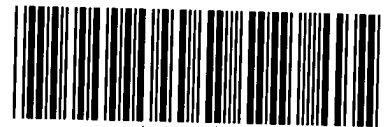


# COMPANIES HOUSE

## **CAPITAL COM (UK) LIMITED** **ANNUAL REPORT AND FINANCIAL** **STATEMENTS** Year ended 31 December 2019

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COMPANIES HOUSE

# **CAPITAL COM (UK) LIMITED**

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## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2019

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# CAPITAL COM (UK) LIMITED

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## COMPANY INFORMATION

**Board of Directors:**

Viktor Prokopenya  
Ivan Gowan

**Registration number:**

10506220

**Registered office:**

Fourth floor, 64-65 Vincent Square  
London, England, SW1P 2NU

**Independent Auditors:**

K. Treppides & Co (UK) Limited  
7, Milner Street  
London, SW3 2QA  
United Kingdom

**Bankers:**

Eurobank Cyprus Limited  
The Royal Bank of Scotland PLC

# CAPITAL COM (UK) LIMITED

## STRATEGIC REPORT

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The Directors present their strategic report on Capital Com (UK) Limited ("the Company") for the year ended 31 December 2019.

### Principal activities

Capital Com UK Ltd (the "Company") is an investment firm regulated by the UK Financial Conduct Authority (the "FCA") under reference number 793714. The authorisation permits the Company to provide regulated products and services with regards to specific financial instruments as these are defined in the FCA's register.

The Company is acting as a provider of regulated products and services through [www.capital.com](http://www.capital.com). The services are provided on an execution only basis. We do not provide investment advice in relation to our CFDs or spread bets or services.

### Review of developments, position and performance of the Company's business

The revenue of the Company for the year ended 31 December 2019 was GBP£160,850. The net loss of the Company for the year was GBP£783,099. As at 31 December 2019 the total assets of the Company were GBP£529,040 and its net assets were GBP£405,653.

The Company's Key Performance Indicators ("KPIs"), which management uses to assess and monitor the business and its performance, are comprised mainly of new accounts opened, volumes traded, and overall profitability. The Company is within its first year of trading so as yet does not have any comparative figures to benchmark its performance against.

The Company was incorporated on 1 December 2016 and received its FCA licence on 26 October 2018.

### Principal risks and uncertainties:

The Company's activities as outlined above, expose it to a variety of financial, operational, regulatory, litigation, reputational and political risks. With the exception of financial risks and uncertainties which are outlined in Note 5 of the financial statements, each principal risk and how it is assessed and managed is described below.

The Company's capital requirements are calculated in line with the FCA regulations. The capital of the Company is monitored regularly in light of any potential changes within the business.

### Operational risk

This is the risk that derives from the deficiencies relating to the Company's information and technology systems' controls, as well as the risk of human error and natural disasters. Segregation of authority and power regarding vital function of the Company exists, and the directors review any decisions made and monitor the activities. The Company's activities are also closely dependent on information technology and any damage or failure of the systems would put the Company at significant risk. The Company's systems are evaluated, maintained and upgraded continually. The Company has recovery programmes and backup systems in place in order to be able to carry on its core operations.

### Risks arising due to COVID-19 markets lockdown

Risk management policies considers the financial and other risk implications of COVID-19 market(s) lockdown ("the COVID-19"). It is envisaged that during the first months of the lockdown there will be increase volume of transactions taking into consideration the increase of awareness of retail clients with online financial trading. As the time progresses the volume are expected to be stabilised and/or reduced in a controlled manner since there may be concerns for liquidity by the retail investors. For this reason, the Company is considering and assessing further the personal economic profile of each investor taking into consideration source of income and employment conditions. The Company as part of the risk management policy and procedures and Internal Capital Adequacy Assessment Process, performs sensitivity analysis taking into consideration the Optimistic, Normal and Pessimistic scenarios in order to have a thorough assessment of the possible effects of the COVID-19.

