Company Number 09592225

Tickmill UK Ltd

Annual Report - 31 December 2019

Tickmill UK Ltd
Financial Statements 2019
Officers & Advisors

Directors

Mr. Sudhanshu Agarwal (resigned 19 February 2019)
Mr. Duncan Innes Spence Anderson
Mr. Illimar Mattus
Mr. Mukid Chowdhury (appointed 17 March 2020)
Mrs. Rani Pone (appointed 25 February 2020)

Company Secretary

Nominee Secretary Ltd
Suite B
29 Harley Street
London W1G 9QR
United Kingdom

Registered Office

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EC2Y 9DT
United Kingdom

Business Address

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Bankers

Barclays Bank PLC
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Deutsche Handelsbank AG
Elsenheimerstraße
41, 80687 München
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Parent Company

Tickmill Group Ltd
1st Floor, Court Row
Chambers Court Row
Ramsey
Isle of Man
IM8 1JS

Company Number

09592225

FCA Number

717270

Tickmill UK Ltd
Strategic report
31 December 2019

The directors present their strategic report on the Company for the year ended 31 December 2019.

Principal activities
Tickmill UK Ltd ("Tickmill", "Tickmill UK" or "the Company") is a global provider of trading services and solutions, specialising in over-the-counter, or OTC markets to private, retail high net worth and professional clients. Tickmill offers customers access to a diverse range of over 80 financial products, including foreign exchange (or forex), indices, commodities and bonds via contracts for differences, or ("CFDs"), which are investment products with returns linked to the performance of an underlying commodity, index, equity or security.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA"). The Company's FCA Register Number is 717270, for details see www. https://register.fca.org.uk/

The ultimate shareholder is Tickmill Group Limited, a financial holding company incorporated in the Isle of Man and who own and control 100% of the shares in Tickmill.

Revenues are generated from the dealing spread – the difference between the buy and sell price of the CFD, commission income, exchange gains and interest.

The Company's success is achieved by providing a high-quality service to its customers and offering a variety of financial trading products and platforms. Clients are attracted to the Company for its value for money, ease of platform navigation, competitive dealing spreads and commission charges, in addition to high levels of customer service.

Business review
For the twelve months ended 31 December 2019, trading conditions have again been affected by lower market volatility. However, against this backdrop, Tickmill UK has continued to deliver increased revenues and together with the hard work across the business to drive efficiency, has delivered positive results. Tickmill UK has demonstrated that it remains on track to deliver its objective of increasing client acquisition, client activity and increasing Company profitability.

In such challenging conditions, the Company has continued its upward trajectory in delivering increased revenues compared with previous periods, whilst ensuring that it continues to invest and innovate. The Company's efforts to improve its technology, sales and marketing as well as to retain and add to the quality of its people means that the Company remains on the path of continued improvement.

The results are extremely encouraging and a clear demonstration of how Tickmill's performance has improved since it commenced trading and its continued commitment to driving excellence in technology, product offering, customer service and people. This improving performance continues to be achieved against the backdrop of challenging trading conditions and significant regulatory changes.

The Company will continue as a matched principal facilitator to its customers in Contracts for Difference ("CFDs") on currency pairs, indices, commodities and bonds in line with its regulatory permissions. Following the recent regulatory changes and more challenging business environment, the Company continues to explore possibilities of providing other products that would enable it to diversify its business model and revenue streams.

Key Performance Indicators
The Company uses the following key performance indicators to measure its financial and operational performance on delivering the strategic goals of the business.

- Trading volume
- Revenue
- Operating profit
- Client assets under management
- Net assets
- Return on capital employed (ROCE)

The following table shows the key performance indicators at 31 December 2019 against the same period in the prior year.

KPI	2019	2018	Change
Trading volume	214 $bn	265 $bn	(19%)
Revenue	£7.9m	£4.8m	+ 65%
Operating profit	£3.4m	£1.8m	+ 89%
Client assets under management	£33.1m	£22.8m	+ 45%
Net assets	£13.3m	£7.0m	+ 90%
Return on capital employed (ROCE)	25.9%	25.7%	+ 0.2%

For the twelve months ended 31 December 2019, trading conditions have again been affected by lower market volatility coupled with significant changes to the CFD industry by both domestic and European regulators that were introduced in Q3 of 2018 and which became permanent rules in August 2019. The lower market volatility coupled with the product intervention measures have resulted in a decrease in trading volumes for 2019 of approx. 19%.

However, despite such challenging trading conditions, the Company has increased client assets under management by 45% to £33.1m (2018: £22.8m) through its continued commitment to driving excellence in technology, product offering, customer service and people and this has resulted in a 65% increase in revenue to £7.9m (2018: £4.8m) and an 89% increase in operating profit to £3.4m (2018: £1.8m).

Post balance sheet events

On 31 December 2019, the World Health Organisation ("WHO") were alerted to cases of pneumonia detected in the city of Wuhan in China. The reported illnesses were quickly established as a new form of virus named as the Coronavirus and latterly as Covid-19.

