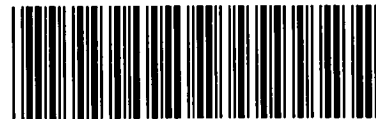


TICKMILL UK LTD

REPORT AND FINANCIAL STATEMENTS 31 December 2021

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TICKMILL UK LTD

REPORT AND FINANCIAL STATEMENTS

31 December 2021

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TICKMILL UK LTD

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Mr. Ingmar Mattus
Mr. Duncan Innes Spence Anderson
Mr. Illimar Mattus
Mr. Mukid Chowdhury (resigned 30 April 2021)
Mrs. Baldish Kaur Pone
Mr. Derek Graeme Wilks (appointed 1 September 2021)

Company Secretary:

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

Independent Auditors:

BDO LLP
55 Baker Street,
London W1U 7EU

Parent Company:

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

FCA Number:

717270

Registered office:

3rd Floor
27-32 Old Jewry
London EC2R 8DQ
United Kingdom

Bankers:

Barclays Bank PLC
PKO Bank Polski
National Westminster Bank
Raiffeisen Bank International

Company number:

09592225

TICKMILL UK LTD

STRATEGIC REPORT

The directors present their strategic report on the Company for the year ended 31 December 2021.

Principal activities

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

The Company has also introduced Exchange Traded Derivates ("ETD's") to its retail and professional customers offering futures and options on a number of contracts including indices and commodities with the intention to further increase the number of products offered in 2022.

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

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

Revenues from CFD's are generated from the dealing spread – the difference between the buy and sell price of the CFD, commission income, exchange gains and interest. Revenues from ETD's are generated from commission income charged per trade.

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

Business Review

For the twelve months ended 31 December 2021, trading conditions were again affected by fluctuations in market volatility as a result of the global COVID pandemic that has dominated much of 2020 and 2021. However, against this backdrop, Tickmill UK has continued to deliver strong revenues and together with the hard work across the business to drive efficiency, has delivered positive results in terms of profitability even considering the costs incurred in the development of new products. Tickmill UK continues to demonstrate that it remains on track to deliver its objective of increasing client acquisition, client activity and increasing Company profitability further, in future periods.

TICKMILL UK LTD

STRATEGIC REPORT (continued)

In such challenging conditions, the Company has continued to deliver strong revenues, whilst ensuring that it continues to invest and innovate. The Company's efforts to improve its technology, sales and marketing as well as to retain and add to the quality of its people means that the Company remains on the path of continued improvement.

The results for this year are extremely encouraging and a clear demonstration of how Tickmill's investment in new products and services and its continued commitment to driving excellence in technology, product offering, customer service and people will ensure that Tickmill continues to deliver shareholder value. This continues to be achieved against the backdrop of challenging trading conditions and significant geo-political factors and influences.

The Company will continue as a matched principal facilitator to its customers in CFDs on currency pairs, indices, commodities and bonds in line with its regulatory permissions. Following the regulatory changes and the more challenging business environment, the Company's decision to provide new products will enable it to diversify its business model and revenue streams.

Key Performance Indicators

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

The following table shows the key performance indicators at 31 December 2021 against the same period in the prior year.

KPI	2021	2020	Change
Trading Volume	195 \$bn	196 \$bn	(0.5%)
Revenue	£7.7m	£8.4m	(6%)
Operating profit	£1.5m	£0.8m	+ 88%
Retail Segregated Client Balances	£16.4m	£19.5m	(15%)
Net assets	£15.2m	£14m	+ 9%
Return on capital employed (ROCE)	9.9%	5.8%	+ 74%
New Accounts Opened	3,947	6,618	(40%)
Number of accounts > \$500.00	4%	5%	(20%)
Number of trades	8.6m	9.8m	(12%)

For the twelve months ended 31 December 2021, trading conditions have again been affected by significant fluctuations in market volatility coupled with significant global geo-political events driven by the global COVID pandemic seen in both 2020 and 2021 which have resulted in a decrease in trading volumes and number of trades for 2021 of approx. 0.5% and 12% respectively.

As a result of the challenging trading conditions and the impact of the UK's recent exit from the European Union, the Company has seen a fall in client money under management by 15% to £16.4m (2020: £19.5m).

TICKMILL UK LTD

STRATEGIC REPORT (continued)

Despite this, Tickmill, through its continued commitment to driving excellence in technology, product offering, customer service and people, only experienced a 6% fall in gross revenues to £7.7m (2020: £8.4m).

The number of new accounts opened during 2021 by clients dropped to 3,947 (2020: 6,618) which predominantly reflects the unprecedented uplift in new client accounts opened during the periods of extreme volatility in 2020.

Operating profit has risen by 88% to £1.5m (2020: £0.8m) as the company increased its product offering, whilst maintaining the quality of the trading conditions offered to its clients and continuing to manage administrative expenses.