# CAPITAL COM (UK) LIMITED

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## Regulatory risk

This is the risk of financial loss, including fines and other penalties, which may arise from non-compliance with laws and regulations. The Company is authorised and regulated by the FCA, and any changes in the regulatory framework or directives relating to the Company's services and products could expose the Company to considerable risk. This risk is limited to a significant extent due to the supervision applied by the Compliance function, the use of external compliance and regulatory advisers, as well as by the monitoring controls of the Company.

## Litigation risk

This is the risk of financial loss or interruption of the Company's operations arising from the potential of non- execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the processes and controls used by the Company to execute its operations.

## Reputation risk

This is the risk of reputation arising from the negative publicity relating to the Company's operations (whether justified or unjustified) that may result in reduction of its client base, reduction in revenue, or legal claims against the Company.

## Political risk

This is the risk of financial loss or interruption of operations due to a change in the political landscape of the Company and its operating markets. The decision of the United Kingdom to withdraw from the European Union ("EU") may result in a significant change on the way in which the Company can transact with its clients in the remaining member states of the EU after that date. The directors continue to monitor developments, with no changes expected in the foreseeable future.

## Technology risk

The Company's operations are highly dependent on technology and advanced information systems. Its ability to provide its clients with reliable, real-time access to its systems is fundamental to the success of the business. Such dependency upon technology exposes the Company to significant risk in the event that such technology or systems experience any form of damage, interruption or failure. The Company has business continuity procedures and policies in place which are designed to allow the Company to continue trading in its core markets and its systems are designed to mitigate the risk of failure of any component.

Where the Company is dependent upon providers of data, market information, telephone and internet connectivity, the Company mitigates against the risk of failure of any of these suppliers by ensuring that where possible multiple providers and data routes are utilized. To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality, accessibility and other features of its software, network distribution systems and technologies.

This report was approved by directors and signed on its behalf

Viktor Prokopenya  
Director



London, 23 April 2020

# CAPITAL COM (UK) LIMITED

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## DIRECTORS REPORT

The Directors present their report and audited financial statements of Capital Com (UK) Limited for the year ended 31 December 2019.

### **Principal activity and nature of operations of the Company**

Capital Com UK Ltd (the "Company") is an investment firm regulated by the UK Financial Conduct Authority (the "FCA") under reference number 793714. The authorisation permits the Company to provide regulated products and services with regards to specific financial instruments as these are defined in the FCA's register.

The Company is acting as a provider of regulated products and services through [www.capital.com](http://www.capital.com). The services are provided on an execution only basis. We do not provide investment advice in relation to our CFDs or spread bets or services.

### **Review of current position, future developments and performance of the Company's business**

The results of this year are not considered satisfactory and the Directors are making an effort to reduce the Company's losses. Despite the loss this year the Company's development to date and the financial position as reflected in the financial statements are satisfactory.

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

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in notes 5 and 6 of the financial statements.

### **Existence of branches**

The Company did not operate through any branches during the year under review.

### **Going concern basis**

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for the modification to a fair value basis for certain financial instruments as set out in the accounting policies below.

After making enquiries, the Directors have formed a judgement, at the time of approving these financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have decided that the going concern basis is appropriate in preparing the financial statements.

### **Results and dividends**

The Company's results for the year are set out on page 9. No dividends were proposed during the year and the net loss for the year is carried forward.

### **Share capital**

The Company's regulator, the FCA, stipulates that the Company must maintain a minimum capital adequacy.

During 2019, the authorised share capital of the Company was increased from 909,000 shares to 2,199,000 shares of GBP1.

During the year, the Company made an issue of 1,290,000 additional ordinary shares to its shareholders of GBP1 per share, totalling to GBP1,290,000.

In order to fulfill the relevant FCA conditions, the Company increased its share capital to GBP£2,199,000, therefore the Company's own funds meet the minimum required threshold of EUR125,000. The Company follows FCA guidelines and complies with the relevant regulations.

### **Directors**

The Directors as at 31 December 2019 and at the date of this report are presented on page 1. All of them were members throughout the year ended 31 December 2019.

