax charge</b>	<b>(2,267)</b>	<b>-</b>

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023. This rate has been substantively enacted at the balance sheet date and as a result the company's deferred tax balances as at 31 December 2021 have been measured at 25%. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered in the future. A potential deferred asset of £318,181 (2020: £22,267) arising on unrelieved tax losses carried forward of £1,272,723 has not been recognised in the financial statements, as at the signing date of these accounts it is not probable that sufficient future taxable profits will be available to utilise the asset.

### 11. Property, plant and equipment

	Computer hardware £	Furniture, fixtures and office equipment £	Total £
<b>Cost</b>			
Balance at 1 January 2020	24,019	2,483	26,502
Additions	5,269	157	5,426
<b>Balance at 31 December 2020/ 1 January 2021</b>	<b>29,288</b>	<b>2,640</b>	<b>31,928</b>
Additions	9,329	-	9,329
<b>Balance at 31 December 2021</b>	<b>38,617</b>	<b>2,640</b>	<b>41,257</b>
<b>Depreciation</b>			
Balance at 1 January 2020	12,386	782	13,168
Charge for the year	5,856	264	6,120
<b>Balance at 31 December 2020/ 1 January 2021</b>	<b>18,242</b>	<b>1,046</b>	<b>19,288</b>
Charge for the year	9,333	264	9,597
<b>Balance at 31 December 2021</b>	<b>27,575</b>	<b>1,310</b>	<b>28,885</b>
<b>Balance at 31 December 2021</b>	<b>11,042</b>	<b>1,330</b>	<b>12,372</b>
<b>Balance at 31 December 2020</b>	<b>11,046</b>	<b>1,594</b>	<b>12,640</b>

## TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 12. Trade and other receivables

	2021 £	2020 £
Trade receivables	1,080	-
Receivable from related parties (16.3)	5,957	5,980
Corporation Tax receivable	-	28,013
Deposits and prepayments	20,600	29,790
	<b>27,637</b>	<b>63,783</b>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to liquidity risk in relation to its financial instruments is reported in note 4 of the financial statements.

#### 13. Cash and cash equivalents

For the purpose of the statement of cash flows, the cash and cash equivalents include the following:

	2021 £	2020 £
Cash at bank and in hand	2,559,297	3,721,817
	<b>2,559,297</b>	<b>3,721,817</b>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 4 of the financial statements.

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

	2021 £	2020 £
Pound Sterling	1,059,061	2,648,175
US Dollar	508,872	214,553
Euro	735,604	662,916
Other currencies	255,760	196,173
	<b>2,559,297</b>	<b>3,721,817</b>

#### 14. Share capital

	2021 Number of shares	2021 £	2020 Number of shares	2020 £
Issued and fully paid				
Balance at 1 January	1,500,000	1,500,000	1,500,000	1,500,000
Issue of shares	-	-	-	-
Balance at 31 December	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>

## TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 15. Trade and other payables

	2021	2020
	£	£
Trade payables	12,365	6,773
Accruals	42,069	24,128
Other payables	-	22,753
Payables to related companies (Note 16.2)	80,628	112,171
	<b>135,062</b>	<b>165,825</b>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 4 of the financial statements.

#### 16. Related party transactions

The Company is controlled by Trading Point Holdings Limited, incorporated in Cyprus, which owns 100% of the Company's shares and is controlled by a number of individuals, none of whom has a controlling interest. The parent company is responsible for preparing consolidated financial statements for the Group and they can be obtained from its registered office at 12 Richard & Verengarias Street, Araouzos Castle Court, 3042 Limassol, Cyprus.

The following transactions were carried out with related parties:

##### 16.1 Revenue received

Name	Nature of transactions	2021	2020
		£	£
Commission from related party (Note 6)	Trading	704,834	1,599,672
		<b>704,834</b>	<b>1,599,672</b>

Commission is received from Trading Point of Financial Instruments Limited, a Group company, based on a pre-agreed percentage on the trading volumes of the clients.