Brexit

On 31 December 2020 the UK's transitional agreement with the EU ended, meaning UK companies no longer had MiFID passporting rights to offer financial services to EEA clients. The Company ceased marketing OTC derivatives into Europe and transferred some of its existing business to Tickmill Europe. This had a temporary impact on the Company's financial performance from which it has since recovered.

Global Pandemic

Global financial markets continued to be volatile throughout the year as a result of the COVID-19 pandemic.

The ongoing impact of COVID-19 has provided additional opportunities for clients to trade and the Tickmill business model and operational resilience has enabled both the Company and wider Group to improve its trading performance during this unprecedented period, whilst also keeping its employees safe.

The directors have assessed the results of 2021 as well as the impact to the business and working conditions from the pandemic. Costs remain well controlled, although the Board recognises that continued investment is key to ensuring that the Group continues to offer market-leading technology platforms, an increased product offering and a best-in-class client service.

Tickmill UK management anticipates that, as markets and people's lives return to more normalised conditions, its focus on its strategic initiatives will continue to deliver further revenue and profitable growth into the future. It is confident that the business is both sufficiently capitalised from a regulatory capital perspective and has sufficient liquid resources to support its operations and meet its obligations as they fall due.

Going Concern

The going concern assessment prepared by management, has considered a number of scenarios that would result from a significant impact to key drivers of the business including operational capability, demand driven factors as well as liquidity aspects. In assessing whether it is appropriate to adopt the going concern basis in preparing the Financial Statements, the Directors have considered the resilience of the Company, taking account of its liquidity position and cash generation and the adequacy of its capital resources.

Management stressed the Going Concern forecasts to determine whether the Company has sufficient resources to ensure its continued operation for the next 12 months and beyond. The stress scenario included:

1. Operational capability impacts – additional costs incurred as a result of operational capability issues.
2. Market driven demand impacts – a reduction in revenues as a result of a fall in demand.
3. Liquidity and structural finance impacts – an increase in cash outflows.
4. Reverse stress test – revenue and cost parameters that would see the business fail.

TICKMILL UK LTD

STRATEGIC REPORT (continued)

The parameters flexed included:

Stress testing: Case 1 = Operation Capability Impact

- £250K cost impact in 2023 from operational capability impacts such as costs incurred for remote working, additional staff.
- 5% increase in impact costs year on year thereafter.
- Revenues and other costs remain UNCHANGED from Base Case Scenario.

Stress testing: Case 2 = Market Based Demand Impact

- An impact to revenues in 2022:
 - o 15% reduction across ALL revenue generators:
 - FX Lots traded.
 - Commission per lot charged to clients.
 - Swaps earned from clients.
- Subsequent 5% falls in revenue growth year on year for the duration of the forecast.
- Costs remain UNCHANGED from Base Case Scenario.

Stress testing: Case 3 = Structural Finance Impact

- An impact to cash flow from an increase in margins being charged by liquidity providers.
- It should be noted that TMUK has NO external debt on the balance sheet.
- Scenario assumes:
 - o 25% increase the portfolio being hedge at external liquidity providers.
 - o Increase in margin rates across the 5-year time horizon (from 10% to 20%).
- TM UK is already very well capitalised at each of its Liquidity Providers so the stress would need to be hugely increased to result in a cash outflow.
- This scenario assumes that nothing is done internally to manage the increase in portfolio being hedged, to reduce exposure and margin requirements.
- Both revenues and Costs remain UNCHANGED from Base Case Scenario.

Reverse Stress Test (Case 4):

The stress test assumes the scenario that requires the firm to fail – and the magnitude of change in parameters that would result in such an outcome. The scenario to ensure negative cash uses the following assumptions:

- Complete failure in revenues including:
 - o Zero growth in lots traded.
 - o Zero commissions earned per trade.
 - o Negligible swaps charged to clients (and therefore earned).

TICKMILL UK LTD

STRATEGIC REPORT (continued)

- Scenario also assumes:
 - o 75% reduction in revenues year on year.
 - o 50% increase in selling, admin and finance costs across all periods.

The results showed:

1. The business generated profits in the next 12 months across all scenarios, with the exception of the reverse stress test.
2. Balance Sheet & Cash Flow – the business has sufficient cash to meet its liabilities as they fall due in the next 12 months across all scenarios.
3. Regulatory Capital – The business has excess regulatory capital in the next 12 months across all scenarios.
4. The reverse stress test that would see the firm fail by 2024 would require:
 - a. 75% net revenue decrease in the first 24 months
 - b. 50% increase in ALL costs (including staff costs) - year on year increase
 - c. This does NOT include any management action to mitigate the effects of a fall in revenues and increase in costs such as cost cutting measures.