The outbreak of the virus has since escalated, leading to firstly a complete "lockdown" of China, resulting in the self-isolation of the majority of the population and the shutdown of all non-essential businesses, to the global spread of the virus, resulting in a prolonged period of lockdown and self-isolation in the United Kingdom (from 23rd March 2020) and in the majority of countries in Europe and the rest of the world.

The global pandemic has resulted in a significant risk to global economies as a result of the shutdown of businesses and resulting effect on economies from the fall in output, increase in unemployment which has required significant state interventions to support both national infrastructures as well as the economies themselves.

Global financial markets, which have remained functional throughout, have experienced significant volatility in the first quarter of 2020, with central bank intervention across multiple jurisdictions required to prevent disorderly market corrections and a co-ordinated reduction in interest rates to encourage global economic growth.

During the period of lockdown, Tickmill UK Ltd as well as the remainder of the Tickmill Group of companies has remained fully operational. Tickmill UK as well as several other market participants have seen a significant increase to trading volumes as a result of the volatility seen across all financial markets and asset classes.

Tickmill has posted record trading volumes metrics, with the Group recording its all-time highest monthly trading volumes metric of over 150bn in notional traded volume and Tickmill UK has seen approximately a 25% increase in lots traded compared with the same period in 2019. Tickmill UK has also seen an increase in new client account openings with a 39% increase in January 2020 from the prior month and a 22% increase in February 2020 (compared to December 2019).

The resulting increase in trading volumes has seen Tickmill UK increase revenue, with Q1-2020 revenues almost 150% higher than the same period in 2019.

The directors have assessed the results of the first quarter of 2020 and the impact to the business from the lockdown and impact to working conditions and are confident that the business is both sufficiently capitalised from a regulatory capital perspective and has sufficient liquid resources to meet its obligations as they fall due.

In the longer term, Tickmill UK management anticipate that once the lockdown has ended, global economies will recover from the short term downturn and both output and employment will begin to return, supported by national governments intervention measures to ensure as soft a landing as possible for the downturn and a swift return to economic activity and generation over the coming months.

The going concern assessment prepared by management, considered a worst-case scenario for the global pandemic. Management further stressed the Going Concern forecasts to determine whether the Company has sufficient resources to ensure its continued operation for the next 12 months and beyond. The parameters used for the stress scenario included:

1. 25% drop in revenues in 2020
2. 2% reduction in revenue drivers and revenue in 2021 and 2022 (YOY)
3. 4% reduction in 2023 (YOY)
4. 2% reduction (YOY)
5. Zero growth in 2025
6. No changes to the cost base over the 5-year period (NO Management cost cutting)

The results showed:

1. Profit After Tax – decreased by £16.4m over the 5-year forecast period. This assumed that management did not take corrective action to cut administrative costs, which is a viable option available to the Company. The business still generates a profit in all years – except for year 5 (loss of £12k)
2. Balance Sheet & Cash Flow - The additional losses incurred by the downside in trading decreases cash and cash equivalents by £12m and equity by £16.4m over the 5-year forecast period. The business still has

sufficient cash to meet its obligations as they fall due. This does NOT allow for management actions including cost cutting measures available to the firm.

3. Regulatory Capital - The effect of the reduction in revenue driver growth (to negative growth) in subsequent years results in a fall from the base case of 70% percentage points in Year 5 of the forecast. However, the business still has surplus regulatory capital above the minimum requirements in all years.

In conclusion, the forecast showed that Tickmill UK would have adequate resources to continue operationally for at least the next 60 months following the global pandemic.

Therefore, having considered the current financial position of the Company and the forecasts performed for a stressed scenario to include the global pandemic, management have concluded it is reasonable to adopt the going concern basis of accounting.

Principal risks and uncertainties

The Company's capital requirements are calculated in accordance with the FCA regulations and the Company's capital is monitored on an ongoing basis to detect any changes within the business.

The principal risks that the Company faces are Regulatory Risk, Credit Risk, Counterparty Risk, Market Risk, Reputational Risk, Liquidity Risk, Operational Risk and Business Risk.

Regulatory Risk

Regulatory risk as the risk that the regulatory environment in any of the jurisdictions in which Tickmill UK currently operates, or may wish to operate in, changes in such a way that it adversely affects the Company's business or operations, through additional costs or increases in capital and liquidity requirements and a decrease in revenue. The Company operates in a highly regulated environment which is continually evolving.

The Company maintains a strong relationship with its regulator and has an active dialogue with them to keep abreast of impending regulatory developments.

Following the significant regulatory changes in 2018, particularly from UK and other European Union country regulators, to impose restrictions on the provision of leveraged products to retail clients, this resulted in a number of changes to the provision of services to clients which included additional risk warnings, leverage restrictions, limitations and bans on marketing and outright bans on the provision of CFDs in some European Union countries.

Following the implementation of these rule changes, the Company met the requirements set by the UK and European Union regulators in time and is well positioned to meet any additional regulatory changes should they come into force. The potential changes in the regulatory environment are regularly discussed at the Board level and the Company aims to be ready for any further changes, both operationally and financially.

Within the regulatory risk environment, the Company also includes the risk of significant adverse changes in the way in which the Company is subject to taxation. The Company does not currently foresee any major changes in the tax environment where it operates that could have a material impact to its business.

