Company Number 09592225

Tickmill UK Limited

(Formerly known as Tmill UK Limited)

Annual Report - 31 December 2017

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Tickmill UK Limited
(Formerly known as Tmill UK Limited)
Strategic report
31 December 2017

The directors present their strategic report on the Company for the period ended 31 December 2017.

Principal activities
The Company is an online financial services provider and as a matched principal facilitator to its customers in Contracts for Difference ("CFDs") on currency pairs, indices, commodities and bonds.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA"). The Company's FCA Registered Number is 717270. For details see https://register.fca.org.uk. The revenue of the Company is primarily derived from commission and spread income.

The Company became authorised by the FCA in July 2016 and started trading activities in November 2016. There have been a number of positive trading conditions which has led to an increased participation by clients who look to take advantage of increased volatility in the financial markets.

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. Recently, there has been a series of significant regulatory rules, particularly from UK and other European Union country regulators, to impose restrictions on the provision of leveraged products to retail clients. These rules have included additional risk warnings, leverage restrictions, restrictions and bans on marketing and outright bans on the provision of CFDs. The timeframes for many of these rule changes remain uncertain but the likelihood is that they will take effect from July 2018.

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, including, but not limited to the imposition of a financial transaction tax.

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.

Review of developments, position and performance of the Company's business
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. In light of potential regulatory rule changes the Company is currently reviewing its scope of permissions.

Tickmill UK Limited
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Strategic report
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The Company delivered a significant increase in revenue and profit before tax to year end 2017 and continued to make good operational and strategic progress. The Company is taking action to lessen the potential financial impact of regulatory change and position the business to allow it to continue to offer OTC derivative products and related services.

Key Performance Indicators
The primary Key Performance Indicators ('KPI') that management of the Company uses to monitor its business and performance are capital employed, trading volume and profitability.

At 31 December 2017 the Company's return on capital employed was 58% (31 May 2017: 43%).

The trading volume of the Company, for the period ended 31 December 2017 was USD$114 billion of notional value (year ended 31 May 2017: USD$ 34 billion). The revenue of the Company, for the period ended 31 December 2017 was £3,871,039 (year ended 31 May 2017: £1,311,021). The operating profit for the Company was £2,029,268 (31 May 2017: £815,588). On 31 December 2017 the total assets of the Company were £12,533,605 (31 May 2017: £9,982,158) and net assets were £3,538,624 (31 May 2017: £1,890,904).

The primary drivers for the increase in volume and revenue was due to the increased acquisition of clients and the continued strong trading volumes from existing and new clients.

Under the regulation of the FCA the Company is required to hold capital above its minimum capital requirement stipulated. Daily calculations are made to the ensure that this requirement is met and the Company has had a surplus of capital since being approved by the FCA in July 2016.

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

On behalf of the directors

Duncan Anderson

24 / 04 / 2018

Tickmill UK Limited
(Formerly known as Tmill UK Limited)
Directors' report
31 December 2017

The Company Number is 09592225.

During the period the Company changed its name from Tmill UK Limited to Tickmill UK Limited.

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:

Sudhanshu Agarwal
Duncan Innes Spence Anderson

Risks associated to financial instruments
An assessment of the risks associated with the financial instruments of the company is given in note 16 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 2017 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.

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 made themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

On behalf of the directors

Duncan Anderson

24/04/2018

Tickmill UK Limited
(Formerly known as Tmill UK Limited)
Directors' responsibilities statement
31 December 2017

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.

Opinion

We have audited the financial statements of Tickmill UK Limited (the 'company') for the period from 1 June 2017 to 31 December 2017 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, 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 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 2017 and of its profit for the period 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.

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.

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 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in 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 annual 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.

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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the 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 or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 set out on page 5, 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 on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Jeremy Watkins

Jeremy Watkins, *Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

25 April 2018

Tickmill UK Limited
(Formerly known as Tmill UK Limited)
Statement of comprehensive income
For the period ended 31 December 2017

	Note	Period ended 31 December 2017 £	Year ended 31 May 2017 £
Revenue	2	3,871,039	1,311,021
Expenses			
Administrative expenses	4	(1,841,771)	(495,433)
Total expenses		(1,841,771)	(495,433)
Operating profit		2,029,268	815,588
Finance income	8	4,288	256
Profit before income tax expense		2,033,556	815,844
Income tax expense	9	(385,836)	(163,169)
Profit after income tax expense for the period attributable to the owners of Tickmill UK Limited		1,647,720	652,675
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of Tickmill UK Limited		1,647,720	652,675

There were no items to include in other comprehensive income for either period presented.