In conclusion, it would require significant adverse changes in the key revenue and cost drivers for Tickmill UK to be unable to continue operationally for at least the next 60 months and these would include 75% drop in revenues for 24 months and, at the same time, a 50% increase in all costs year on year. This scenario would not account for any management actions to generate additional revenues and/or employ cost cutting measures.

Having given due consideration to:

- the nature of the Company's business;
- its current financial position;
- the forecast performed for a number of stress scenarios to include the impact to operational capability, reduced demand and liquidity issues, and the magnitude of levers required for the firm to fail; and
- any risks emerging or becoming more prominent as a result of the global COVID-19 pandemic.

the Directors strongly believe that the Company is a going concern and the Financial Statements are prepared on that basis. This treatment reflects the reasonable expectation that the Company has adequate resources to continue in business for the foreseeable future and the consideration of the various risks set out above and below.

TICKMILL UK LTD

STRATEGIC REPORT (continued)

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 (notes 6 and 7).

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.

Changes in the regulatory environment are regularly discussed at the Board level and the Company aims to be ready for any further changes, both operationally and financially.

Within the regulatory risk environment, the Company also includes the risk of significant adverse changes in the way in which the Company is subject to taxation. The Company has considered the proposed increases in the corporation tax rate to 25% recently announced by the UK government in response to the global pandemic but the Company does not believe this will adversely affect the 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.

TICKMILL UK LTD

STRATEGIC REPORT (continued)

Market price 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 financial markets.

TICKMILL UK LTD

STRATEGIC REPORT (continued)

2020 UK Corporate Governance Code and S172 Reporting

This section of the Strategic Report for the year ended 31 December 2021 will describe how the directors of Tickmill UK Ltd have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172.

S172 of Companies Act 2006 requires that the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the factors listed below:

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

The following points summarise how the Directors fulfil their duties:

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

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

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

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

The project went live in November 2020 in a limited launch phase and has further developed throughout 2021.

The interests of the company's employees

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

In ensuring that all employees are kept up to date with developments within the Company and wider Group, the directors have held weekly updates with all of the Company's employees. This has become more relevant given:

- The increase in headcount of the firm (from 16 to 21 as of 31 December 2021) as well the strategic development of the company which has included the launch of the ETD product.
- The flexible working arrangements put in place over the past 2 years. Long term group investment in communications and technology has enabled all employees to work safely from home throughout this period as well as being kept fully up to date with any developments and Company news.

TICKMILL UK LTD

STRATEGIC REPORT (continued)

The consultation with Tickmill's employees have been key in ensuring that this strategic goal is developed and realised as a key deliverable for the Company in 2021.

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

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

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

The directors, together with the senior management team and employees from across the organisation are focused on ensuring that Tickmill continues to deliver a high-quality product and service to its clients (both existing and prospective). This can be evidenced by the relatively low number of complaints received from clients during 2021 in relation to the services received from Tickmill UK and this provides an indication of the high standards to which the directors and employees of Tickmill UK deliver its products and services.

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

Relationships with suppliers are also key in ensuring that Tickmill UK can discharge its products and services without disruption. To ensure this, the Directors mandate that all suppliers are paid timely, to maintain a robust and open relationship with all its suppliers.

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

The Directors of Tickmill UK remain committed to ensuring that the Company and its employees operate in a manner that serves the best interest of the community in which it operates within and also the wider environment.

This extends to ensure that the Company always protects the interests of its clients at all times, and in particular those clients that are potentially vulnerable. The Directors have access to information on vulnerable client monitoring on a periodic basis and monitor the statistics to ensure that action is taken to protect such clients.

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

The Company works with its regulators in an open and proactive manner to help develop regulations that meet the needs of all our stakeholders. The Board's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner, acting with the high standards and good governance expected of a regulated business like ours. In doing so, we believe we will achieve our long-term business strategy and further develop our reputation in our sector.

We have a risk and control framework to ensure that the Company complies with all legal and regulatory requirements relating to the provision of products and services to our clients.

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

The need to act fairly as between members of the company

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

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

TICKMILL UK LTD

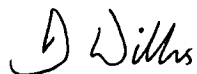
STRATEGIC REPORT (continued)

Streamlined energy and carbon reporting

Energy and carbon information is not disclosed because the Company is not required by reason of its size and it being a low energy user as defined in the Environment Reporting guidelines.

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

On behalf of the directors



Derek Graeme Wilks

6 May 2022

TICKMILL UK LTD

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS RESPONSIBILITIES

The Company Number is 09592225.

Directors

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

- Mr. Ingmar Mattus
- Mr. Derek Graeme Wilks (appointed 1 September 2021)
- Mr. Illimar Mattus
- Mr. Duncan Innes Spence Anderson
- Mr. Mukid Chowdhury (resigned 30 April 2021)
- Mrs. Baldish Kaur Pone

Risks associated to financial instruments

An assessment of the risks associated with the financial instruments of the Company is given in note 6 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 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years. Matters in relation to the Covid-19 global pandemic have been discussed and disclosed within the Strategic Report on page 2.