Credit and Counterparty Risk
Credit Risk is the risk that counterparties will fail to pay monies due to the Company.

The Company's Clients are not permitted to begin trading until such time as sufficient funds have been deposited into their accounts. The Company operates a strict Margin Call Policy, where timely alerts are sent to Clients where a Margin Call has been triggered. Further, where a Margin Call is not honoured, client positions will be closed automatically at pre-set levels if existing positions continue to deteriorate.

The Company has a credit exposure to the banks with which it deposits funds and with the counterparties to whom it posts collateral for hedging purposes. The Credit Risk component of the Pillar 1 capital calculation therefore arises on all non-trading book assets which have not been deducted from the Company's capital resource. The Company has in place appropriate client money acknowledgement letters from its banks. In the event of a liquidity provider default, any net cash owed to the Company will be taken up with the relevant liquidator.

Capital is allocated for Credit and Counterparty risk on a prudent basis. The Board selects counterparties on the basis of their business model, their regulatory status and perceived level of risk they pose.

Market Risk
Market risk is the vulnerability of the Company to movements in the value of financial instruments held either by itself, or by its clients. The Company's business arrangements have been designed to ensure that all trades are fully matched and if a Client order cannot be matched it will not be executed. Various clauses in the client facing terms and conditions also allow the Company to cancel trades in the event of a systematic or platform failure.

The Company has exposures to currency mismatch risk through its normal course of business. This risk arises if obligations (i.e. money obligations) owed to clients in one currency are secured by deposits in a different currency and the exchange rate between these two currencies changes.

Reputational Risk
Reputational risk is the risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether justified or unjustified) that may lead to a reduction in revenue, a reduction in clients and the potential for legal claims against the Company.

Liquidity Risk
Liquidity risk is defined as the Company, although solvent, being unable to meet the Company's financial requirements as they fall due. Liquidity risk is managed principally by holding cash and other easily realisable liquid assets. The Company's policy is to carry a significant amount of its total assets in liquid form.

Liquidity Risk could however arise where the income and revenue streams are either lost completely or are severely reduced. Revenue could be reduced or stopped for a number of reasons. These include, but are not limited to, a marked turndown in the market for a prolonged period or a continued period of recession.

The Company maintains a liquidity risk management policy separately from the ICAAP. The liquidity policy clearly identifies the level of liquidity risk that the Company faces, the procedures established for the effective monitoring of the liquidity condition of the Company and the systems and controls that ensure that the Company maintains liquidity resources which are adequate to meet liabilities as they fall due.

Operational Risk
Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk, tax and financial crime risks, but excludes reputational, business and strategic risk.

The Company's operations are exposed to technology risk relating to the trading platform and internal systems. System monitoring is undertaken regularly to ensure maximum system uptime as well as robust planned maintenance processes. This risk is mitigated by the Company's ability to make use of wider and more extensive IT resources including IT Support to IT Development to assist with any necessary incident. Mission critical software is deployed in more than one location which minimises the extent of platform outage should a single server fail. The Company uses system backups which are also replicated to a secondary data centre at the time of backup. A contingency plan for the interruption of the dealing operation is covered in the Company's Business Continuity/Disaster Recovery plan. Furthermore, the plan can be implemented at different phases depending upon the level of disruption.

Business Risk
The Company operates in an environment characterised by intense competition, rapid technological change and a continually evolving regulatory framework. Failure to adapt to changing market dynamics, customer requirements, or the way OTC markets and their participants are regulated constitutes a significant long-term risk.

The Company's main strategy for managing and mitigating these risks is through the continued development of its electronic brokering capability, active management of client relationships and by keeping abreast of all relevant regulatory reforms affecting the operation of OTC markets.

BREXIT: Tickmill UK Senior management have considered the impact of BREXIT to the Company. However, uncertainty surrounding the exit strategy results in an inability to accurately forecast the financial impact to the Company. Uncertainty still remains whether the European passporting regime for the financial services firms will remain open for UK companies beyond the end of the transition period on 31st December 2020. The Company is constantly assessing scenarios to mitigate any adverse impacts resulting from the outcome of Brexit by increasing its capital base, diversifying into new geographic markets, increasing marketing efforts within the UK and looking for ways to expand its product offering which would help the Company to grow its business outside of the European Union. The Company is part of the Tickmill Group of companies in which there is also another regulated entity in the European Union regulated since 2015 and in a worse-case scenario this entity could manage the contractual relationship of Clients from the European Union.

2019 UK Corporate Governance Code and S172 Reporting
This section of the Strategic Report for the year ended 31 December 2019 will describe how the directors of Tickmill UK Ltd have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172.

S172 of Companies Act 2006 requires that a director of a company must act in the way he 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 factors listed below:

1. The consideration to likely consequences of any decision in the long term,
2. The interests of the company's employees,
3. The need to foster the company's business relationships with suppliers, customers and others,
4. The impact of the company's operations on the community and the environment,
5. The desirability of the company maintaining a reputation for high standards of business conduct, and
6. The need to act fairly as between members of the company.

