

Company Number 09592225

Tickmill UK Limited

Annual Report - 31 December 2018



Tickmill UK Limited
Strategic report
31 December 2018

The directors present their strategic report on the Company for the year ended 31 December 2018.

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. In 2018, there were a series of significant regulatory changes, particularly from UK and other European Union country regulators, to impose restrictions on the provision of leveraged products to retail clients. These changes included additional risk warnings, leverage restrictions, restrictions and bans on marketing and outright bans on the provision of CFDs. During the course of 2018 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 these changes 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.

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31 December 2018

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.

Tickmill UK Limited
Strategic report
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Brexit Risk

The Tickmill UK Ltd believes that the UK's exit from the European Union will to some extent affect its ability to operate within the European Union going forward. Uncertainty still remains whether the European passporting regime for the financial services firms will remain open for UK companies. 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 Tickmill Group which also has 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.

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 the recent regulatory changes and more challenging business environment in the CFDs business the Company is also looking into possibilities of providing other products that would enable it to diversify its business model and revenue streams.

The Company delivered a significant increase in revenue to year end 2018 but saw a slight reduction in profitability due to increasing cost pressures that were to large extent related to efforts to keep up with the regulatory changes and requirements. The Company is now well positioned to focus more on building its business and expanding its product offering.

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 2018 the Company's return on capital employed was 26% (31 December 2017: 56%).

The trading volume of the Company, for the year ended 31 December 2018 was USD\$ 277 billion of notional value (period 1 June 2017 to 31 December 2017: USD\$ 114 billion). The revenue of the Company, for the year ended 31 December 2018 was £4,797,421 (period ended 31 December 2017: £3,871,039). The operating profit for the Company was £1,798,560 (31 December 2017: £2,029,268). On 31 December 2018 the total assets of the Company were £17,784,364 (31 December 2017: £12,533,605) and net assets were £6,998,553 (31 December 2017: £3,538,624).

The primary drivers that have led to consistent volume and revenue was due to the increased acquisition of clients, both retail and institutional, and the continued firm 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 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



Illimar Mattus

24/04/ 2019

Tickmill UK Limited
Directors' report
31 December 2018

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:

Sudhanshu Agarwal (resigned 19 February 2019)
Duncan Innes Spence Anderson
Illimar Mattus (appointed 14 March 2018)

Risks associated to financial instruments

An assessment of the risks associated with the financial instruments of the Company is given in note 17 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 2018 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

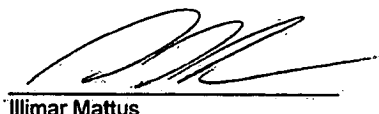
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's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

Auditor

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the Directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office.

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

On behalf of the directors



Illimar Mattus

24/04/ 2019

Tickmill UK Limited
Directors' responsibilities statement
31 December 2018

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

Opinion

We have audited the financial statements of Tickmill UK Limited (the 'company') for the year ended 31 December 2018 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 2018 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 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 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 Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Fowles (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
150 Aldersgate Street
London
EC1A 4AB

25 April 2019

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

Tickmill UK Limited
Statement of comprehensive income
For the year ended 31 December 2018

		Year ended 31 December 2018	1 June 2017 to 31 December 2017
	Note	£	£
Revenue	2	4,797,421	3,871,039
Expenses			
Administrative expenses	4	(2,998,861)	(1,841,771)
Total expenses		<u>(2,998,861)</u>	<u>(1,841,771)</u>
Operating profit		1,798,560	2,029,268
Finance costs	8	(21)	-
Finance income	9	567	4,288
Profit before income tax expense		1,799,106	2,033,556
Income tax expense	10	<u>(339,177)</u>	<u>(385,836)</u>
Profit after income tax expense for the year attributable to the owners of Tickmill UK Limited		1,459,929	1,647,720
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Tickmill UK Limited		<u>1,459,929</u>	<u>1,647,720</u>

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

Tickmill UK Limited
Statement of financial position
As at 31 December 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Property, plant and equipment	11	4,226	1,953
Total non-current assets		<u>4,226</u>	<u>1,953</u>
Current assets			
Cash and cash equivalents	12	17,665,248	12,427,767
Trade and other receivables	13	114,890	103,885
Total current assets		<u>17,780,138</u>	<u>12,531,652</u>
Total assets		<u>17,784,364</u>	<u>12,533,605</u>
Liabilities			
Current liabilities			
Trade and other payables	14	10,753,427	8,445,976
Income tax	10	32,384	549,005
Total current liabilities		<u>10,785,811</u>	<u>8,994,981</u>
Total liabilities		<u>10,785,811</u>	<u>8,994,981</u>
Net assets		<u>6,998,553</u>	<u>3,538,624</u>
Equity			
Issued capital	15	3,240,000	1,240,000
Retained profits		<u>3,758,553</u>	<u>2,298,624</u>
Total equity		<u>6,998,553</u>	<u>3,538,624</u>