The ongoing conflict in Ukraine is being closely monitored however the Company has a very limited number of clients and business relationships in the region and therefore it expects any financial impact to be limited. The ongoing macroeconomic effects and impact on financial markets are also being monitored to assess any potential future impact to the Company.

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.

TICKMILL UK LTD

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS RESPONSIBILITIES (continued)

Disclosure of information to the auditors

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

Auditor

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

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

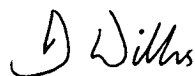
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS') in conformity with the requirements of the Companies Act 2006 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') in conformity with the requirements of the Companies Act 2006 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.

On behalf of the directors,



Derek Graeme Wilks
Director

6 May 2022

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

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tickmill UK Ltd ("the Company") for the year ended 31 December 2021 which comprise the statement of profit or loss and 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) in conformity 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

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

Tickmill UK Ltd

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

- 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 has been prepared in accordance with applicable legal requirements.

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 Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the accounting standards and the Financial Conduct Authority's regulations.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

Tickmill UK Ltd

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

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

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

We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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

A further description of our responsibilities is available 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.

DocuSigned by:

Simon Peter Fowles

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Simon Fowles (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street, London W1U 7EU
6 May 2022

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

TICKMILL UK LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2021

	Note	2021 £	2020 £
Revenue		7,688,763	8,440,864
Administration expenses	8	<u>(6,178,782)</u>	<u>(7,627,192)</u>
Operating profit		1,509,981	813,672
Finance income		91	2,551
Finance costs		<u>(29,071)</u>	<u>(20,102)</u>
Net finance costs	10	(28,980)	(17,551)
Profit before tax		1,481,001	796,121
Tax	11	<u>(211,830)</u>	<u>(118,831)</u>
Net profit for the year		1,269,171	677,290
Other comprehensive income		<u>-</u>	<u>-</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>1,269,171</u>	<u>677,290</u>

The notes on pages 21 to 38 form an integral part of these financial statements.


TICKMILL UK LTD

STATEMENT OF FINANCIAL POSITION

31 December 2021

	Note	2021 £	2020 £
ASSETS			
Non-current assets			
Property, plant and equipment	12	88,414	106,691
Right-of-use assets	13	554,398	695,654
Intangible assets	14	<u>32,735</u>	<u>108,886</u>
		<u>675,547</u>	<u>911,231</u>
Current assets			
Trade and other receivables	15	2,021,999	2,206,517
Refundable taxes	21	170,772	84,469
Cash at bank and in hand	16	<u>18,084,488</u>	<u>18,888,365</u>
		<u>20,277,259</u>	<u>21,179,351</u>
Total assets		<u>20,952,806</u>	<u>22,090,582</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	6,740,000	6,740,000
Retained earnings		<u>8,498,187</u>	<u>7,229,016</u>
Total equity		<u>15,238,187</u>	<u>13,969,016</u>
Non-current liabilities			
Lease liabilities	18	417,366	580,832
Deferred tax liabilities	19	<u>20,271</u>	<u>-</u>
		<u>437,637</u>	<u>580,832</u>
Current liabilities			
Trade and other payables	20	5,101,135	7,395,158
Lease liabilities	18	<u>175,847</u>	<u>145,576</u>
		<u>5,276,982</u>	<u>7,540,734</u>
Total liabilities		<u>5,714,619</u>	<u>8,121,566</u>
Total equity and liabilities		<u>20,952,806</u>	<u>22,090,582</u>

On 6 May 2022 the Board of Directors of Tickmill UK Ltd authorised these financial statements for issue.



Derek Graeme Wilks

Director

The notes on pages 21 to 38 form an integral part of these financial statements.

TICKMILL UK LTD

STATEMENT OF CHANGES IN EQUITY

31 December 2021

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2020	<u>6,740,000</u>	<u>6,551,726</u>	<u>13,291,726</u>
Comprehensive income			
Net profit for the year	-	677,290	677,290
Total comprehensive income for the year	-	677,290	677,290
Balance at 31 December 2020/ 1 January 2021	<u>6,740,000</u>	<u>7,229,016</u>	<u>13,969,016</u>
Comprehensive income			
Net profit for the year	-	1,269,171	1,269,171
Total comprehensive income for the year	-	1,269,171	1,269,171
Balance at 31 December 2021	<u>6,740,000</u>	<u>8,498,187</u>	<u>15,238,187</u>

The notes on pages 21 to 38 form an integral part of these financial statements.