# CAPITAL COM (UK) LIMITED

## DIRECTORS REPORT

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report, the Strategic report, the annual report and the financial statements in accordance with applicable laws and regulations.

The UK 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 ("IFRSs"), as adopted by the International Accounting Standards Board ("IASB"). Under the UK Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the IASB 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.

### Disclosure of information to the auditors

In accordance with Section 418 of the Companies Act 2006, the Directors in office at the date of approval of the Directors' Report confirm that, so far each Director is aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 23 to the financial statements.

### Independent Auditors

The Independent Auditors, K. Treppides & Co (UK) Limited, pursuant to the section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and therefore will continue in office.

This report was approved by directors and signed on its behalf,

Viktor Prokopenya  
Director



London, 23 April 2020

## **Independent Auditor's Report**

### **To the Members of Capital Com (UK) Limited**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of Capital Com (UK) Limited (the "Company"), for the year ended 31 December 2019, 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 International Accounting Standards Board (IASB).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019, and of its loss for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB)
- 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 (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, throughout the period of our appointment, 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.

##### **Emphasis of matter**

We draw attention to note 5.6 and note 23 of the financial statements which describes the risks arising due to COVID-19 and the assessment of the company with regards to this matter. Any adverse developments may affect the operations, profitability and liquidity of the Company, however these developments cannot be determined with certainty as indicated in note 5.6. Our opinion is not qualified in respect of this matter.

##### **Conclusions related to going concern**

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



## **Independent Auditor's Report (continued)**

### **To the Members of Capital Com (UK) Limited**

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Director's report.

#### **Matters on which we are required to report by exception**

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 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 audit.

#### **Responsibilities of the Board of Directors and those charged with governance for the Financial Statements**

As explained more fully in the Directors' responsibilities statements set out in page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Independent Auditor's Report (continued)**

### **To the Members of Capital Com (UK) Limited**

#### **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 financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The 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 opinion we have formed.



Marios Cosma (Senior Statutory Auditor)  
For and on behalf of K. Treppides & Co (UK) Limited  
Chartered Accountants and Statutory Auditors  
London, 23 April 2020

# CAPITAL COM (UK) LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	Note	2019 GBP£	2018 GBP£
<b>Net revenue</b>	7	<b>160,850</b>	-
Direct expenses	8	<b>(56,430)</b>	(2,898)
<b>Gross profit/(loss)</b>		<b>104,420</b>	(2,898)
Administration expenses	9	<b>(879,040)</b>	(891,456)
<b>Operating loss</b>		<b>(774,620)</b>	(894,354)
Net finance costs	11	<b>(8,479)</b>	(1,961)
<b>Net loss for the year</b>		<b>(783,099)</b>	(896,315)
<b>Other comprehensive income</b>			
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		<b>(783,099)</b>	(896,315)

The notes on pages 13 to 25 form an integral part of these financial statements.

# CAPITAL COM (UK) LIMITED

## STATEMENT OF FINANCIAL POSITION

31 December 2019

	Note	2019 GBP£	2018 GBP£
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	<u>28,804</u>	30,388
		<u>28,804</u>	30,388
<b>Current assets</b>			
Trade and other receivables	14	284,549	12,232
Cash and cash equivalents	15	<u>215,687</u>	123,062
		<u>500,236</u>	135,294
<b>Total assets</b>		<u>529,040</u>	165,682
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and Reserves</b>			
Share capital	16	2,199,000	909,000
Accumulated losses		<u>(1,793,347)</u>	(1,010,248)
<b>Total equity</b>		<u>405,653</u>	(101,248)
<b>Current liabilities</b>			
Trade and other payables	18	120,848	266,915
Borrowings	17	<u>2,539</u>	15
<b>Total liabilities</b>		<u>123,387</u>	266,930
<b>Total equity and liabilities</b>		<u>529,040</u>	165,682

On 23 April 2020, the Directors of Capital Com (UK) Limited authorised these financial statements for issue.

Viktor Prokopenya  
Director



The notes on pages 13 to 25 form an integral part of these financial statements.