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

Tickmill UK Limited
(Formerly known as Tmill UK Limited)
Statement of financial position
As at 31 December 2017

	Note	31 December 2017 £	31 May 2017 £
Assets			
Non-current assets			
Property, plant and equipment	10	1,953	-
Total non-current assets		1,953	-
Current assets			
Cash and cash equivalents	11	12,427,767	9,841,960
Trade and other receivables	12	103,885	140,198
Total current assets		12,531,652	9,982,158
Total assets		12,533,605	9,982,158
Liabilities			
Current liabilities			
Trade and other payables	13	8,445,976	7,928,085
Income tax	9	549,005	163,169
Total current liabilities		8,994,981	8,091,254
Total liabilities		8,994,981	8,091,254
Net assets		3,538,624	1,890,904
Equity			
Issued capital	14	1,240,000	1,240,000
Retained profits		2,298,624	650,904
Total equity		3,538,624	1,890,904

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

Duncan Anderson

24 / 04 / 2018

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

Tickmill UK Limited
(Formerly known as Tmill UK Limited)
Statement of changes in equity
For the period ended 31 December 2017

	Issued capital £	Retained profits £	Total equity £
Balance at 1 June 2016	1,000	(1,771)	(771)
Profit after income tax expense for the period	-	652,675	652,675
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	652,675	652,675
Issued share capital	1,239,000	-	1,239,000
Balance at 31 May 2017	1,240,000	650,904	1,890,904

	Issued capital £	Retained profits £	Total equity £
Balance at 1 June 2017	1,240,000	650,904	1,890,904
Profit after income tax expense for the period	-	1,647,720	1,647,720
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	1,647,720	1,647,720
Balance at 31 December 2017	1,240,000	2,298,624	3,538,624

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

Tickmill UK Limited
(Formerly known as Tmill UK Limited)
Statement of cash flows
For the period ended 31 December 2017

	Note	Period ended 31 December 2017 £	Year ended 31 May 2017 £
Cash flows from operating activities			
Profit before income tax expense for the period		2,033,556	815,844
Adjustments for:			
Depreciation and amortisation		53	-
Foreign currency differences		53,030	(16,369)
Interest received		(4,288)	(256)
		2,082,351	799,219
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		38,798	(136,371)
Increase in prepayments		(2,485)	(98)
Increase in trade and other payables		516,711	7,874,259
Increase in other operating liabilities		1,180	49,326
		2,636,555	8,586,335
Interest received		4,288	256
Net cash from operating activities		2,640,843	8,586,591
Cash flows from investing activities			
Payments for property, plant and equipment	10	(2,006)	-
Net cash used in investing activities		(2,006)	-
Cash flows from financing activities			
Proceeds from issue of shares	14	-	1,239,000
Net cash from financing activities		-	1,239,000
Net increase in cash and cash equivalents		2,638,837	9,825,591
Cash and cash equivalents at the beginning of the financial period		9,841,960	-
Effects of exchange rate changes on cash and cash equivalents		(53,030)	16,369
Cash and cash equivalents at the end of the financial period	11	12,427,767	9,841,960

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

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.

During the period the company changed their financial reporting date to 31 December and these financial statements are for the period 1 June 2017 to 31 December 2017. The prior year comparatives included in the statements are for a full year and therefore may not be directly comparable.

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.

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.

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.

2. Significant accounting policies (continued)

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.

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

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
Other receivables are recognised at amortised cost, less any provision for impairment.

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 from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to 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.

2. Significant accounting policies (continued)

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.

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.

2. Significant accounting policies (continued)

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 2017. 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 17.

