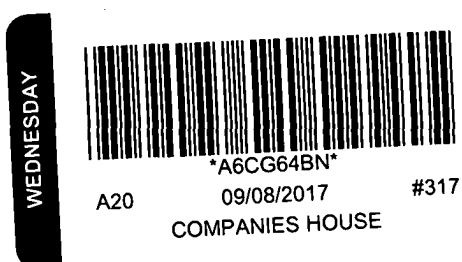


Company Registration No. 08171762 (England and Wales)

**ADMIRAL MARKETS UK LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**



# ADMIRAL MARKETS UK LTD

## COMPANY INFORMATION

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<b>Directors</b>	D Laush A Tsikhilov J Kartakov E Pedersen
<b>Company number</b>	08171762
<b>Registered office</b>	16 St. Clare Street London EC3N 1LQ
<b>Auditor</b>	Fisher, Sassoon & Marks 43 - 45 Dorset Street London W1U 7NA

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# ADMIRAL MARKETS UK LTD

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# **ADMIRAL MARKETS UK LTD**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present the strategic report for the year ended 31 December 2016.

#### **Fair review of the business**

The company is regulated by the United Kingdom Financial Conduct Authority. All client trades are offset with a fellow subsidiary company, Admiral markets AS ("AMAS"), which operates in Estonia and is regulated by the Estonian Financial Supervision Authority. Under this arrangement the company is acting as a matched principal broker and does not hold any trading positions itself. The company's main source of revenue is commission charged to AMAS based upon the volume of trades carried out by the company's clients. In addition to acting as principal to trades, AMAS provides the company with operational, marketing, and IT services.

During the course of 2016, the company continued to expand its retail client base, particularly in central and eastern Europe by opening eight local branches focused on marketing and customer services. Migration of clients from AMAS, use of on-line and off-line marketing campaigns also contributed to the continued growth. Turnover increased by 137% in 2016 compared to 2015, reflecting the success of the marketing campaigns launched throughout the year in central and eastern Europe.

#### **Principal risks and uncertainties**

The company continuously carries out an assessment of the risks which have the potential to have a significant negative impact on its financial performance and future business prospects. The company has a low appetite for risk.

##### Price risk:

Price risk is defined as the risk that exposures to excessive price fluctuations in positions held by the company would cause a material loss to arise. Because all client positions are hedged with AMAS, this risk is materially mitigated.

##### Credit risk:

Credit risk arises where a borrower or counterparty fail to meet their financial obligations. The main source of credit risk for the company is on deposits held at third parties. No credit is extended to clients. To mitigate this risk, all customer funds are held in segregated UK and European regulated clearing banks. Company's own funds are held across a number of European banks.

##### Cash flow risk:

Cash flow risks are that the company does not have sufficient financial resources to meet its obligations as they fall due. Under the company's business model, the most likely reason for this to happen would be a AMAS not being able to pay the company any amounts due, leaving the company unable to settle its obligations with its clients or vice versa. The company has controls in place to ensure that clients do not owe more than their deposit and is given reports by AMAS which demonstrates that they are operating within their own risk parameters.

##### Liquidity risk:

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### Foreign currency risk:

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

# ADMIRAL MARKETS UK LTD

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

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# ADMIRAL MARKETS UK LTD

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### Key performance indicators

At the year end the firm had net assets of £713,119 (2015 - £424,141).

For the year the firm had a pre-tax loss £24,563 (2015 - £96,469 profit), primarily due to an increase in administrative costs by 153%, which representing company's commitment in investment required for sustained future growth.

On behalf of the board



.....  
J Kartakov  
Director  
.....

12/5/2017

# **ADMIRAL MARKETS UK LTD**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their annual report and financial statements for the year ended 31 December 2016.

#### **Principal activities**

The company's principal activities is a broker providing online FX and CFD trading services to retail clients.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Laush

A Tsikhilov

J Kartakov

I Rogers

(Resigned 25 March 2017)

E Pedersen

#### **Results and dividends**

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Supplier payment policy**

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

#### **Post reporting date events**

On 19 January 2017, the company issued 350,000 Ordinary shares with a nominal value of £1 each, all issued at par.

There are no other matters to report.

#### **Future developments**

The company plans to continue the expansion of its retail client base, particularly through the opening of more branches during the course of 2017 in countries comprising its core European market and also expanding in markets beyond Europe. This will be achieved by organic growth.