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


 Illmar Mättus

24/04/ 2019

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

Tickmill UK Limited
Statement of changes in equity
For the year ended 31 December 2018

	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 year	-	1,647,720	1,647,720
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,647,720	1,647,720
Balance at 31 December 2017	<u>1,240,000</u>	<u>2,298,624</u>	<u>3,538,624</u>
	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	<u>2,000,000</u>	-	<u>2,000,000</u>
Balance at 31 December 2018	<u>3,240,000</u>	<u>3,758,553</u>	<u>6,998,553</u>

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

Tickmill UK Limited
Statement of cash flows
For the year ended 31 December 2018

	Year ended 31 December 2018 £	1 June 2017 to 31 December 2017 £
Note		
Cash flows from operating activities		
Profit before income tax expense for the year	1,799,106	2,033,556
Adjustments for:		
Depreciation and amortisation	1,049	53
Foreign currency differences	(221,744)	53,030
Interest received	(567)	(4,288)
Interest and other finance costs	21	-
	<u>1,577,865</u>	<u>2,082,351</u>
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(7,394)	38,798
Increase in prepayments	(8,515)	(2,485)
Increase in trade and other payables	2,028,987	516,711
Increase/(decrease) in other operating liabilities	(9,380)	1,180
	<u>3,581,563</u>	<u>2,636,555</u>
Interest received	567	4,288
Interest and other finance costs paid	(21)	-
Income taxes paid	(855,798)	-
Net cash from operating activities	<u>2,726,311</u>	<u>2,640,843</u>
Cash flows from investing activities		
Payments for property, plant and equipment	11 <u>(3,322)</u>	<u>(2,006)</u>
Net cash used in investing activities	<u>(3,322)</u>	<u>(2,006)</u>
Cash flows from financing activities:		
Proceeds from issue of shares	15 <u>2,000,000</u>	<u>-</u>
Net cash from financing activities	<u>2,000,000</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>4,722,989</u>	<u>2,638,837</u>
Cash and cash equivalents at the beginning of the financial year	12,427,767	9,841,960
Effects of exchange rate changes on cash and cash equivalents	514,492	(53,030)
Cash and cash equivalents at the end of the financial year	12 <u><u>17,665,248</u></u>	<u><u>12,427,767</u></u>

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 Limited
Notes to the financial statements
31 December 2018

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 prior period the Company changed their financial reporting date to 31 December and the comparative financial statements are for the period 1 June 2017 to 31 December 2017. The current year figures 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.

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 9 Financial Instruments

The Company has adopted IFRS 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Tickmill UK Limited
Notes to the financial statements
31 December 2018

2. Significant accounting policies (continued)

IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

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.

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

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

Tickmill UK Limited
Notes to the financial statements
31 December 2018

2. Significant accounting policies (continued)

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, its 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.

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 measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in 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
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Tickmill UK Limited
Notes to the financial statements
31 December 2018

2. Significant accounting policies (continued)

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 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 2018. The Company has assessed the impact of these and does not believe that their adoption will have a material impact on the financial statements.

Tickmill UK Limited
Notes to the financial statements
31 December 2018

2. Significant accounting policies (continued)

IFRS 16 Leases

This standard is applicable to annual reporting periods beginning on or after 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 Company will adopt this standard from 1 January 2019. Tickmill UK Limited have assessed the impact of the adoption of IFRS 16 and do not believe there will be a material impact on the financial statements as at the current date all leases held fall under the exception of a short term lease of 12 months or less.

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 18.