## CAPITAL COM (UK) LIMITED

### STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Note	Share capital GBP£	Accumulated losses GBP£	Total GBP£
<b>At 1 January 2018</b>		<b>1</b>	<b>(113,933)</b>	<b>(113,932)</b>
<b>Comprehensive loss</b>				
Total comprehensive loss for the year		-	(896,315)	(896,315)
<b>Transactions with owners</b>				
Issue of share capital	16	908,999	-	908,999
<b>At 31 December 2018/ At 1 January 2019</b>		<b>909,000</b>	<b>(1,010,248)</b>	<b>(101,248)</b>
<b>Comprehensive loss</b>				
Total comprehensive loss for the year		-	(783,099)	(783,099)
<b>Transactions with owners</b>				
Issue of share capital	16	1,290,000	-	1,290,000
<b>At 31 December 2019</b>		<b>2,199,000</b>	<b>(1,793,347)</b>	<b>405,653</b>

The notes on pages 13 to 25 form an integral part of these financial statements.

# CAPITAL COM (UK) LIMITED

## STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	2019 GBP£	2018 GBP£
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before tax</b>		<b>(783,099)</b>	(896,315)
Adjustments for:			
Depreciation of plant and equipment	13	7,525	4,048
Interest income	11	(209)	-
<b>Cash flows generated from operations before working capital</b>		<b>(775,783)</b>	(892,267)
<b>Changes in working capital:</b>			
Trade and other receivables		(272,317)	(12,232)
Trade and other payables		(146,067)	103,137
<b>Cash used in operations</b>		<b>(1,194,167)</b>	(801,362)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment	13	(5,941)	(34,436)
Interest received		209	-
<b>Net cash used in investing activities</b>		<b>(5,732)</b>	(34,436)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		1,290,000	908,999
<b>Net cash generated from financing activities</b>		<b>1,290,000</b>	908,999
<b>Net increase in cash and cash equivalents</b>		<b>90,101</b>	73,201
Cash and cash equivalents at beginning of the year		123,047	49,846
<b>Cash and cash equivalents at end of the year</b>	15	<b>213,148</b>	123,047

The notes on pages 13 to 25 form an integral part of these financial statements.

# **CAPITAL COM (UK) LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

### **1. Incorporation and principal activities**

#### **Country of incorporation**

Capital Com (UK) Limited (the "Company") was incorporated and domiciled in United Kingdom on 1 December 2016 as a private company with limited liability under UK Company Law. Its registered office is at Fourth floor, 64-65 Vincent Square, London, England, SW1P 2NU.

#### **Principal activity**

Capital Com UK Ltd (the "Company") is an investment firm regulated by the UK Financial Conduct Authority (the "FCA") under reference number 793714. The authorisation permits the Company to provide regulated products and services with regards to specific financial instruments as these are defined in the FCA's register.

The Company is acting as a provider of regulated products and services through [www.capital.com](http://www.capital.com). The services are provided on an execution only basis. We do not provide investment advice in relation to our CFDs or spread bets or services.

### **2. Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board ("IASB") and with the Companies Act 2006.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Directors to exercise their judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Directors' best knowledge of current events and actions, actual results may ultimately differ from those estimates.

### **3. Adoption of new or revised standards and interpretations**

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2019. This adoption did not have a material effect on the accounting policies 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 financial statements have been prepared on a going concern basis, under the historical cost convention, except for the modification to a fair value basis for certain financial instruments as set out in the accounting policies below.

After making enquiries, the Directors have formed a judgement, at the time of approving these financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have decided that the going concern basis is appropriate in preparing the financial statements.

# **CAPITAL COM (UK) LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

### **4. Significant accounting policies (continued)**

#### **Revenue**

##### **Identification of performance obligations**

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

- **Provision of regulated products and services**

Revenue from provision of regulated products and services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

- **Commission income**

Commission income is recognised on an accruals basis in accordance with the substance of the relevant agreements. The Commission income is calculated based on total trading volumes introduced by the Company used a fixed rate

#### **Finance income**

Interest income is recognised on a time-proportion basis using the effective method.