4. Administrative expenses

	Period ended 31 December 2017 £	Year ended 31 May 2017 £
Rent paid under operating leases	20,498	28,713
Office expenses	4,096	1,273
Accountancy fees	77,771	45,860
Audit fees	36,030	24,000
Subscriptions	1,127	1,195
Expenses borne by related parties (see note 20)	-	(27,379)
Staff costs	170,792	151,016
Travel	6,165	61
Commissions	1,038,369	110,873
Legal and professional fees	46,854	6,460
Bank charges	10,255	3,881
Payment provider fees	391,388	137,301
Foreign exchange differences	19,001	12,179
Entertainment	780	-
Advertising	17,092	-
Consultancy	1,500	-
Depreciation	53	-
	1,841,771	495,433

5. Staff costs

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

	Period ended 31 December 2017 £	Year ended 31 May 2017 £
Wages and salaries	134,675	125,364
Social security costs	16,300	9,152
Other pension costs	19,817	16,500
	170,792	151,016

	Period ended 31 December 2017	Year ended 31 May 2017
The average monthly number of employees, including the directors, during the period was as follows:		
Directors	2	2
Administration	2	1
	4	3

6. Directors' remuneration

	Period ended 31 December 2017 £	Year ended 31 May 2017 £
Remuneration	70,000	82,308
Contributions to directors money purchase schemes	200	-
	70,200	82,308

7. Auditor Remuneration

The analysis of auditor's remuneration is as follows:

	Period ended 31 December 2017 £	Year ended 31 May 2017 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	36,000	24,000

	Period ended 31 December 2017	Year ended 31 May 2017
Fees payable to the Company's auditor for other services to the Company:		
Other accounting services	76,079	45,860

8. Finance income

	Period ended 31 December 2017 £	Year ended 31 May 2017 £
Bank interest received	4,288	256

9. Income tax

	Period ended 31 December 2017 £	Year ended 31 May 2017 £
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	2,033,556	815,844
Tax at the statutory tax rate of 19% (2017: 20%)	386,376	163,169
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation of property, plant and equipment	10	-
Entertainment expenses	84	-
Expenses not chargeable	(253)	-
Capital allowances	(381)	-
Income tax expense	385,836	163,169

9. Income tax (continued)

	31 December 2017 £	31 May 2017 £
Provision for income tax		
Provision for income tax	549,005	163,169

10. Property, plant and equipment

	31 December 2017 £	31 May 2017 £
Office equipment - at cost	2,006	-
Less: Accumulated depreciation	(53)	-
	1,953	-

Reconciliations

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

	Office equipment £	Total £
Balance at 1 June 2016	-	-
Balance at 31 May 2017	-	-
Additions	2,006	2,006
Depreciation expense	(53)	(53)
Balance at 31 December 2017	1,953	1,953

11. Cash and cash equivalents

	31 December 2017 £	31 May 2017 £
Cash at bank	1,836,487	1,377,962
Cash held with money transfer companies	2,001,487	929,219
Cash held with liquidity providers	8,589,793	7,534,779
	12,427,767	9,841,960

12. Trade and other receivables

	31 December 2017 £	31 May 2017 £
Trade receivables	92,698	132,639
Other receivables	8,500	7,357
Prepayments	2,687	202
	103,885	140,198

13. Trade and other payables

	31 December 2017 £	31 May 2017 £
Trade payables	8,016,860	7,824,415
Amounts due to related parties	372,692	43,826
Other taxation and social security	-	6,018
Other payables	1,418	-
Accruals	55,006	53,826
	8,445,976	7,928,085

Refer to note 16 for further information on financial instruments.

14. Issued capital

	31 December 2017 Shares	31 May 2017 Shares	31 December 2017 £	31 May 2017 £
Ordinary shares - paid of £1 each	1,240,000	1,240,000	1,240,000	1,240,000

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.

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.

15. Dividends

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

16. 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.

	31 December 2017 £	31 May 2017 £
Financial assets (current)		
Loans and receivables (amortised cost)*	12,116,141	9,981,956
Financial assets at fair value through profit or loss**	414,334	-
	12,530,475	9,981,956
Financial liabilities (current)		
Loans and payables	8,445,975	7,922,067

* Financial assets classified as loans and receivables includes collateral, held as margin on open positions, with liquidity providers to the value of £137,162 (31 May 2017: £nil).