#### **Auditor**

The auditor, Fisher, Sassoon & Marks, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# ADMIRAL MARKETS UK LTD

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 of the profit or loss of the company for that period. 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;
- 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.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

  
.....  
J Kartakov  
Director

12/5/2017



# ADMIRAL MARKETS UK LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ADMIRAL MARKETS UK LTD

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We have audited the financial statements of Admiral Markets UK Ltd for the year ended 31 December 2015 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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.

#### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### Opinion on 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

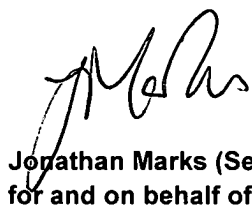
#### Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

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

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

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

  
Jonathan Marks (Senior Statutory Auditor)  
for and on behalf of Fisher, Sassoon & Marks

Chartered Accountants  
Statutory Auditor

12/05/2017

43 - 45 Dorset Street  
London  
W1U 7NA

# ADMIRAL MARKETS UK LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
<b>Turnover</b>	<b>3</b>	3,493,108	1,472,411
Cost of sales		(515,396)	(186,062)
<b>Gross profit</b>		2,977,712	1,286,349
Administrative expenses		(3,005,013)	(1,189,260)
Other operating income		-	2,076
<b>Operating (loss)/profit</b>	<b>4</b>	(27,301)	99,165
Interest receivable and similar income	<b>7</b>	2,738	427
Interest payable and similar expenses	<b>8</b>	-	(3,123)
<b>(Loss)/profit before taxation</b>		(24,563)	96,469
Taxation	<b>9</b>	(8,957)	-
<b>(Loss)/profit for the financial year</b>	<b>15</b>	(33,520)	96,469

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# ADMIRAL MARKETS UK LTD

## BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	10		84,537		80,330
<b>Current assets</b>					
Debtors	12	312,241		377,548	
Cash at bank and in hand		824,966		1,515,560	
		<u>1,137,207</u>		<u>1,893,108</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(508,625)</u>		<u>(1,549,297)</u>	
<b>Net current assets</b>			628,582		343,811
<b>Total assets less current liabilities</b>			<u>713,119</u>		<u>424,141</u>
<b>Capital and reserves</b>					
Called up share capital	14	700,000		377,501	
Profit and loss reserves	15	13,119		46,640	
<b>Total equity</b>			<u>713,119</u>		<u>424,141</u>

The financial statements were approved by the board of directors and authorised for issue on 12/05/2017 and are signed on its behalf by:

J Kartakov  
Director

Company Registration No. 08171762

# ADMIRAL MARKETS UK LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2015</b>		257,501	(49,828)	207,673
		<hr/>	<hr/>	<hr/>
<b>Period ended 31 December 2015:</b>				
Profit and total comprehensive income for the year		-	96,469	96,469
Issue of share capital	14	120,000	-	120,000
		<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2015</b>		377,501	46,640	424,141
		<hr/>	<hr/>	<hr/>
<b>Period ended 31 December 2016:</b>				
Profit and total comprehensive income for the year		-	(33,520)	(33,520)
Issue of share capital	14	322,499	-	322,499
		<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>		700,000	13,119	713,119
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# ADMIRAL MARKETS UK LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	20		(977,649)		1,106,546
Interest paid			-		(3,123)
Income taxes paid			(8,957)		-
<b>Net cash (outflow)/inflow from operating activities</b>			(986,606)		1,103,423
<b>Investing activities</b>					
Purchase of tangible fixed assets		(29,225)		(66,737)	
Interest received		2,738		427	
<b>Net cash used in investing activities</b>			(26,487)		(66,310)
<b>Financing activities</b>					
Proceeds from issue of shares		322,499		120,000	
Repayment of borrowings		-		(126,567)	
<b>Net cash generated from/(used in) financing activities</b>			322,499		(6,567)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(690,594)		1,030,546
Cash and cash equivalents at beginning of year			1,515,560		485,014
<b>Cash and cash equivalents at end of year</b>			824,966		1,515,560

# ADMIRAL MARKETS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

##### Company information

Admiral Markets UK Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 16 St. Clare Street, London, EC3N 1LQ.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to financial instruments at fair value. The principal accounting policies adopted are set out below.

Admiral Markets UK Ltd is a wholly owned subsidiary of Admiral Markets Group AS and the results of Admiral Markets UK Ltd are included in the consolidated financial statements of the parent. The smallest and largest group that the results of the entity are consolidated is that headed by the ultimate parent entity and controlling party.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

Turnover represents net commission income from broking in foreign exchange, precious metals, indices and equity Contract For Differences trades and is recognised on a trade date basis as per the service level agreement.

##### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	5 years straight line
Computer equipment	3 years straight line
Motor vehicles	4 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# ADMIRAL MARKETS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1 Accounting policies

(Continued)

#### 1.5 Impairment of fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### ***Fair value measurement of financial instruments***

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### ***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### ***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# ADMIRAL MARKETS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.



# ADMIRAL MARKETS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.8 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.9 Taxation**

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

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.11 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# ADMIRAL MARKETS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 1 Accounting policies

(Continued)

##### 1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

##### 1.13 Client monies and comparative figures

The Company holds money on behalf of clients in accordance with the client money rules of its regulator. Client monies held in segregated bank and settlement accounts in accordance with regulations and the corresponding liabilities to these clients are not recognised in the Balance Sheet. At 31 December 2016, amounts held by the Company on behalf of clients in accordance with the Client Assets Rules of the Financial Conduct Authority amounted to £13,338,435 (2015: £1,664,592).

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Fees receivable	3,493,108	1,472,411
	<u>          </u>	<u>          </u>
<b>Other significant revenue</b>		
Interest income	2,738	427
	<u>          </u>	<u>          </u>
<b>Turnover analysed by geographical market</b>		
	2016 £	2015 £
UK	3,493,108	1,472,411
	<u>          </u>	<u>          </u>

# ADMIRAL MARKETS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 4 Operating (loss)/profit

	2016 £	2015 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(71,804)	4,521
Fees payable to the company's auditor for the audit of the company's financial statements	13,800	12,000
Depreciation of owned tangible fixed assets	25,018	13,347
Operating lease charges	62,278	51,567
	<u>          </u>	<u>          </u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Management	4	2
Administration and marketing	46	8
	<u>          </u>	<u>          </u>
	50	10
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,188,023	278,470
Social security costs	167,845	28,299
	<u>          </u>	<u>          </u>
	1,355,868	306,769
	<u>          </u>	<u>          </u>

### 6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	240,119	103,333
	<u>          </u>	<u>          </u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	120,000	103,333
	<u>          </u>	<u>          </u>

# ADMIRAL MARKETS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 7 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	2,738	427
	<u>2,738</u>	<u>427</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	2,738	427
	<u>2,738</u>	<u>427</u>

#### 8 Interest payable and similar expenses

	2016 £	2015 £
<b>Other finance costs:</b>		
Other interest	-	3,123
	<u>-</u>	<u>3,123</u>
	<u>-</u>	<u>3,123</u>

#### 9 Taxation

	2016 £	2015 £
<b>Current tax</b>		
Foreign current tax on profits for the current period	8,957	-
	<u>8,957</u>	<u>-</u>

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
(Loss)/profit before taxation	(24,563)	96,469
	<u>(24,563)</u>	<u>96,469</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(4,913)	19,294
Tax effect of expenses that are not deductible in determining taxable profit	2,948	1,685
Tax effect of utilisation of tax losses not previously recognised	-	(10,301)
Permanent capital allowances in excess of depreciation	(1,791)	(10,678)
Foreign current tax	8,957	-
Other	3,756	-
	<u>8,957</u>	<u>-</u>
Taxation for the year	<u>8,957</u>	<u>-</u>

The company has estimated losses of £28,083 (2015 - £15,155) available for carry forward against future trading profits.

# ADMIRAL MARKETS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 10 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2016	79,404	23,284	-	102,688
Additions	7,336	6,281	15,608	29,225
Disposals	-	(7,089)	-	(7,089)
At 31 December 2016	86,740	22,476	15,608	124,824
<b>Depreciation and impairment</b>				
At 1 January 2016	10,027	12,331	-	22,358
Depreciation charged in the year	16,678	8,015	325	25,018
Eliminated in respect of disposals	-	(7,089)	-	(7,089)
At 31 December 2016	26,705	13,257	325	40,287
<b>Carrying amount</b>				
At 31 December 2016	60,035	9,219	15,283	84,537
At 31 December 2015	69,377	10,953	-	80,330

### 11 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	215,074	311,179
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	451,980	1,519,728

### 12 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade debtors	94,969	249,052
Other debtors	168,182	62,127
Prepayments and accrued income	49,090	66,369
	312,241	377,548

# ADMIRAL MARKETS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	151,835	138,548
Amounts due to group undertakings	211,389	1,322,688
Other taxation and social security	56,645	29,569
Other creditors	31,855	30
Accruals and deferred income	56,901	58,462
	<u>508,625</u>	<u>1,549,297</u>

### 14 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
700,000 Ordinary shares of £1 each	<u>700,000</u>	<u>377,501</u>

During the year the company issued 322,499 Ordinary shares of £1 each to Admiral Markets Group AS, allotted and fully paid at £1 per share for cash consideration to provide working capital.