#### **Finance costs**

Interest expense and other borrowing costs are charged to statement of profit or loss and other comprehensive income as incurred.

#### **Foreign currency translation**

- (1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in British Pounds (GBP£), which is the Company's functional and presentation currency.

- (2) **Transactions and balances**

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 statement of profit or loss and other comprehensive income.



# CAPITAL COM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 4. Significant accounting policies (continued)

#### Tax

Tax recognised in the statement of profit and loss and other comprehensive income is the sum of current tax and deferred tax not recognised directly in equity. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted in the United Kingdom by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally recognised in full, although IAS 12 "Income Taxes" specifies limited exemptions.

#### Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	10
Computer Hardware	20

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of plant and equipment is charged to statement of profit or loss and other comprehensive income of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit or loss and other comprehensive income.

#### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent solely payment of principal and interest, and (ii) they are not designated at fair value through profit or loss.

# **CAPITAL COM (UK) LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

### **4. Significant accounting policies (continued)**

#### **Financial assets at amortised cost**

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

#### **Borrowings**

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

#### **Trade and other payables**

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

#### **Client money**

The Company holds money on behalf of clients in accordance with the Client Asset ("CASS") rules of the Financial Conduct Authority. The amounts held on behalf of clients at the statement of financial position date are segregated from the Company's own funds, and held in segregated client money bank accounts which hold statutory trust status restricting the Company's ability to control the money, and accordingly such funds are not recorded on the statement of financial position.

#### **Share capital**

Ordinary shares are classified as equity.

#### **Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

# CAPITAL COM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 5. Financial risk management

#### Financial risk factors

The Company is exposed to credit risk, liquidity risk, currency risk, operational risk, compliance risk, litigation risk, reputation risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

#### 5.1 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

##### 31 December 2019

	At amortised cost GBP£	Total GBP£
<b>Assets as per statement of financial position:</b>		
Trade receivables (excluding deferred expenses)	264,043	264,043
Cash and cash equivalents	215,687	215,687
<b>Total</b>	<b>479,730</b>	<b>479,730</b>

	Borrowings and other financial liabilities GBP£	Total GBP£
<b>Liabilities as per statement of financial position:</b>		
Borrowings	2,539	2,539
Trade and other payables (excluding accruals)	83,190	83,190
<b>Total</b>	<b>85,729</b>	<b>85,729</b>

##### 31 December 2018

	At amortised cost GBP£	Total GBP£
<b>Assets as per statement of financial position:</b>		
Cash and cash equivalents	123,062	123,062

	Borrowings and other financial liabilities GBP£	Total GBP£
<b>Liabilities as per statement of financial position:</b>		
Borrowings	15	15
Trade and other payables (excluding accruals)	221,669	221,669
<b>Total</b>	<b>221,684</b>	<b>221,684</b>

#### 5.2 Credit risk

Credit risk arises from cash and cash equivalents and financial assets carried at amortised cost, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

##### (i) Risk management

Credit risk is managed on a group basis.

##### (ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- trade and other receivables
- cash and cash equivalents

# CAPITAL COM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 5. Financial risk management (continued)

#### 5.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

##### Trade receivables and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Due to the fact that the trade receivables are fully recoverable during 2020 and the expected credit loss was considered immaterial, therefore no adjustment for the losses has been made.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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

<u>Bank group based on credit ratings by Moody's</u>	<u>No of banks</u>	<b>2019</b> <b>GBP£</b>	2018 GBP£
A1	1	<b>269,906</b>	-
Without credit rating	1	<b>21,178</b>	123,062
		<b>291,084</b>	123,062

#### 5.3 Liquidity risk

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

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

##### 31 December 2019

	<b>Carrying amounts</b> <b>GBP£</b>	<b>3-12 months</b> <b>GBP£</b>
Bank overdrafts	2,539	2,539
Trade and other payables	36,773	36,773
Payables to related parties	39,327	39,327
	<b>78,639</b>	<b>78,639</b>

##### 31 December 2018

	<b>Carrying amounts</b> <b>GBP£</b>	<b>3-12 months</b> <b>GBP£</b>
Bank overdrafts	15	15
Trade and other payables	2,454	2,454
Payables to related parties	210,215	210,215
	<b>212,684</b>	<b>212,684</b>

# CAPITAL COM (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 5. Financial risk management (continued)

#### 5.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### 5.5 Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously.