** 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 11. All asset 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:

16. Financial instruments (continued)

	31 December 2017 £	31 May 2017 £
Euro	5,793,367	4,617,778
US Dollars	5,692,428	4,568,045
Polish Zloty (PLN)	223,674	63,820
	11,709,469	9,249,643

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

	Assets		Liabilities	
	31 December 2017 £	31 May 2017 £	31 December 2017 £	31 May 2017 £
Euro	5,793,370	4,617,778	3,723,595	3,495,972
US Dollars	5,698,384	4,568,045	4,666,084	4,372,266
Polish Zloty	223,675	63,820	-	-
	11,715,429	9,249,643	8,389,679	7,868,238

At 31 December 2017, 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 strengthene d			GBP weakened
31 December 2017	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Euro	10%	206,978	206,978	10%	(206,978)	(206,978)
US Dollars	10%	103,230	103,230	10%	(103,230)	(103,230)
Polish Zloty	10%	22,367	22,367	10%	(22,367)	(22,367)
		332,575	332,575		(332,575)	(332,575)

			GBP strengthene d			GBP weakened
31 May 2017	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Euro	10%	112,181	112,181	10%	(112,181)	(112,181)
US Dollars	10%	19,558	19,558	10%	(19,558)	(19,558)
Polish Zloty	10%	6,832	6,832	10%	(6,832)	(6,832)
		138,571	138,571		(138,571)	(138,571)

16. Financial instruments (continued)

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. For a 10% weakening of the US dollars, Euro or Zloty against Sterling, there would be an opposite impact on profit and equity.

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

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 Tickmill UK Ltd 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.

16. 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.

17. 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, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

31 December 2017	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Derivative assets	-	414,334	-	414,334
Total assets	-	414,334	-	414,334

31 May 2017	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Derivative assets	-	137,025	-	137,025
Total assets	-	137,025	-	137,025
Financial Liabilities				
Derivative liabilities	-	137,025	-	137,025
Total liabilities	-	137,025	-	137,025

There were no transfers between levels during the financial period.

17. Fair value measurement (continued)

Offsetting financial assets and liabilities
Financial instruments subject to offsetting are as follows:

31 December 2017

	Gross Amounts before any offsetting £	Off-set gross amounts in statement of financial position £	Total £
Derivative Assets	497,798	(83,464)	414,334
Total Assets	497,798	(83,464)	414,334
Derivative Liability	(83,464)	83,464	-
Total Liabilities	(83,464)	83,464	-

31 May 2017

	Gross Amounts before any offsetting £	Off-set gross amounts in statement of financial position £	Total £
Derivative Assets	137,025	(137,025)	-
Total Assets	137,025	(137,025)	-
Derivative Liability	(137,025)	137,025	-
Total Liabilities	(137,025)	137,025	-

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.

Tickmill UK Limited'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.

18. 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 £19,817 (31 May 2017: £16,500). Contributions totalling £1,418 (31 May 2017: £8,250) were payable to the fund at the statement of financial position date.

19. Commitments

	31 December 2017 £	31 May 2017 £
Operating lease commitments at the reporting date but not recognised as liabilities, payable:		
Within one year	-	2,580

Operating lease arrangements for property are on a rolling contract for which any contractual commitment has passed (May 2017: one month period).

20. Related party transactions

Transactions with related parties
During the period Tickmill Limited, a company related by common control, bore expenses to the value of £nil (31 May 2017: £27,379) on behalf of the Company.

The Company received revenue to the value of £622,766 (31 May 2017: £594,188) in the form of rebates from Tickmill Limited.

During the period 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 £372,692 (31 May 2017: £43,826) was due to Tickmill Limited at 31 December 2017.

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.

Loans to/from related parties
During the prior year a loan of £5,412 was issued to Duncan Anderson, a director of the Company. The loan was interest free and repayable over 12 months. During the current period £3,157 was repaid to the Company. At 31 December 2017 the balance of the loan was £nil (31 May 2017: £3,157).

The aggregate remuneration of the Company management and other members of key management personnel during the period was £70,000 (31 May 2017: £82,308).

21. Segregated client funds

The Company operates eight (31 May 2017: four) segregated client money bank accounts. As at 31 December 2017 the total balance of these accounts was £6,262,141 (31 May 2017: £2,714,488).

22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2017 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.

23. Controlling party

The ultimate controlling party of Tickmill UK Limited is E Mattus.