### 15 Profit and loss reserves

	2016 £	2015 £
At the beginning of the year	46,640	(49,828)
(Loss)/profit for the year	<u>(33,520)</u>	<u>96,469</u>
At the end of the year	<u>13,119</u>	<u>46,640</u>

# ADMIRAL MARKETS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 16 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	240,119	103,333

At the year end Admiral Markets Group AS, the parent entity, owed £21,159 (2015 - £9,889 was owed to parent entity) to the company.

At the year end Admiral Markets UK Limited owed £211,389 (2015 - £1,320,313) to a fellow subsidiary, Admiral Markets AS.

At the year end the company was owed £2,245 (2015 - £4,498 owed to fellow subsidiary) by a fellow subsidiary, Admiral Markets Cyprus Ltd.

At the year end the company was owed £8,175 (2015 - £nil) by a fellow subsidiary, Admiral Markets Pty Ltd.

The company earned revenues from Admiral Markets AS, a fellow group undertakings in the sum of £4,264,066 (2015 - £1,767,008).

The company was charged by Admiral Markets AS marketing fees of £8,925 (2015 - £53,339), interest £nil (2015 - £3,123) and other operating fees of £60 (2015 - nil)

The company was charged by AM Cyprus Ltd commission fees of £1,321 (2015 - £4,399).

### 17 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	158,676	69,030
Between two and five years	324,725	233,400
	483,401	302,430

# ADMIRAL MARKETS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 18 Events after the reporting date

On 19 January 2017, the company issued 350,000 Ordinary shares with a nominal value of £1 each, all issued at par.

There are no other matters to report.

### 19 Controlling party

The entity is a wholly owned subsidiary of Admiral Markets Group AS. The parent prepares consolidated accounts which include the results of Admiral Markets UK Limited.

### 20 Cash generated from operations

	2016 £	2015 £
(Loss)/profit for the year after tax	(33,520)	96,469
<b>Adjustments for:</b>		
Taxation charged	8,957	-
Finance costs	-	3,123
Investment income	(2,738)	(427)
Depreciation and impairment of tangible fixed assets	25,018	13,347
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	65,306	(258,299)
(Decrease)/increase in creditors	(1,040,672)	1,252,333
<b>Cash (absorbed by)/generated from operations</b>	<b>(977,649)</b>	<b>1,106,546</b>



# **ADMIRAL MARKETS UK LTD**

## **PILLAR 3 DISCLOSURE**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **Capital requirements directive Pillar 3 disclosure**

#### **Verification**

This information has not been audited by the Company's external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgement on Admiral Markets UK Ltd.

#### **Introduction**

#### **Regulatory Context**

The Pillar 3 disclosure of Admiral Markets UK Limited ("the Firm") is set out below as required by the FCA's "Prudential Sourcebook for Banks, Building Societies and Investment Firms". This follows the introduction of the Capital Requirements Directive ("CRD") which represents the European Union's application of the Basel Capital Accord. The regulatory aim of the disclosures is to improve transparency and thereby to protect consumers.

#### **Frequency**

The Firm will be making Pillar 3 disclosures annually. The disclosures will be as at the Accounting Reference Date ("ARD") which is currently 31 December.

#### **Media and Location**

The disclosure is published only in our Accounts and will be available from the Registered office on request.

#### **Materiality**

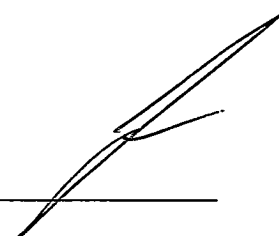
The Firm regards information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. If the Firm deems a certain disclosure to be immaterial, it may be omitted from this statement.

#### **Risk Management**

The Firm is mindful of the FCA's comments regarding confidentiality and of the comment that both qualitative and quantitative data must be disclosed.

As such, the Firm's policy is to disclose that information required under the FCA Rules but to treat further information as proprietary if sharing that information with the public would undermine its competitive position. Proprietary information may include information on products or systems which, if shared with competitors, would render the Firm's investments therein less valuable. Further, the Firm will regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality. In the event that any such information is omitted, we shall disclose such and explain the grounds why it has not been disclosed.