##### 16.2 Payables to related parties

Name	Nature of transactions	2021	2020
		£	£
Payables to fellow subsidiary (Note 15)	Trading	80,628	93,243
Payables to fellow subsidiary (Note 15)	Trading	-	18,928
		<b>80,628</b>	<b>112,171</b>

During the year, one fellow subsidiary, incurred several costs in relation to the service level agreement between the two companies. This includes the provision of the trading platform and support, provision of back office services and other such costs necessary for the Company to operate and enter into the matching of trades.

##### 16.3 Receivables from related parties

At the year-end 2021 the Company has prepaid £5,957 (2020: £5,980) to the Non-executive Director for his services. The cost for the year is £14.4k (2020: £13k).

## TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 17. Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less). Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability is as follows:

	2021 £	2020 £
Short-term leases	38,880	72,983
	<u>38,880</u>	<u>72,983</u>

At 31 December 2021 the Group was committed to short-term leases and the total commitment at that date was £38,880.

#### 18. Post balance sheet events

The FCA has introduced several sanctions for Russia, in relation to the recent events in Ukraine which have an impact in the financial services sector. The directors of the Company have assessed the impact of the war to the business activities. However, the Company does not serve clients, nor does it have any relationships with Russia and as a result has not been affected from these sanctions.

The Management will remain vigilant to the adverse macroeconomic conditions that the war will create and take any necessary actions.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## PILLAR III DISCLOSURE (unaudited)

FOR THE YEAR ENDED 31 DECEMBER 2021

### Introduction

#### Corporate Information

Trading Point of Financial Instruments UK Limited (the "Company") is incorporated in the United Kingdom and is authorised and regulated by the Financial Conduct Authority ("FCA") under license number 705428, dated 3 May 2018.

The Company is an IFPRU €730k as of July 2019 categorisation as a full scope licence firm.

#### Pillar III Regulatory Framework

On 26 June 2013, the European Parliament and the Council released a legislative package known as "CRDIV" to strengthen the regulation of the financial sector. The "CRDIV" package replaces the previous European Capital Requirements Directives (2006/48 and 2006/49), commonly known as Basel II, in relation to capital requirements and large exposures, with a European Directive (2013/36/EU) and a European Regulation (575/2013). The Regulation (EU) No. 575/2013 ("the Regulation") is directly applicable as a Single Rule book by all Member State institutions whereas the Directive 2013/36/EU needs to be transposed by all member state regulatory authorities. The main purpose of the Basel III revisions was to make the framework more risk sensitive and representative of actual risk management practices.

The Pillar 3 disclosures are prepared in accordance with the Capital Requirements Directive ("CRD IV"), which is the framework for implementing Basel III in the European Union. Basel III sets out certain capital adequacy requirement standards and disclosure requirements to be implemented by regulated firms.

The regulatory framework consists of three Pillars:

- Pillar I sets out the minimum capital requirements firms are required to meet;
- Pillar II requires firms to assess their capital requirements in light of any specific risks not captured, or not adequately captured, in the Pillar I calculations; and
- Pillar III seeks to improve market discipline by requiring firms to publish certain details of their risks, capital and risk management practices.

#### Basis and Frequency of Disclosure

This document represents the disclosures of Trading Point of Financial Instruments UK Limited, in accordance with the Pillar III requirements. These disclosures are made mainly in order to give information on the risks faced by the Company and how these are dealt with, as well as the basis of calculating the Company's capital requirements.

All disclosures mentioned below are in line with the Company's audited Financial Statements, which are prepared in accordance with the UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The information which is disclosed is adequate in order to meet all Pillar III requirements as set out by the Capital Requirements Regulations ("CRR").

The Company is a limited licence firm with the permission to hold client money.

#### Risk Inventory

The Company is primarily exposed to the following risks from its use of financial instruments:

##### Credit Risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. In order to limit exposure to Credit risk, the Company is consistently monitoring the cash balances held in its counterparties and reviewing countries' credit ratings in order to be able to take immediate actions.

##### Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## PILLAR III DISCLOSURE (unaudited)

FOR THE YEAR ENDED 31 DECEMBER 2021

### Market risk

Market risk is the risk of loss due to fluctuations in market prices, such as foreign exchange rates. These market prices affect the Company's income or the value of its holdings of financial instruments.

### Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously. The Company has established a Business Continuity Plan in order to minimise the possibility of major disruptions in the business, IT systems and infrastructure.

### Litigation Risk

Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations.

### Reputational Risk

The risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) may result to a reduction of its clientele, reduction in revenue and/or legal cases against the Company. The Company applies procedures to minimize this risk.

### Compliance Risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state, as well as with internal policies and procedures and codes of conduct. The risk is limited to a significant extent due to the supervision applied by the Compliance Department, as well as by the monitoring controls applied by the Company.

### Internal Capital Adequacy Assessment Process ("ICAAP")

#### ICAAP overview

As a result of the requirements, the Company has in place an Internal Capital Adequacy Assessment Process. The ICAAP is an internal tool which allows the Company to assess its position and determine the amount of internal capital it needs to hold in order to be covered against all the risks it is facing or to which it may be exposed in the future.

The ICAAP falls under the scope of Pillar II, which can be described as a set of relationships between FCA and the Investment Firm, the objective of which is to enhance the link between an investment firm's risk profile, its risk management and risk mitigation systems, and its capital. Pillar II establishes a process of prudential interaction that complements and strengthens Pillar I by promoting an active dialogue between the regulator and the investment firm such that, any inadequacies or weaknesses of the internal control framework and also other important risks, the fulfilment of which may entail threats for the investment firm, are identified and managed effectively with the enforcement of additional controls and mitigating measures.

The ICAAP comprises of all measures and procedures adopted by the Company with the purpose of ensuring:

- the appropriate identification and measurement of risks;
- an appropriate level of internal capital in relation to the Company's risk profile; and
- the application and further development of suitable risk management and internal control systems and tools.

From the Company's perspective, the ICAAP:

- is a key element of its day to day governance process and its strategic management initiatives;
- promotes a comprehensive risk management framework;
- aligns capital with risk management and strategy; and
- provides a tool for communicating to the Board and the regulator the key aspects of its risk management and governance frameworks.

The ICAAP is clearly owned and approved by the Company's Board of Directors.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## PILLAR III DISCLOSURE (unaudited)

FOR THE YEAR ENDED 31 DECEMBER 2021

### ICAAP Profile and Methodology

The planning of the ICAAP is closely related to the size of the Company and the complexity of its operations, taking into consideration the principle of proportionality. In addition, the link between the ICAAP and the Supervisor's Review Process ("SREP"), which is going to be carried out by FCA, is also influenced by the size and complexity of the Company's operations. According to the size of the Company as well as the complexity of its operations, the Company utilizes the minimum capital requirement approach for the calculation of the additional capital for Pillar II.

The Company has implemented the minimum capital requirement approach in four stages:

1. The Pillar I minimum capital requirement was used as the foundation, since it reflects the Company's exposure to Pillar I risks (i.e. Credit Risk and Market Risk).
2. The adequacy of the minimum capital required under Pillar I was then assessed, in relation to risks arising from the following three categories:
  - i. Risks covered in Pillar I;
  - ii. Risk not fully covered in Pillar I (e.g. Concentration Risk which is part of Credit Risk);
  - iii. Risks not covered in Pillar I (e.g. Liquidity Risk, Strategic Risk, Reputational Risk).
3. A comprehensive risk assessment was carried out for all three groups of risks, during which a profile was determined for each risk (high/medium/low), based on its anticipated impact and its likelihood of occurrence. All high profile risks were further analyzed and mitigation measures were set in order for the Company to better control and mitigate them.
4. The additional measures set for the mitigation of these risks are considered over and above the capital allocated for Pillar I purposes and can take the following forms:
  - i. Provision of additional capital corresponding to the risks not covered (fully or partially) by Pillar I;
  - ii. Enhancement of internal procedures to reduce the likelihood of these risks materializing and/or the impact of these risks to the Company.

### **Main terms and conditions of capital resources**

As at 31 December 2021, the Company's eligible Own Funds consisted entirely of Common Equity Tier 1 capital ("CET1"). The Company's CET1 capital comprises of share capital, retained earnings (including audited profits for the period), less intangible assets.