The following points summarise how the Directors fulfil their duties:

1. The consideration to likely consequences of any decision in the long term

Tickmill UK's objective and therefore success is achieved by ensuring the Company provides a high-quality service to its customers and offering a variety of financial trading products to clients. This ensures that clients continue to enjoy successful trading experiences with the Company and the directors ensure that Tickmill continues to increase shareholder value.

The directors and senior management team, through board meetings and regular updates strive to ensure that Tickmill continues to attract clients via ensuring it maintains high standards of customer service, trading platform accessibility and ease of navigation, competitive dealing spreads and commissions.

As an example, the directors have strived to provide greater choice to clients by developing new products for clients to trade which include the commencement of the "Exchange Traded Derivatives ("ETD")" project. This has involved senior management exploring the feasibility and appetite for the launch of ETD's and has resulted after detailed forecasts and analysis, the creation of a dedicated team to create, test, launch and maintain the product. This decision has resulted in the company ensuring it continues to meet its objective of creating choice for its clients whilst simultaneously delivering shareholder value.

The project is currently in its beta phase of testing and it is anticipated the full launch will take place in Q3 of 2020.

2. The interests of the company's employees

Tickmill UK and its directors recognise the significant contribution that its employees make to the continued success in delivering client satisfaction and driving shareholder value.

In ensuring that all employees are kept up to date with developments within the company and wider Group, the directors have held monthly updates with all employees. This has become more relevant given the increase in headcount of the firm (from 8 to 11 at 31 December 2019) with further headcount increases anticipated in 2020 as well the strategic development of the company which has included the development of the ETD product.

The consultation with Tickmill's employees have been key in ensuring that this strategic goal is developed and realised as a key deliverable for the Company in 2020.

In addition to the monthly employee engagement, and in recognition of the increase in headcount, the Company anticipates moving to its own office space in 2020, which will further enhance the company's identity and collaborative culture with its employees, whilst a Group wide employee survey has been undertaken in 2020, the results of which will dictate corrective actions to ensure the needs of employees are met.

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.

Tickmill UK's clients are attracted to the Company for its value for money, ease of platform navigation, competitive dealing spreads and commission charges, in addition to high levels of customer service.

The directors, together with the senior management team and employees from across the organisation are focussed on ensuring that Tickmill continues to deliver a high-quality product and service to its clients (both existing and prospective). This can be evidenced by the relatively low number of complaints received from clients during 2019 in relation to the services received from Tickmill UK and this provides an indication of the high standards to which the directors and employees of Tickmill UK deliver its products and services.

The directors continually assess the level of complaints (monthly through management information provided to the Board) including their nature and reason to ensure issues are rectified to prevent re-occurrence.

Relationships with suppliers are also key in ensuring that Tickmill UK can discharge its products and services 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.

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

The Directors of Tickmill UK 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.

This extends to ensure that the Company always protects the interests of its clients at all times, and in particular 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 regulatory landscape continues to evolve across multiple jurisdictions, particularly in Europe. On 1st August 2018, The European Securities and Markets Authority ("ESMA") introduced a number of temporary product intervention measures to prohibit the provision of binary options and to restrict the provision of Contract for Differences (CFDs) in order to protect retail investors. These measures applied to CFDs offered to retail clients.

The measures introduced included the following:
- Leverage limits between 30:1 and 2:1 on the opening of a position,
- Negative balance protection,
- Limited retail clients' liabilities to the funds in their CFD trading account,
- Prohibition of firms offering monetary and non-monetary benefits (excluding research and information tools) to retail investors,
- Standardised risk warning, including firm-specific figures on the percentage of client accounts that have lost money trading CFDs.

As Tickmill UK is authorised and regulated by the Financial Conduct Authority (FCA) and its principal activity is the provision of CFD products to retail and professional customers, the ESMA intervention measures therefore applied directly.

Although impacted by the intervention measures, it should be noted that Directors of Tickmill UK fully supported the work by all National Competent Authorities (NCAs) to ensure the best outcome for clients whilst continuing to operate to the highest regulatory standards.

The Directors believe the intervention measures have also created a more sustainable and certain environment for both clients and brokers – ensuring reputable firms such as Tickmill UK continue to attract high quality clients with the intention to trade.

The Directors and senior management have remained supportive of the efforts of the European regulator to increase regulatory standards and to improve client outcomes.

The impact of the measures were in line with management's expectations and following a short period of adjustment for clients following the introduction of the measures, 2019 saw a return to active client participation as periodic volatility returned to the financial markets with clients adjusting to the "new normal" trading conditions applied by the intervention measures.

The intervention measures from ESMA and the Financial Conduct Authority ("FCA") as well as other European regulators to protect clients through reduced leverage and enhanced risk warnings are in line with Tickmill's values of ensuring that the customer is protected and to improve customer outcomes.

The Directors are fully supportive of the efforts of global regulatory bodies to ensure that client interests are served at all times. The Directors remain committed to ensuring that the Company operates at the highest regulatory standards.

6. The need to act fairly as between members of the company

The Board of Tickmill UK Ltd is fully committed to open engagement with its shareholders. To this end, monthly Board meetings are held at which a number of shareholders are present and are able to view up to date management information on the progress of the company and any issues that arise including corrective actions taken.