TICKMILL UK LTD

CASH FLOW STATEMENT

31 December 2021

	Note	2021 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,481,001	796,121
Adjustments for:			
Depreciation of property, plant and equipment	12	35,017	19,810
Depreciation of right-of-use assets	13	163,196	84,518
Foreign exchange differences		463,648	(219,740)
Amortisation of computer software	14	76,151	37,612
Interest income	10	(91)	(2,551)
Interest expense	10	29,071	20,102
Provisions		-	232,885
		2,247,993	968,758
Changes in working capital:			
Decrease in trade and other receivables		184,518	859,626
Decrease in trade and other payables		(2,294,023)	(6,037,939)
Cash generated from/(used in) operations		138,488	(4,209,555)
Interest received		91	2,551
Tax paid		(278,951)	(370,738)
Net cash used in operating activities		(140,372)	(4,577,742)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	14	-	(38,628)
Payment for purchase of property, plant and equipment	12	(16,740)	(111,957)
Net cash used in investing activities		(16,740)	(150,585)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of leases liabilities		(169,464)	(71,868)
Interest paid		(29,071)	(161)
Foreign exchange differences		(463,648)	-
Net cash used in financing activities		(662,183)	(72,029)
Net decrease in cash and cash equivalents		(819,295)	(4,800,356)
Cash and cash equivalents at beginning of the year		18,888,365	23,730,956
Effect of exchange rate fluctuations on cash held		15,418	(42,235)
Cash and cash equivalents at end of the year	16	18,084,488	18,888,365

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

The notes on pages 21 to 38 form an integral part of these financial statements.

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. General Information

Country of incorporation and principal activity

The Company Tickmill UK Ltd (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 at 3rd Floor, 27-32 Old Jewry, London, England, EC2R 8DQ.

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 of difference products (CFDs) and Exchange Traded Derivatives (ETDs) based on financial markets.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of 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 7.

3. Adoption of new or revised standards and interpretations

The Company has adopted all 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.

4. Significant accounting policies

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

Going concern basis

The Company's business activities, the factors likely to affect its future development and performance and its objectives and policies in managing the financial risks to which it is exposed, and its capital are discussed in the Strategic Report on page 2. In addition, note 6 of the financial statements includes the Company's objectives, policies and processes for managing its financial assets and financial liabilities; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

4. Significant accounting policies (continued)

Going concern basis (continued)

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

Revenue recognition

Revenue from CFDs

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 from ETDs

Trading revenue consists of commissions earned from the opening and closing of matched principal ETD positions which are recognised at the point of trade.

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 the functional currency 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Income Tax

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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:

Computer Hardware - 3 years

Furniture & Fittings - 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognized 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.

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

4. Significant accounting policies (continued)

Intangible assets

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

Software

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

Other financial assets

Financial assets - Measurement

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 - impairment - credit loss allowance for ECL

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

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

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

Cash and cash equivalents

Cash and cash equivalents include 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.

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

4. Significant accounting policies (continued)

Other financial assets (continued)

Classification as 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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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

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.

Issued capital

Ordinary shares are classified as equity.

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 minimizing 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.

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

4. Significant accounting policies (continued)

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 with total balance of £16,407,054 (2020: £19,470,461).

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.

5. 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 2021. The Company has assessed the impact of these and does not believe that their adoption will have a material impact on the financial statements.

6. Financial risk management

Financial risk factors

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.

6.1 Market price risk

6.2 Credit risk

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

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

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

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

Financial institutions credit risk

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

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

6. Financial risk management (continued)

6.2 Credit risk (continued)

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

CFD revenue line

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.

ETD revenue line

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 is liable for losses exceeding the funds deposited.

As the ETD 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.

6.3 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 following table detail the Company's remaining contractual maturity of its lease liability. The table has been drawn up based on the discounted and undiscounted cash flows of finance lease liability based on the contractual period. The table includes both interest and principal cash flows:

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

6. Financial risk management (continued)

6.3 Liquidity risk (continued)

31 December 2021

	Carrying amounts	Contractual cash flows	Within 12 months	2-5 years
	£	£	£	£
Lease liabilities	593,213	838,460	175,847	417,366
	593,213	838,460	175,847	417,366

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

6.4 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 amounts of the Company's foreign currency denominated cash and cash equivalents at the reporting date were as follows:

	2021	2020
	£	£
United States Dollars	9,671,435	6,432,840
Euro	5,537,597	9,434,193
Polish Zloty	1,499,491	1,750,974
	16,708,523	17,618,007

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

	Assets 2021	Assets 2020	Liabilities 2021	Liabilities 2020
	£	£	£	£
United States Dollars	11,447,037	9,913,773	1,842,631	3,284,833
Euro	5,700,170	9,140,782	161,474	3,923,965
Polish Zloty	1,540,144	-	234	254,156
	18,687,351	19,054,555	2,004,339	7,462,954

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

6. Financial risk management (continued)

6.4 Foreign currency risk (continued)

Sensitivity analysis

At 31 December 2021, if the Euro, the US dollar and the Polish Zloty had strengthened or weakened by 10% against GBP with all other variables held constant, pre-tax profits and equity would have increased/ (decreased) by:

	GBP Strengthened % change	Profit before tax £	Equity £
2021			
Euro	10%	615,784	615,784
US Dollars	10%	1,067,156	1,067,156
Polish Zloty	10%	171,101	171,101
		<u>1,854,041</u>	<u>1,854,041</u>
2020			
Euro	10%	612,496	612,496
US Dollars	10%	555,124	555,124
Polish Zloty	10%	194,503	194,503
		<u>1,362,123</u>	<u>1,362,123</u>
	GBP weakened % change	Profit before tax £	Equity £
2021			
Euro	10%	(503,823)	(503,823)
US Dollars	10%	(873,128)	(873,128)
Polish Zloty	10%	(139,992)	(139,992)
		<u>(1,516,943)</u>	<u>(1,516,943)</u>
2020			
Euro	10%	(501,133)	(501,133)
US Dollars	10%	(454,193)	(454,193)
Polish Zloty	10%	(159,138)	(159,138)
		<u>(1,114,464)</u>	<u>(1,114,464)</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.

6.5 Other market 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.

Fair value estimation

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:

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

6. Financial risk management (continued)

Fair value estimation (continued)

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; and

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.

	Carrying amounts		Fair values	
	2021	2020	2021	2020
	£	£	£	£
Financial assets (current)				
Financial assets at amortised cost	17,493,765	18,378,849	17,493,765	18,378,849
Fair value through profit or loss	2,520,641	2,667,501	2,520,641	2,667,501
Financial liabilities (current)				
Amortised cost				
Loans and payables	(5,101,135)	(7,395,158)	(5,101,135)	(7,395,158)
Lease Liabilities	(175,847)	(145,576)	(175,847)	(145,576)

Financial assets classified at amortised cost includes collateral, held as margin on open positions, with liquidity providers to the value of £320,520 (2020: £182,465).

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 16. All assets in this classification are measured at level 2.

Fair value measurements recognised in statement of financial position

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.

31 December 2021	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Derivative assets	-	2,520,641	-	2,520,641
Total	-	2,520,641	-	2,520,641
31 December 2020	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Derivative assets	-	2,667,501	-	2,667,501
Total	-	2,667,501	-	2,667,501

There were no transfers between levels during the financial period.

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

6. Financial risk management (continued)

Fair value estimation (continued)

Offsetting financial assets and liabilities

31 December 2021

	Gross amounts before any offsetting £	Off-set gross amounts in statement of financial position £	Total £
Derivative assets	<u>2,520,641</u>	-	<u>2,520,641</u>

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

31 December 2020	Gross amounts before any offsetting £	Off-set gross amounts in statement of financial position £	Total £
Derivative assets	<u>2,667,501</u>	-	<u>2,667,501</u>

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

Derivative Liability

The Company has been authorised by the FCA as a full scope EUR 730k firm. Under these permissions, the firm is permitted to manage risk in accordance with its capital resources.

Tickmill UK will typically risk manage all client positions by simultaneously offsetting all trades between a customer and the Company with an equal and opposite trade with its liquidity providers. In the same way, when positions are closed, the equal and opposite trades are simultaneously closed. As a result of this, market risk is eliminated and credit risk is limited to cash held by liquidity providers included with in cash and cash equivalents on the statement of financial position.

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

7. Critical accounting estimates, judgments 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.

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

7. Critical accounting estimates, judgments and assumptions (continued)

Incremental borrowing rate on lease liability

The present value of the lease payments is determined using the discount rate representing the Internal Rate of return which is the rate that makes the Net Present value equal to zero. The discount rate is used over the lease term period which is deemed to be 5 years.

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 6.

8. Administration expenses

	2021	2020
	£	£
Staff costs	2,036,182	1,699,148
Commission and swaps	1,226,319	4,093,189
Advertising	260,767	65,070
Immovable property tax	103,835	-
Insurance	33,769	21,890
Office expenses	51,898	20,950
Subscriptions and contributions	179	-
Non charitable donations	115	-
Rent of trading technologies	66,596	25,409
Operating lease rentals	-	68,946
Realised loss on closed positions - F&O	-	21,768
Staff training	3,750	9,369
Broker fees	1,080	3,240
Recruitment fees	40,843	76,260
IT expenses	188,732	3,560
Software licenses	457,305	627,826
Auditors' remuneration for the statutory audit of annual accounts	52,500	41,190
Accounting fees	-	10,140
Legal and professional	240,377	271,049
Penalties	1,240	300
Foreign exchange differences	463,648	(219,740)
Business development expenses	96,773	81,871
Travelling	6,116	3,851
Irrecoverable VAT	67,673	14,741
Entertaining	12,502	5,343
Bank charges	54,396	62,344
Payment provider fees	437,823	477,537
Amortisation of computer software	76,151	37,612
Depreciation of right-of-use assets	163,196	84,519
Depreciation	35,017	19,810
	6,178,782	7,627,192