As at 31 December 2021, the Company's issued share capital amounted to £1,500,000, divided into 1,500,000 ordinary shares of £1 each. During the year ended 31 December 2021 there were no changes to the Company's share capital.

### **Minimum required own funds for risk exposed**

#### **Credit Risk**

The Company uses the Standardized Approach for measuring Credit Risk.

As at 31 December 2021, the Capital Requirement for the Company's credit risk exposure is £75,518.

#### **Market risk**

The Company is exposed to Market risk and more precisely on Foreign Exchange risk as a result of its accounts which are denominated in a foreign currency other than the Pound Sterling i.e. US Dollar and Euro.

As at 31 December 2021, the Capital Requirement for the Company's foreign exchange risk exposure is £120,021.

#### **Operational risk**

The Company calculates Operational Risk using the basic indicator approach, which is equal to 15% of the average over three years of the sum of its net interest income and its net non-interest income.

# TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

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## PILLAR III DISCLOSURE (unaudited)

FOR THE YEAR ENDED 31 DECEMBER 2021

### Governance Framework

#### Recruitment Policy

The recruitment process of Board Members combines an assessment of both technical capability and competency skills. Criteria shall include, as relevant:

- Good repute;
- Skills, knowledge and expertise.

These characteristics are matched against the Company's framework and used to assess their applicability.

#### Diversity Policy

The Company recognizes the benefits and necessity of an adequately diverse Board of Directors which includes and utilizes all the differences in certain characteristics and skills of the Directors. The Policy aims to promote a balanced working environment where the educational and professional background, skills, experience, qualities, professionalism and other backgrounds, such as the temperament and perspective of the Directors, irrespective of gender, age, race, ethnicity and other discriminating criteria, enable each of them to contribute individually.

New appointments are made on merit, taking account of the specific skills and experience, independence and knowledge needed to ensure a rounded Board and the diversity benefits each candidate can bring to the overall Board composition.

### Risk Management Framework and Governance

The Company implements and maintains risk management policies and procedures which identify and manage the risks relating to its activities, processes and systems, and where appropriate, set the level of risk tolerated by the Company. The Company has adopted arrangements, processes and systems, in light of that level of risk tolerance, where applicable.

The Company's Board of Directors have the overall responsibility for the establishment and oversight of the risk management framework. Furthermore, the Company has established a Risk Management Function which is operated by the CEO and is assigned the monitoring of the following:

- The adequacy and effectiveness of the Company's risk management policies and procedures;
- The level of compliance by the Company and its relevant persons with the arrangements, processes and mechanisms adopted;
- The adequacy and effectiveness of measures taken to address any deficiencies in those policies, procedures, arrangements, processes and mechanisms, including failures by the relevant persons of the Company to comply with such arrangements, processes and mechanisms or follow such policies and procedures.

### Remuneration Policy

The Company's Board of Directors adopts and periodically reviews the general principles of the remunerations policy and is responsible for overseeing its implementation. The Company has been defined as a Tier Three investment firm. Decisions with regards to remuneration levels and salary increases of employees are taken by all Executive Directors. In addition to examining these factors, the Executive Directors hold discussions with each employee at the end of each year to discuss the employee's performance during the preceding year.

### Performance Related Pay

In 2021 remuneration consisted of fixed monthly salaries and performance-based bonuses.

### Discretionary Annual Bonus Scheme

The Company operates a discretionary annual bonus scheme to recognise an employee's contribution to the success of the Company. The bonus year runs from January 1<sup>st</sup> until December 31<sup>st</sup>.

### PILLAR III DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2021

#### Eligibility Criteria

In order to be eligible to receive bonus, an employee needs to be employed by the Company on the relevant bonus payment date. If an employee terminates his/ her employment or if he/ she has been dismissed by the Company prior to the bonus payment date then that employee (i) is not entitled to receive the bonus on a pro-rata basis and (ii) is not entitled to receive any damages for loss of payment under the bonus scheme. In addition, the employee is not eligible to participate in the bonus scheme if his/ her probation period has not expired.