#### 5.6 Risks arising due to COVID-19 markets lockdown

Risk management policies considers the financial and other risk implications of COVID-19 market(s) lockdown ('the COVID-19'). It is envisaged that during the first months of the lockdown there will be increase volume of transactions taking into consideration the increase of awareness of retail clients with online financial trading. As the time progresses the volume are expected to be stabilised and/or reduced in a controlled manner since there may be concerns for liquidity by the retail investors. For this reason, the Company is considering and assessing further the personal economic profile of each investor taking into consideration source of income and employment conditions. The Company as part of the risk management policy and procedures and Internal Capital Adequacy Assessment Process, performs sensitivity analysis taking into consideration the Optimistic, Normal and Pessimistic scenarios in order to have a thorough assessment of the possible effects of the COVID-19.

#### 5.7 Compliance risk

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

The Company is regulated by the Financial Conduct Authority ("FCA"). The regulatory environment is regularly changing and imposes significant demands on the resources of the Company. As the Company's activities expand, offering new products and penetrating new markets, these regulatory demands will inevitably increase. The increasing complexity of the Company's operations require training and recruitment be tailored to meet these regulatory demands and the costs of compliance are expected to increase.

#### 5.8 Technology risk

The Company's operations are highly dependent on technology and advanced information systems. Its ability to provide its clients with reliable, real-time access to its systems is fundamental to the success of the business. Such dependency upon technology exposes the Company to significant risk in the event that such technology or systems experience any form of damage, interruption or failure. The Company has business continuity procedures and policies in place which are designed to allow the Company to continue trading in its core markets and its systems are designed to mitigate the risk of failure of any component.

Where the Company is dependent upon providers of data, market information, telephone and internet connectivity, the Company mitigates against the risk of failure of any of these suppliers by ensuring that where possible multiple providers and data routes are utilized. To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality, accessibility and other features of its software, network distribution systems and technologies.

# CAPITAL COM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 5. Financial risk management (continued)

#### 5.9 Capital risk management

The Company's regulator, the FCA, stipulates that the Company must maintain a minimum capital adequacy.

During the year, the Company issued 1,290,000 additional ordinary shares to its shareholders of GBP1 per share.

In order to fulfill the relevant FCA conditions, the Company increased its share capital to GBP£2,199,000, therefore the Company's own funds meet the minimum required threshold of EUR125,000. The Company follows FCA guidelines and complies with the relevant regulations.

#### Fair value estimation

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

### 6. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- **Going concern basis**

The Directors judge that it is appropriate to prepare the financial statements on the going concern basis.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### Critical judgements in applying the Company's accounting policies

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 5, Credit risk section.

### 7. Net revenue

	2019	2018
	GBP£	GBP£
Trading loss	(150)	-
Commission income	161,000	-
	<u>160,850</u>	<u>-</u>

# CAPITAL COM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 8. Direct expenses

	2019	2018
	GBP£	GBP£
Marketing and promotion fees	9,760	2,898
Support fees	30,000	-
Payment Service Provider fees	13,070	-
Other direct expenses	3,600	-
	<u>56,430</u>	<u>2,898</u>

### 9. Administration expenses

	2019	2018
	GBP£	GBP£
Staff costs	630,679	564,402
Rent expenses	32,076	32,691
Office expenses	26,436	25,066
Auditor's remuneration	16,000	6,000
Other professional fees	98,817	107,757
Travelling and accommodation	40,584	42,023
Recruitment fees	12,888	7,918
Licensing and regulatory fees	5,171	23,861
Consulting fees	-	69,142
Depreciation charge	7,525	4,048
Other expenses	8,864	8,548
	<u>879,040</u>	<u>891,456</u>