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

9. Staff costs

	2021 £	2020 £
Salaries	1,758,486	1,483,438
Social security costs	185,296	150,708
Pensions cost	92,400	65,002
	<u>2,036,182</u>	<u>1,699,148</u>

Average number of employees:

Directors	3	3
Administration	18	12
	<u>21</u>	<u>15</u>

10. Finance income/(costs)

	2021 £	2020 £
Finance income		
Bank interest received	91	2,551
	<u>91</u>	<u>2,551</u>

Finance costs

Interest expense

Interest expense on lease liabilities	(14,329)	(19,941)
Bank interest paid	(14,742)	(161)
	<u>(29,071)</u>	<u>(20,102)</u>

Net finance costs

	<u>(28,980)</u>	<u>(17,551)</u>
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11. Tax

	2021 £	2020 £
Corporation tax	281,446	151,263
Adjustment recognised for prior periods (tax relief of prior tax years)	(89,887)	(32,432)
Deferred tax - charge (Note 19)	20,271	-
Charge for the year	<u>211,830</u>	<u>118,831</u>

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2021 £	2020 £
Profit before tax	<u>1,481,001</u>	<u>796,121</u>
Tax calculated at the applicable tax rates	281,390	151,263
Tax effect of expenses not deductible for tax purposes	16,566	-
Adjustment recognised for prior periods	3,761	-
Adjustment recognised for prior periods (tax relief for prior tax years)	(89,887)	(32,432)
Tax charge	<u>211,830</u>	<u>118,831</u>

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

11. Tax (continued)

The corporation tax rate is 19%. Finance Act 2021 increased the main rate of UK Corporation Tax from 19% to 25% effective from April 2023. This has been reflected in deferred taxes as at 31 December 2021.

12. Property, plant and equipment

	Furniture, Computer fixtures and Hardware office equipment		Total
	£	£	£
Cost			
Balance at 1 January 2020	228	18,999	19,227
Additions	83,037	28,920	111,957
Balance at 31 December 2020/ 1 January 2021	83,265	47,919	131,184
Additions	-	16,740	16,740
Balance at 31 December 2021	83,265	64,659	147,924
Depreciation			
Balance at 1 January 2020	95	4,588	4,683
Charge for the year	8,198	11,612	19,810
Balance at 31 December 2020/ 1 January 2021	8,293	16,200	24,493
Charge for the year	16,653	18,364	35,017
Balance at 31 December 2021	24,946	34,564	59,510
Net book amount			
Balance at 31 December 2021	58,319	30,095	88,414
Balance at 31 December 2020	74,972	31,719	106,691

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

13. Right-of-use assets

	Office £
Cost	
Effect of application of IFRS 16	<u>780,172</u>
Balance at 31 December 2020/ 1 January 2021	780,172
Adjustment to right - of - use asset	<u>21,940</u>
Balance at 31 December 2021	<u>802,112</u>
Depreciation	
Charge for the year	<u>84,518</u>
Balance at 31 December 2020/ 1 January 2021	84,518
Charge for the year	<u>163,196</u>
Balance at 31 December 2021	<u>247,714</u>
Net book amount	
Balance at 31 December 2021	<u>554,398</u>
Balance at 31 December 2020	<u>695,654</u>

14. Intangible assets

	Computer software £
Cost	
Balance at 1 January 2020	123,890
Additions	<u>38,628</u>
Balance at 31 December 2020/ 1 January 2021	<u>162,518</u>
Balance at 31 December 2021	<u>162,518</u>
Amortisation	
Balance at 1 January 2020	16,020
Amortisation for the year	<u>37,612</u>
Balance at 31 December 2020/ 1 January 2021	53,632
Amortisation for the year	<u>76,151</u>
Balance at 31 December 2021	<u>129,783</u>
Net book amount	
Balance at 31 December 2021	<u>32,735</u>
Balance at 31 December 2020	<u>108,886</u>

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

15. Trade and other receivables

	2021 £	2020 £
Trade receivables	6,316	372,023
Trade receivables from related parties	1,909,499	1,772,966
Prepayments	92,081	48,532
Other receivables	14,103	12,996
	<u>2,021,999</u>	<u>2,206,517</u>

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank	5,513,428	4,894,618
Cash held with money transfer companies	1,866,396	3,043,503
Cash held with liquidity providers	10,704,664	10,950,244
	<u>18,084,488</u>	<u>18,888,365</u>

17. Issued capital

	2021 Number of shares	2021 £	2020 Number of shares	2020 £
Authorised				
Ordinary shares of £1 each	<u>6,740,000</u>	<u>6,740,000</u>	<u>6,740,000</u>	<u>6,740,000</u>
Issued and fully paid				
Balance at 1 January	-	6,740,000	-	6,740,000
Balance at 31 December	<u>-</u>	<u>6,740,000</u>	<u>-</u>	<u>6,740,000</u>

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.