The monthly meetings also provide an opportunity for the shareholders to understand the strategy and vision of the Company and its Directors and for feedback to be considered.

This report is made in accordance with a resolution of directors.

On behalf of the directors

Mukid Chowdhury

24 April 2020

Tickmill UK Ltd
Directors' report
31 December 2019

The Company Number is 09592225.

Directors
The following persons were directors of the Company during the whole of the financial period and up to the date of this report, unless otherwise stated:

Mr. Sudhanshu Agarwal (resigned 19 February 2019)
Mr. Duncan Innes Spence Anderson
Mr. Illimar Mattus
Mr. Mukid Chowdhury (appointed 17 March 2020)
Mrs. Rani Pone (appointed 25 February 2020)

Risks associated to financial instruments
An assessment of the risks associated with the financial instruments of the Company is given in note 18 of the financial statements.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial period.

Matters subsequent to the end of the financial period
No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years. Matters in relation to the Covid-19 global pandemic have been discussed and disclosed within the Strategic Report on page 3.

Likely future developments
Information on likely future developments of the Company are disclosed in the strategic report.

Indemnity of directors
The Company has indemnified the directors of the Company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

Disclosure of information to the auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor
The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Tickmill UK Ltd
Directors' report
31 December 2019

This report is made in accordance with a resolution of directors.

On behalf of the directors

Mukid Chowdhury

24 April 2020

Tickmill UK Ltd
Directors' responsibilities statement
31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ('IFRS') as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Tickmill UK Ltd
Independent auditor's report to the members of Tickmill UK Limited

Opinion

We have audited the financial statements of Tickmill UK Ltd ("the Company") for the year ended 31 December 2019 which comprise Statement of profit or loss and other comprehensive income, Statement of changes in equity, Statement of financial position and Statement of cash flows, and the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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.

Opinions 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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' 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 Strategic report and Director's 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 Statement of Directors Responsibilities, 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.
A further description of our responsibilities for the audit of the financial statements is located at 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.

Simon Fowles (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

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

LONDON

24 April 2020

Tickmill UK Ltd
Statement of comprehensive income
For the year ended 31 December 2019

	Note	2019 £	2018 £
Revenue	2	7,896,057	4,797,421
Expenses			
Administrative expenses	4	(4,450,402)	(2,998,861)
Total expenses		(4,450,402)	(2,998,861)
Operating profit		3,445,655	1,798,560
Finance costs	8	(63)	(21)
Finance income	9	2,770	567
Profit before income tax expense		3,448,362	1,799,106
Income tax expense	10	(655,188)	(339,177)
Profit after income tax expense for the year attributable to the owners of Tickmill UK Limited		2,793,174	1,459,929
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Tickmill UK Limited		2,793,174	1,459,929

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Tickmill UK Ltd
Statement of financial position
As at 31 December 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Property, plant and equipment	11	14,544	4,226
Intangibles	12	107,870	-
Total non-current assets		122,414	4,226
Current assets			
Cash and cash equivalents	13	23,730,956	17,665,248
Trade and other receivables	14	3,066,143	114,890
Total current assets		26,797,099	17,780,138
Total assets		26,919,513	17,784,364
Liabilities			
Current liabilities			
Trade and other payables	15	13,460,348	10,753,427
Income tax	10	167,438	32,384
Total current liabilities		13,627,786	10,785,811
Total liabilities		13,627,786	10,785,811
Net assets		13,291,727	6,998,553
Equity			
Issued capital	16	6,740,000	3,240,000
Retained profits		6,551,727	3,758,553
Total equity		13,291,727	6,998,553

The Financial Statements were authorised for issue and approved by the Board and signed on its behalf by

Mukid Chowdhury

24 April 2020

The above statement of financial position should be read in conjunction with the accompanying notes

Tickmill UK Ltd
Statement of changes in equity
For the year ended 31 December 2019

	Issued capital £	Retained profits £	Total equity £
Balance at 1 January 2018	1,240,000	2,298,624	3,538,624
Profit after income tax expense for the year	-	1,459,929	1,459,929
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,459,929	1,459,929
Issued share capital	2,000,000	-	2,000,000
Balance at 31 December 2018	3,240,000	3,758,553	6,998,553

	Issued capital £	Retained profits £	Total equity £
Balance at 1 January 2019	3,240,000	3,758,553	6,998,553
Profit after income tax expense for the year	-	2,793,174	2,793,174
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	2,793,174	2,793,174
Issued share capital	3,500,000	-	3,500,000
Balance at 31 December 2019	6,740,000	6,551,727	13,291,727

The above statement of changes in equity should be read in conjunction with the accompanying notes