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# **ADMIRAL MARKETS UK LTD**

## **PILLAR 3 DISCLOSURE**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **Summary**

The CRD requirements have three pillars. Pillar 1 deals with minimum capital requirements; Pillar 2 deals with Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by a firm and the Supervisory Review and Evaluation Process through which the firm and regulator satisfy themselves on the adequacy of capital held by the Firm in relation to the risks it faces and; Pillar 3 which deals with public disclosure of risk management policies, capital resources, capital requirements and remuneration policy. The regulatory aim of the disclosure is to improve market discipline and transparency.

The Firm is an IFPRU limited licence firm primarily with the permission to hold client money.

The Firm's key risks have been identified and grouped as either market, credit, interest rate, business or operational risks. The Firm has assessed these risks in its ICAAP and has set out appropriate actions to manage them.

### **Market Risk**

The firm incurs market risk on foreign currency movements on client cash/liabilities held in foreign currencies. The firm monitors its exposure on a day to day basis.

### **Credit Risk**

The Firm's exposure to credit risk is that clients lose more money than they have available in their accounts hence there is a failure to collect payments when they are due. Client margins are monitored on a daily basis so that minimum risk exposure occurs.

The Firm holds all cash with Banks after undertaking an assessment of the credit rating of each Bank..

### **Business risk**

By its nature a Firm that holds client money has a higher business risk than some other types of business. However within this context the Firm again has a conservative business risk appetite.

Currently the Firm has a simple business strategy and the main business risk is the loss of client business.

### **Operational Risk**

This incorporates the monitoring of client money processes undertaken as well as the regulatory and contingency planning done at the Firm level. Our operational risk appetite is conservative and, as a result, we invest to mitigate such risks.

Our staffing levels also provide a level of contingency cover in all critical business areas.

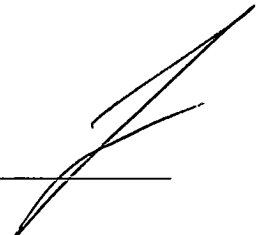
The Firm has documented contingency planning and disasters recovery procedures and these are regularly reviewed and tested.

We also aim to keep all aspects of our operations as simple as possible

### **Interest Rate Risk**

The firm does not have a material interest rate risk.

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# ADMIRAL MARKETS UK LTD

## PILLAR 3 DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2016

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### Liquidity risk

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due or to ensure that it can secure additional financial resources in the event of a stress scenario.

The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under normal business conditions. The firm has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits it holds and support it receives from the parent company. Additionally, it has historically been the case that all fee debtors are settled promptly, thus ensuring further liquidity resources are available to the firm on a timely basis. The cash position of the firm is monitored by the Senior Management on a regular basis, and the Firm would be able to call on the parent for further capital as required.

The Firm maintains a Liquidity risk policy which formalises this approach.

### Unencumbered assets

In accordance with Article 443 of the CRR, the below table provides details of encumbered and unencumbered assets. An asset is considered encumbered if;

it has been pledged, or

it is subject to any form of arrangement to secure, collateralise or credit-enhance any on-balance-sheet or off-balance-sheet transaction from which it cannot be freely withdrawn.

#### Assets :

	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
	£'000s	£'000s	£'000s	£'000s
<b>Assets</b>	£74	-	£14,489	-
Equity instruments				
Debt securities				
Loans and advances				
Other assets	£74	-	£14,489	-

### Background to the Firm

#### Background

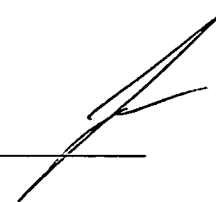
The Firm is incorporated in the UK and is authorised and regulated by the FCA as an Investment Advisory Firm. The Firm's activities give it the IPRU categorisation of a "Limited Licence" and a "IFPRU €125K" firm. As a Limited Licence Firm we are considered a Proportionality tier three firm for the purposes of the FCA's Remuneration Code.

For its Pillar 1 regulatory capital calculation of Credit Risk, under the credit risk capital component the Firm has adopted the Standardised approach of calculating risk weights.

Credit Risk calculation @ 31 December 2016

**Credit Risk Capital Requirement £247,663**

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# ADMIRAL MARKETS UK LTD

## PILLAR 3 DISCLOSURE

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The Firm does not adopt the Internal Ratings Based approach and hence this is not applicable.