Tickmill UK Limited
Notes to the financial statements
31 December 2018

4. Administrative expenses

	Year ended 31 December 2018	1 June 2017 to 31 December 2017
	£	£
Rent paid under operating leases	65,801	20,498
Office expenses	3,100	4,096
Accountancy fees	95,460	77,771
Audit fees	37,965	36,030
Subscriptions	-	1,127
Staff costs	529,130	170,792
IT Expenses	564	-
Insurance	7,321	-
Staff training	9,428	-
Travel	7,593	6,165
Commissions and Swaps	1,349,325	1,038,369
Legal and professional fees	219,006	46,854
Bank charges	23,219	10,255
Payment provider fees	720,850	391,388
Foreign exchange differences	(221,744)	19,001
Entertainment	1,328	780
Advertising	56,993	17,092
Consultancy	-	1,500
Rent of trading technologies	18,042	-
Depreciation	1,049	53
Penalties	3,131	-
Broker fees	20,000	-
Recruitment fees	51,300	-
	<u>2,998,861</u>	<u>1,841,771</u>

5. Staff costs

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

	Year ended 31 December 2018	1 June 2017 to 31 December 2017
	£	£
Wages and salaries	453,583	134,675
Social security costs	51,463	16,300
Other pension costs	24,084	19,817
	<u>529,130</u>	<u>170,792</u>

Tickmill UK Limited
Notes to the financial statements
31 December 2018

5. Staff costs (continued)

	Year ended 31 December 2018	1 June 2017 to 31 December 2017
The average monthly number of employees, including the directors, during the period was as follows:		
Directors	3	2
Administration	5	2
	<u>8</u>	<u>4</u>

6. Directors' remuneration

	Year ended 31 December 2018 £	1 June 2017 to 31 December 2017 £
Remuneration	130,000	70,000
Contributions to directors money purchase schemes	2,600	200
	<u>132,600</u>	<u>70,200</u>

7. Auditor Remuneration

The analysis of auditor's remuneration is as follows:

	Year ended 31 December 2018 £	1 June 2017 to 31 December 2017 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>36,000</u>	<u>36,000</u>
	Year ended 31 December 2018	1 June 2017 to 31 December 2017
Fees payable to the Company's auditor for other services to the Company: Other accounting services	<u>97,380</u>	<u>76,079</u>

8. Finance costs

	Year ended 31 December 2018 £	1 June 2017 to 31 December 2017 £
Bank interest paid	<u>21</u>	<u>-</u>

Tickmill UK Limited
Notes to the financial statements
31 December 2018

9. Finance income

	Year ended 31 December 2018	1 June 2017 to 31 December 2017
	£	£
Bank interest received	567	4,288

10. Income tax

	Year ended 31 December 2018	1 June 2017 to 31 December 2017
	£	£
<i>Income tax expense</i>		
Current tax	340,336	385,836
Adjustment recognised for prior periods	(1,159)	-
Aggregate income tax expense	339,177	385,836
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	1,799,106	2,033,556
Tax at the statutory tax rate of 19%	341,830	386,376
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation of property, plant and equipment	199	10
Entertainment expenses	252	84
Expenses not chargeable	(1,314)	(253)
Capital allowances	(631)	(381)
	340,336	385,836
Adjustment recognised for prior periods	(1,159)	-
Income tax expense	339,177	385,836
	2018	2017
	£	£
<i>Provision for income tax</i>		
Provision for income tax	32,384	549,005

11. Property, plant and equipment

	2018	2017
	£	£
Office equipment - at cost	5,328	2,008
Less: Accumulated depreciation	(1,102)	(53)
	4,226	1,953

Tickmill UK Limited
Notes to the financial statements
31 December 2018

11. Property, plant and equipment (continued)

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 June 2017	-	-
Additions	2,006	2,006
Depreciation expense	(53)	(53)
Balance at 31 December 2017	1,953	1,953
Additions	3,322	3,322
Depreciation expense	(1,049)	(1,049)
Balance at 31 December 2018	<u>4,226</u>	<u>4,226</u>

12. Cash and cash equivalents

	2018 £	2017 £
Cash at bank	4,268,344	1,836,487
Cash held with money transfer companies	2,429,680	2,001,487
Cash held with liquidity providers	10,967,224	8,589,793
	<u>17,665,248</u>	<u>12,427,767</u>

13. Trade and other receivables

	2018 £	2017 £
Trade receivables	-	92,698
Other receivables	18,220	8,500
Prepayments	11,202	2,687
Amounts due from related parties	85,468	-
	<u>114,890</u>	<u>103,885</u>

14. Trade and other payables

	2018 £	2017 £
Trade payables	10,595,423	8,016,860
Amounts due to related parties	112,378	372,692
Other payables	-	1,418
Accruals	45,626	55,006
	<u>10,753,427</u>	<u>8,445,976</u>

Tickmill UK Limited
Notes to the financial statements
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15. Issued capital

	2018 Shares	2017 Shares	2018 £	2017 £
Ordinary shares - paid of £1 each	<u>3,240,000</u>	<u>1,240,000</u>	<u>3,240,000</u>	<u>1,240,000</u>

On 30 October 2018 2,000,000 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.