Tickmill UK Ltd
Statement of cash flows
For the year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit before income tax expense for the year		3,448,362	1,799,106
Adjustments for:			
Depreciation and amortisation		19,601	1,049
Foreign exchange differences		634,259	(221,744)
Interest received		(2,770)	(567)
Interest and other finance costs		63	21
		4,099,515	1,577,865
Change in operating assets and liabilities:			
Increase in trade and other receivables		(3,122,546)	(15,909)
Increase in trade and other payables		3,258,413	2,019,607
		4,235,382	3,581,563
Interest received		2,770	567
Interest and other finance costs paid		(63)	(21)
Income taxes paid		(520,134)	(855,798)
Net cash from operating activities		3,717,955	2,726,311
Cash flows from investing activities			
Payments for property, plant and equipment	11	(13,899)	(3,322)
Payments for intangibles	12	(123,890)	-
Net cash used in investing activities		(137,789)	(3,322)
Cash flows from financing activities			
Proceeds from issue of shares	16	3,500,000	2,000,000
Net cash from financing activities		3,500,000	2,000,000
Net increase in cash and cash equivalents		7,080,166	4,722,989
Cash and cash equivalents at the beginning of the financial year		17,665,248	12,427,767
Effects of exchange rate changes on cash and cash equivalents		(1,014,458)	514,492
Cash and cash equivalents at the end of the financial year	13	23,730,956	17,665,248

All movements in debt for the year arise from cash flows.

The above statement of cash flows should be read in conjunction with the accompanying notes

Tickmill UK Ltd
Notes to the financial statements
31 December 2019

1. General information

Country of incorporation and principal activity
The Company was incorporated in England and Wales, United Kingdom on 14 May 2015 as a private limited liability company, limited by shares. The Company operates in the United Kingdom, and its principal place of business and registered office is 1 Fore Street, London, England, EC2Y 9DT.

The Company started trading in November 2016. The Company is authorised and regulated by the Financial Conduct Authority (FCA). Its principal business activity is the provision of contracts for difference products (CFDs) based on financial markets.

2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted
The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

IFRS 16 Leases
The Company has adopted IFRS 16 from 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). The adoption of this standard has not had a material impact on the Company's financial statements.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS') and the Companies Act 2006.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Critical accounting estimates
The preparation of the financial statements 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2. Significant accounting policies (continued)

Going concern
The Company's business activities, the factors likely to affect its future development and performance and its objectives and policies in managing the financial risks to which it is exposed, and its capital are discussed in the Strategic Report on page 5. In addition, note 18 of the financial statements includes the Company's objectives, policies and processes for managing its financial assets and financial liabilities; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company is currently well capitalised and the Directors have reviewed the ongoing risks to which the business is exposed and its available liquidity and capital resources, and have concluded there is reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Foreign currency translation
The financial statements are presented in Pound sterling, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into Pound sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition
Trading revenue consists of commissions earned from the opening and closing of matched principal CFD positions which are recognised at the point of trade, these form fixed fee and spread commissions

Trading revenue also includes overnight interest on open positions of clients at the end of the day.

Income tax
The income tax expense for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at 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.

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Other financial assets
Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

2. Significant accounting policies (continued)

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Office equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

2. Significant accounting policies (continued)

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2 years.

Trade and other payables
These amounts represent liabilities for services provided to the Company prior to the end of the financial period 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.

Segregated client funds
Prior to trading, 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.

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 and are not held on the Company's Statement of Financial Position.

There is no interest paid on segregated client accounts.

Employee benefits

Defined contribution plan
Obligations for contributions to defined contribution plans are expensed as the related service is provided. Unpaid contributions are recognised as a liability in the statement of financial position.

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.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Issued capital
Ordinary shares are classified as equity.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 31 December 2019. The Company has assessed the impact of these and does not believe that their adoption will have a material impact on the financial statements.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Treatment of client derivative positions
Client derivative positions are settled daily against client cash held in segregated accounts and thus do not appear on the statement of financial position of the Company. These are therefore netted off in accordance with IAS 32, as disclosed in note 19.

4. Administrative expenses

	2019 £	2018 £
Rent paid under operating leases	121,925	65,801
Office expenses	3,546	3,100
Software licenses	136,964	-
Accountancy fees	84,838	95,460
Audit fees	49,799	37,965
Staff costs	769,660	529,130
IT expenses	660	564
Insurance	12,042	7,321
Staff training	3,516	9,428
Travel	15,687	7,593
Commissions and swaps	1,656,730	1,349,325
Legal and professional fees	175,678	219,006
Bank charges	40,781	23,219
Payment provider fees	516,627	720,850
Foreign exchange differences	634,259	(221,744)
Entertainment	6,853	1,328
Advertising	73,450	56,993
Rent of trading technologies	18,804	18,042
Depreciation	3,581	1,049
Penalties	842	3,131
Broker fees	19,600	20,000
Recruitment fees	87,000	51,300
Amortisation	16,020	-
Realised loss on closed positions - futures and options	1,540	-
	4,450,402	2,998,861

5. Staff costs (continued)

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	672,540	453,583
Social security costs	77,476	51,463
Other pension costs	19,644	24,084
	769,660	529,130

	2019	2018
The average monthly number of employees, including the directors, during the period was as follows:		
Directors	2	3
Administration	9	5
	11	8

6. Directors' remuneration

	2019 £	2018 £
Remuneration	120,000	130,000
Contributions to directors money purchase schemes	3,300	2,600
	123,300	132,600

7. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	49,799	37,965

	2019	2018
Fees payable to the Company's auditor for other services to the Company:		
Taxation services	1,590	1,500
Other accounting services	83,248	95,880
	84,838	97,380

8. Finance costs

	2019 £	2018 £
Bank interest paid	63	21

9. Finance income

	2019 £	2018 £
Bank interest received	2,770	567

10. Income tax

	2019 £	2018 £
Income tax expense		
Current tax	655,188	340,336
Adjustment recognised for prior periods	-	(1,159)
Aggregate income tax expense	655,188	339,177
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	3,448,362	1,799,106
Tax at the statutory tax rate of 19%	655,188	341,830
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation of property, plant and equipment	680	199
Entertainment expenses	1,376	252
Expenses not chargeable	(2,056)	(1,314)
Capital allowances	-	(631)
	655,188	340,336
Adjustment recognised for prior periods	-	(1,159)
Income tax expense	655,188	339,177

	2019 £	2018 £
Provision for income tax		
Provision for income tax	167,438	32,384

11. Property, plant and equipment

	2019 £	2018 £
Office equipment - at cost	19,227	5,328
Less: Accumulated depreciation	(4,683)	(1,102)
	14,544	4,226

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Office equipment £	Total £
Balance at 1 January 2018	1,953	1,953
Additions	3,322	3,322
Depreciation expense	(1,049)	(1,049)
Balance at 31 December 2018	4,226	4,226
Additions	13,899	13,899
Depreciation expense	(3,581)	(3,581)
Balance at 31 December 2019	14,544	14,544

12. Intangibles

	2019 £	2018 £
Software - at cost	123,890	-
Less: Accumulated amortisation	(16,020)	-
	107,870	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Software £	Total £
Balance at 1 January 2018	-	-
Balance at 31 December 2018	-	-
Additions	123,890	123,890
Amortisation expense	(16,020)	(16,020)
Balance at 31 December 2019	107,870	107,870

13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank	7,541,632	4,268,344
Cash held with money transfer companies	1,459,232	2,429,680
Cash held with liquidity providers	14,730,092	10,967,224
	23,730,956	17,665,248

14. Trade and other receivables

	2019 £	2018 £
Trade receivables	210,918	-
Other receivables	22,291	18,220
Prepayments	31,349	11,202
Amounts due from related parties	2,801,585	85,468
	3,066,143	114,890

15. Trade and other payables

	2019 £	2018 £
Trade payables	13,381,763	10,595,423
Amounts due to related parties	-	112,378
Other payables	2,529	-
Accruals	76,056	45,626
	13,460,348	10,753,427

16. Issued capital

	2019 Shares	2018 Shares	2019 £	2018 £
Ordinary shares - paid of £1 each	6,740,000	3,240,000	6,740,000	3,240,000

On 22 July 2019 3,500,000 ordinary shares with a nominal value of £1 each 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.

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 held surplus capital over the FCA requirements throughout the period.

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

16. Issued capital (continued)

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

The capital risk management policy remains unchanged from the date of the Annual Report.

17. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

18. Financial instruments

Financial risk management objectives
The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The management of these risks is disclosed below.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique :

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 Company's financial assets and liabilities are shown below.

	2019 £	2018 £
Financial assets (current)		
Financial assets at amortised cost*	24,770,541	16,125,298
Financial assets at fair value through profit or loss**	1,995,209	1,643,638
	26,765,750	17,768,936
Financial liabilities (current)		
Loans and payables	13,603,787	10,753,427

* Financial assets classified at amortised cost includes collateral, held as margin on open positions, with liquidity providers to the value of £364,952 (2018: £95,598).

** Financial assets at fair value through profit or loss represent offset open positions which are presented within cash held with liquidity providers as disclosed in note 13. All assets in this classification are measured at level 2.

Market risk

Foreign currency risk
The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Company's foreign currency denominated cash and cash equivalents at the reporting date were as follows:

18. Financial instruments (continued)

	2019 £	2018 £
Euro	11,124,436	11,196,912
US Dollars	10,457,203	4,413,525
Polish Zloty	1,245,008	669,231
	22,826,647	16,279,668

The carrying amount of the Company's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets 2019 £	Assets 2018 £	Liabilities 2019 £	Liabilities 2018 £
Euro	17,301,151	11,196,912	11,630,850	9,125,020
US Dollars	4,390,576	4,498,993	1,716,838	2,571,170
Polish Zloty	183,536	669,231	-	629,376
	21,875,263	16,365,136	13,347,688	12,325,566

At 31 December 2019, if the Euro, the US dollar and the Polish Zloty had strengthened or weakened by 10% against GBP with all other variables held constant, pre-tax profits and equity would have increased/ (decreased) by:

			GBP strengthened			GBP weakened
2019	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Euro	10%	716,819	716,819	10%	(586,488)	(586,488)
US Dollars	10%	203,488	203,488	10%	(166,490)	(166,490)
Polish Zloty	10%	20,289	20,289	10%	(16,600)	(16,600)
		940,596	940,596		(769,578)	(769,578)

			GBP strengthened			GBP weakened
2018	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Euro	10%	230,214	230,214	10%	(188,357)	(188,357)
US Dollars	10%	214,206	214,206	10%	(175,260)	(175,260)
Polish Zloty	10%	4,428	4,428	10%	(3,623)	(3,623)
		448,848	448,848		(367,240)	(367,240)

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable 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 indicates an increase in profit and equity where the USD, Euro or Zloty strengthens against Sterling. A negative number indicates a decrease.