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

18. Lease liabilities

	Minimum lease payments		The present value of minimum lease payments	
	2021	2020	2021	2020
	£	£	£	£
Not later than 1 year	191,648	147,729	175,847	145,576
Later than 1 year and not later than 5 years	431,208	662,783	417,366	580,832

It is the Company's policy to lease certain office. The average lease term is 60 months. The incremental borrowing rate is 3.3%. Interest rates are fixed at the contract date, and thus expose the Company to fair value interest rate risk. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of lease obligations approximate to their carrying amounts as presented above.

19. Deferred tax

Deferred tax is calculated in full on all temporary differences, related to accelerated tax depreciation, under the liability method using the applicable tax rates (Note 11). The applicable corporation tax rate in the case of tax losses is 25%.

The movement on the deferred taxation account is as follows:

Deferred tax liability

	Temporary tax differences
	£
Balance at 31 December 2020/ 1 January 2021	-
Transfer due to reclassification	20,271
Balance at 31 December 2021	20,271

20. Trade and other payables

	2021	2020
	£	£
Trade payables	3,000,543	5,291,557
Trade payables to related parties	1,917,733	1,831,636
Accruals	182,264	271,965
Other payables	595	-
	5,101,135	7,395,158

21. Refundable taxes

	2021	2020
	£	£
Corporation tax	(170,772)	(84,469)
	(170,772)	(84,469)

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

22. Dividends

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

23. Related party transactions

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

The following transactions were carried out with related parties:

23.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2021	2020
	£	£
Director's remuneration	602,084	475,889
Contributions to directors money purchase pension schemes	32,892	24,660
Other payments	3,107	8,966
	<u>638,083</u>	<u>509,515</u>

Highest paid director during the financial year ended 31st December 2021 had received a gross remuneration of £215,004 (2019: £169,327). Accrued pension amount as at 31st December 2021 £nil (2020: £1,820).

23.2 Transactions with related parties

At 31 December 2021 £1,917,733 (2020: £1,831,636) was due to Tickmill Limited, a company related by common control, resulting from credit facility provided by Tickmill Limited acting as Liquidity provider. Included also in this balance are amounts resulting from normal course of business.

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 required by a matched principal broker. The amount of £1,890,343 (2020: £1,772,966) was due from Tickmill Limited at 31 December 2021.

At 31 December 2021 £1,745,579 (2020: £2,620,137) was due to Tickmill Limited, a company with common management, under the normal course of business of professional clients trading with the Company.

At 31 December 2021 £515,101 (2020: £1,054,144) was due to Tickmill Holdings Limited, a company with common management, under the normal course of business of professional clients trading with the Company.

At 31 December 2021 £658,320 (2020: £1,013,203) was due to Tickmill Europe Limited, a company under common control, under the normal course of business of professional clients trading with the Company. A balance of £10,252 was receivable from Tickmill Europe Ltd. resulting from transactions under the normal course of business.

At 31 December 2021 £8,904 (2020: £ Nil) was receivable from Tickmill Asia Limited, a company under common control, resulting from transactions under the normal course of business.

TICKMILL UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2021

23. Related party transactions (continued)

23.3 Receivables from related parties

Name	Nature of transactions	2021 £	2020 £
Tickmill Europe Limited	Trade	10,252	-
Tickmill Asia Limited	Trade	8,904	-
Tickmill Ltd	Trade	<u>1,890,343</u>	<u>1,772,996</u>
		<u>1,909,499</u>	<u>1,772,996</u>

The receivables from related parties were provided interest free, and there was no specified repayment date.

23.4 Payables to related parties (Note 20)

Name	Nature of transactions	2021 £	2020 £
Tickmill Europe Ltd:	Trade	658,320	1,013,203
Tickmill Holdings Ltd:	Trade	515,101	1,054,144
Tickmill Ltd	Trade	<u>3,663,312</u>	<u>2,620,137</u>
		<u>4,836,733</u>	<u>4,687,484</u>

During the year the Company entered into CFD derivative contracts with related parties and companies under common control as stated above.

The payables to related parties were provided interest free, and there was no specified repayment date.

24. 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 £92,400 (2020: £65,002). Contributions totaling £nil (2020: £nil) were payable to the fund at the statement of financial position date.

25. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>26,250</u>	<u>20,595</u>
Fees payable to the Company's auditor for other services to the Company:		
Other assurance services	26,250	20,595
Taxation services	3,900	4,500
Other accounting services	<u>5,371</u>	<u>10,140</u>
	<u>35,521</u>	<u>35,235</u>

26. Segregated client funds

The Company operates twenty-nine (2020: twenty-five) segregated client money bank accounts. As at 31 December 2021 the total balance of these accounts was £16,407,054 (2020: £19,470,461).

27. Events after the reporting period

There were no events after the reporting period.