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.

16. Dividends

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

17. 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.

	2018 £	2017 £
Financial assets (current)		
Financial assets at amortised cost*	16,125,298	12,116,141
Financial assets at fair value through profit or loss**	<u>1,643,638</u>	<u>414,334</u>
	<u>17,768,936</u>	<u>12,530,475</u>
Financial liabilities (current)		
Loans and payables	<u>10,753,427</u>	<u>8,445,975</u>

Tickmill UK Limited
Notes to the financial statements
31 December 2018

17. Financial Instruments (continued)

- * Financial assets classified at amortised cost includes collateral, held as margin on open positions, with liquidity providers to the value of £95,598 (31 December 2017: £137,162).
- ** 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 12. 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:

	2018 £	2017 £
Euro	11,196,912	5,793,367
US Dollars	4,413,525	5,892,428
Polish Zloty (PLN)	669,231	223,674
	<u>16,279,668</u>	<u>11,709,469</u>

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

	2018 £	Assets 2017 £	2018 £	Liabilities 2017 £
Euro	11,196,912	5,793,370	9,125,020	3,723,595
US Dollars	4,498,993	5,698,384	2,571,170	4,666,084
Polish Zloty	669,231	223,675	629,376	-
	<u>16,365,136</u>	<u>11,715,429</u>	<u>12,325,566</u>	<u>8,389,679</u>

At 31 December 2018, 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:

2018	% change	GBP strengthened		% change	GBP weakened	
		Effect on profit before tax	Effect on equity		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)
		<u>448,848</u>	<u>448,848</u>		<u>(367,240)</u>	<u>(367,240)</u>

Tickmill UK Limited
Notes to the financial statements
31 December 2018

17. Financial instruments (continued)

2017	% change	GBP strengthened		% change	GBP weakened	
		Effect on profit before tax	Effect on equity		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)
		<u>332,575</u>	<u>332,575</u>		<u>(332,575)</u>	<u>(332,575)</u>

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.

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.

Tickmill UK Limited
Notes to the financial statements
31 December 2018

17. Financial instruments (continued)

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.

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.

18. 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

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

Tickmill UK Limited
Notes to the financial statements
31 December 2018

18. Fair value measurement (continued)

2017	Level 1 £	Level 2 £	Level 3 £	Total £
<i>Financial Assets</i>				
Derivative assets	-	414,334	-	414,334
Total assets	-	414,334	-	414,334

There were no transfers between levels during the financial period.

Offsetting financial assets and liabilities
31 December 2018

	Gross amounts before any offsetting £	Off-set gross amounts in statement of financial position £	Total £
Derivative 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	-

31 December 2017

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

	Gross amounts before any offsetting £	Off-set gross amounts in statement of financial position £	Total £
Derivative Liability	(83,464)	83,464	-

Tickmill UK Limited
Notes to the financial statements
31 December 2018

18. Fair value measurement (continued)

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.

19. 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 £24,084 (31 December 2017: £19,817). Contributions totalling £nil (31 December 2017: £1,418) were payable to the fund at the statement of financial position date.

20. Related party transactions

Transactions with related parties

During the year Tickmill UK Limited transferred liabilities to the value of £67,549 (31 December 2017: £nil) to Tickmill Limited, a company related by common control. At 31 December 2018 £67,549 (31 December 2017: £nil) was due to Tickmill Limited.

The Company received revenue to the value of £nil (31 December 2017: £622,766) in the form of rebates from 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 £85,468 (31 December 2017: £372,692 due to) was due from Tickmill Limited at 31 December 2018.

During the year Tickmill Europe Limited, a company related by common control, supplied services to the Company to the value of £44,829 (31 December 2017: £nil). At the balance sheet date £44,829 (31 December 2017: £nil) 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.

Key Management Personnel remuneration

The aggregate remuneration of the Company management and other members of key management personnel during the period was £130,000 (31 December 2017: £70,000).

21. Segregated client funds

The Company operates fourteen (31 December 2017: eight) segregated client money bank accounts. As at 31 December 2018 the total balance of these accounts was £12,262,861 (31 December 2017: £6,262,141).

22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2018 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.

Tickmill UK Limited
Notes to the financial statements
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23. Controlling party

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