18. Financial instruments (continued)

Price risk
Price risk is market risk, arising from extreme adverse market movements in the prices of open derivative positions. Due to its matched principal broker status, the Company is not exposed to any price risk.

Interest rate risk
The Company is not exposed to any significant interest rate risk at this time on the basis that it has no borrowings.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

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

The Company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Company based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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 towards the Company in relation to own assets and segregated client account assets.

Due to its matched principal broker status, the Company is obliged to match all client positions with mirror position with a third party. The Company is thus exposed to credit risk from its hedging counterparty. To mitigate the risk as far as possible, an account with a bank or financial institution will only be opened only after suitable checks have been made to assess the risk level of that entity. Credit risk of institutions holding cash deposits is mitigated by depositing cash within financially sound institutions. All of which, other than Tickmill Limited, are regulated by the FCA or are considered to have equivalent prudential and supervisory requirements if outside the UK. An intrusive analysis of Tickmill Limited is completed having access to its regulatory filings, annual accounts, liquidity stress test results and ICAAP 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 the case of adverse market movements. However, the Company's client credit risk exposure is limited by the automatic closing mechanism (margin call), embedded in the Trading platform.

The Company does not hold any collateral and does not have material financial assets that are overdue and impaired at the reporting date.

Liquidity risk
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.

18. Financial instruments (continued)

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities at all times and the majority of cash deposits are repayable on demand.

The Company's liabilities all fall due for repayment within twelve months.

19. Fair value measurement

Fair value hierarchy
The following tables detail the Company's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement.

2019	**Level 1** £	**Level 2** £	**Level 3** £	**Total** £
Financial Assets				
Derivative assets	-	1,995,209	-	1,995,209
Total assets	-	1,995,209	-	1,995,209

2018	**Level 1** £	**Level 2** £	**Level 3** £	**Total** £
Financial Assets				
Derivative assets	-	1,643,638	-	1,643,638
Total assets	-	1,643,638	-	1,643,638

There were no transfers between levels during the financial period.

Offsetting financial assets and liabilities
31 December 2019

	Gross amounts before any offsetting £	**Off-set gross amounts in statement of financial position** £	**Total** £
Derivative Assets	2,970,958	(975,749)	1,995,209

	Gross amounts before any offsetting £	**Off-set gross amounts in statement of financial position** £	**Total** £
Derivative Liability	(975,749)	975,749	-

19. Fair value measurement (continued)

31 December 2018

	Gross amounts before any offsetting £	Off-set gross amounts in statement of financial position £	Total £
Total Assets	1,794,696	(151,058)	1,643,638

	Gross amounts before any offsetting £	Off-set gross amounts in statement of financial position £	Total £
Derivative Liability	(151,058)	151,058	-

The Company has been authorised by the FCA to complete match principal broking. Under these permissions when a position is opened with a client the Company is required to simultaneously "match" all trades between a customer and the Company with an equal and opposite trade. In the same way, when the position is closed, the equal and opposite trade must be simultaneously closed. As a result of this, credit risk is limited to cash held by liquidity providers included with in cash and cash equivalents on the statement of financial position.

The Company's customer open positions are settled daily against the client segregated accounts and therefore no derivatives and associated fair value balances are presented on the statement of financial position or statement of comprehensive income.

20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £17,852 (2018: £24,084). Contributions totalling £2,529 (2018: £nil) were payable to the fund at the statement of financial position date.

21. Related party transactions

Transactions with related parties
During the year the Company transferred liabilities to the value of £nil (2018: £67,549) to Tickmill Limited, a company related by common control. At 31 December 2019 £nil (2018: £67,549) was due to Tickmill Limited.

During the year the Company entered into CFD derivative contracts with Tickmill Limited, a company under common control, under the normal course of business to simultaneously "match" the trades of the Company's customers as is required by a matched principal broker. The amount of £2,801,585 (2018: £85,468) was due from Tickmill Limited at 31 December 2019.

During the year Tickmill Europe Limited, a company related by common control, supplied services to the Company to the value of £8,644 (2018: £44,829). At the balance sheet date £nil (2018: £44,829) was due to Tickmill Europe Limited.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

21. Related party transactions (continued)

Key Management Personnel remuneration
The aggregate remuneration of the Company management and other members of key management personnel during the period was £120,000 (2018: £130,000).

22. Segregated client funds

The Company operates eight (2018: fourteen) segregated client money bank accounts. As at 31 December 2019 the total balance of these accounts was £20,044,445 (2018: £12,262,861).

23. Events after the reporting period

The Directors have assessed the impact of the global Covid-19 pandemic in 2020, the results of which are detailed within the strategic report on page 5.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

24. Controlling party

The ultimate controlling party of Tickmill UK Limited is Tickmill Group Limited.