### 10. Staff costs

	2019	2018
	GBP£	GBP£
Salaries	529,120	472,880
Social security costs	60,852	53,269
Pensions cost	40,707	38,253
	<u>630,679</u>	<u>564,402</u>

Average number of employees (including Directors in their executive capacity)

<u>8</u>	<u>12</u>
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### 11. Finance income/(costs)

	2019	2018
	GBP£	GBP£
Interest income	209	-
Exchange profit	-	5,083
<b>Finance income</b>	<u>209</u>	<u>5,083</u>
Net foreign exchange losses	(3,780)	(270)
Other finance expenses	(4,908)	(6,774)
<b>Finance costs</b>	<u>(8,688)</u>	<u>(7,044)</u>
<b>Net finance costs</b>	<u>(8,479)</u>	<u>(1,961)</u>

# CAPITAL COM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 12. Tax

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

	2019 GBP£	2018 GBP£
Loss before tax	<u>(783,099)</u>	<u>(896,315)</u>
Tax calculated at the applicable tax rates	(148,789)	(170,300)
Tax effect of expenses not deductible for tax purposes	2,148	821
Tax effect of allowances and income not subject to tax	(1,381)	(2,144)
Tax effect of tax loss for the year	<u>148,022</u>	<u>171,623</u>
<b>Tax charge</b>	<u>-</u>	<u>-</u>

The corporation tax rate is 19%.

On the basis that the Company is in a start-up phase and there is uncertainty that sufficient future profits will be available to utilise against it, a deferred tax asset has not been recognised in the current year or prior period. The unrelieved tax losses amount to GBP£1,755,690.

### 13. Plant and equipment

	Furniture, fixtures and office equipment GBP£	Computer Hardware GBP£	Total GBP£
<b>Cost</b>			
Additions	2,977	31,459	34,436
<b>At 31 December 2018/ 1 January 2019</b>	<b>2,977</b>	<b>31,459</b>	<b>34,436</b>
Additions	1,406	4,535	5,941
<b>At 31 December 2019</b>	<b>4,383</b>	<b>35,994</b>	<b>40,377</b>
<b>Depreciation</b>			
Charge for the year	156	3,892	4,048
<b>At 31 December 2018/ 1 January 2019</b>	<b>156</b>	<b>3,892</b>	<b>4,048</b>
Charge for the year	422	7,103	7,525
<b>At 31 December 2019</b>	<b>578</b>	<b>10,995</b>	<b>11,573</b>
<b>Net book amount</b>			
<b>At 31 December 2019</b>	<b>3,805</b>	<b>24,999</b>	<b>28,804</b>
<b>At 31 December 2018</b>	<b>2,821</b>	<b>27,567</b>	<b>30,388</b>

### 14. Trade and other receivables

	2019 GBP£	2018 GBP£
Funds receivable from excess of amounts due to clients (Note 22)	155,942	-
Receivables from parent (Note 19.3)	78,101	-
Deferred expenses	20,506	12,232
Other receivables	<u>30,000</u>	<u>-</u>
	<u>284,549</u>	<u>12,232</u>



# CAPITAL COM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 14. Trade and other receivables (continued)

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

### 15. Cash and cash equivalents

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

	2019 GBP£	2018 GBP£
Cash at bank	215,687	123,062
Bank overdrafts (Note 17)	(2,539)	(15)
	<u>213,148</u>	<u>123,047</u>

### Cash and cash equivalents by currency:

	2019 GBP£	2018 GBP£
British Pounds	180,380	4,379
Euro	5,213	-
United States Dollars	<u>27,555</u>	<u>118,668</u>
	<u>213,148</u>	<u>123,047</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 5 of the financial statements.

### 16. Share capital

	2019 Number of shares	2019 GBP£	2018 Number of shares	2018 GBP£
<b>Authorised</b>				
Ordinary shares of GBP1 each	<u>2,199,000</u>	<u>2,199,000</u>	<u>909,000</u>	<u>909,000</u>
<b>Issued and fully paid</b>				
At 1 January	909,000	909,000	1	1
Issue of shares	<u>1,290,000</u>	<u>1,290,000</u>	<u>908,999</u>	<u>908,999</u>
<b>At 31 December</b>	<u>2,199,000</u>	<u>2,199,000</u>	<u>909,000</u>	<u>909,000</u>

### Authorised capital

During 2019, the authorised share capital of the Company was increased from 909,000 shares to 2,199,000 shares of GBP1.

### Issued Capital

During 2019, the Company made an issue of 1,290,000 ordinary shares of GBP1 per share, totalling to GBP1,290,000.

# CAPITAL COM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 17. Borrowings

	2019 GBP£	2018 GBP£
<b>Current borrowings</b>		
Bank overdrafts (Note 15)	<u>2,539</u>	<u>15</u>

### 18. Trade and other payables

	2019 GBP£	2018 GBP£
Payables to Liquidity providers (Note 19.4)	30,000	-
Payables to parent (Note 19.4)	30,000	210,215
Accruals	37,658	54,246
Other payables	13,863	2,454
Payables to related parties (Note 19.4)	<u>9,327</u>	<u>-</u>
	<u>120,848</u>	<u>266,915</u>

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

### 19. Related party transactions

The Company is controlled by Capital Com SV Investments Limited, incorporated in Cyprus, which owns 100% of the Company's shares.

The ultimate beneficial owners of the Company are Viktor Prokopenya (48.73%) and Said Gutserier (51.27%).

The following transactions were carried out with related parties:

#### 19.1 Directors' remuneration

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

	2019 GBP£	2018 GBP£
Directors' remuneration	204,949	224,875
Pension costs	<u>16,396</u>	<u>16,981</u>
	<u>221,345</u>	<u>241,856</u>

#### 19.2 Transactions with Liquidity provider

	2019 GBP£	2018 GBP£
Income from rebates	161,000	-
Licensing fee expenses	(12,500)	-
Support and consulting expenses	<u>(17,500)</u>	<u>-</u>
	<u>131,000</u>	<u>-</u>

#### 19.3 Receivable from parent

	2019 GBP£	2018 GBP£
Capital Com SV Investments Limited	<u>78,101</u>	<u>-</u>

# CAPITAL COM (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 19. Related party transactions (continued)

#### 19.4 Payables to related parties (Note 18)

	2019	2018
	GBP£	GBP£
Capital Com SV Investments Limited	60,000	210,215
Capital Com Bel CJSC	9,327	-
	<u>69,327</u>	<u>210,215</u>

### 20. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2019.

### 21. Commitments

The Company had no capital or other commitments as at 31 December 2019.

### 22. Clients' funds

The Company holds money on behalf of its clients in accounts designated as "segregated client accounts". These segregated accounts comply with the Financial Conduct Authority's ("FCA") rules on client money. The accounts have the required trust status acknowledgement letters in place which the Company's ability to control the funds, hence such amounts are not held on the Company's statement of financial position.

	2019	2018
	GBP£	GBP£
Segregated client funds (Note 14)	<u>323,910</u>	<u>-</u>

### 23. Events after the reporting period

The existence of COVID-19 as confirmed in early 2020 and which has spread across most of the world is causing significant disruption to business and economic activity whilst at the same time increasing market volatility and investor trading interest in CFDs and other financial instruments. The Company has witnessed a significant interest in new customer acquisitions and in revenues for the first quarter 2020.

The safety and wellbeing of our employees remains the Company's utmost priority. In accordance with our business continuity plans and with respect to relevant guidance issued, our staff are operating remotely. Benefitting from our operations being entirely online, there has been no operational impact from the COVID-19 pandemic to date. The business has been functioning successfully and through our robust trading platform and support processes and procedures has been maintaining the same high quality of service while being able to handle increased, existing and new, customer interest.

There were no other material events after the reporting period date, which affect the financial statements as at 31 December 2019.

**Independent auditor's report on pages 6 to 8**