The Firm, being a Limited Licence Firm is not subject to the Pillar 1 Operational Risk Requirement and, therefore, this is not applicable.

The Firm has Non-Trading Book potential exposure only.

FX risk on cash balances withheld in foreign currencies at banks

FX Risk calculation @ 31 December 2016

**FX Risk Capital Requirement £263,013**

Disclosure: Risk Management Objectives and Policies

### **Risk Management Objective**

The Firm has a risk management objective to develop systems and controls to mitigate risk to within its conservative risk appetite. Mr I Rogers is in charge of compliance and oversight in the firm.

### **Governance Framework**

Ms E Pedersen, Mr D Laush, Mr A Tsikhilov and Mr J Kartakov make up the Managing Board of Admiral Markets UK Limited. The Board meets informally on a weekly basis and formally on a quarterly basis. S Ayme is responsible for compliance oversight.

### **Risk Framework**

The Managing Board is responsible for risk management and reviews the effectiveness of the Firm's system of internal controls to manage and mitigate the risks identified.

### **Regulatory capital**

The Firm is a Limited Company and its capital arrangements are established in its Articles.

The main features of the Firm's capital resources for regulatory purposes are as follows:

	31 December 2016
	£'000s
Common Equity Tier 1 capital	£747
Tier 1 capital	£747
Own funds	£747
Core Tier 1, Common Equity Tier 1 and Total Capital Ratio	9.38%

Our Firm is small with a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its accounts receivable in foreign currency, and credit risk from fees receivable and cash held at bank. The Firm follows the standardised approach to market risk and the simplified standard approach to credit risk.

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# **ADMIRAL MARKETS UK LTD**

## **PILLAR 3 DISCLOSURE**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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Limited Licence - The Firm is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge though it considers this as part of its process to identify the level of risk based capital required.

As discussed above the Firm is a Limited Licence Firm and as such its Total Risk Exposure is determined by reference to the higher of:

The sum of the risk weighted exposures relating to market & credit risk; and  
12.5 multiplied by the fixed overheads requirement ('FOR').

The FOR is calculated, in accordance with the EBA regulatory technical standards, based on the firm's previous years audited expenditure. The firm has adopted the standardised approach to credit and market risk and the above figures have been produced on that basis. The firm is not subject to an operational risk requirement.

It is the Firm's experience that the Fixed Overhead Requirement x 12.5 establishes its Total Risk Exposure.

### **Capital requirement**

The Firm's Total Risk Exposure has been determined by reference to the Fixed Overheads Requirement ('FOR') and calculated in accordance with Article 95 and the EBA regulatory technical standards. The requirement is based on the FOR since this exceeds the total of the credit and market risk capital requirements it faces and also exceeds its base capital requirement of €125,000.

The Own Funds of the Firm are £746,640, made up of Ordinary Share Capital plus retained earnings. This compares to a base requirement of £107k (being the GBP equivalent of EUR125k) which leaves a surplus of £640k. The second requirement is the Firms Total Capital Ratio is greater than 8%. As the Firm only has Common Equity Tier 1 Capital the Common Equity Tier 1 capital ratio and Tier 1 Capital Ratio requirements will automatically be satisfied if the Total Capital Ratio requirement is satisfied. The Firms Total Capital Ratio is 9.38% giving a surplus of £109,725.

### **Overall Pillar 2 Rule**

The Firm has adopted the "Structured" approach to the calculation of its ICAAP Capital Resources Requirement as outlined in the Committee of European Banking Supervisors Paper, 25 January 2006.

The ICAAP is reviewed by the Managing Board of the Firm annually, or when a material change to the business occurs.

### **Disclosure: Credit Risk and Dilution Risk**

The Firm is primarily exposed to Credit Risk from the risk of non-collection of fees and the exposure to banks where cash held is deposited. The Firm holds all cash with a A rated UK and European banks. See above for calculation of credit risk as at 31 December 2016.

### **Disclosure: Operational Risk**

The Firm's Fixed Overhead Requirement (FOR) is disclosed as a proxy for the Pillar 1 Operational Risk Capital calculation. The Firm's Pillar 1 Capital Resources Requirement is the higher of FOR/the sum of Market Risk and Credit Risk Requirement.

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# **ADMIRAL MARKETS UK LTD**

## **PILLAR 3 DISCLOSURE**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **Fixed Overhead Requirement**

**£636,915**

Disclosure: Non-Trading Book Exposures in Equities

This disclosure is not required as the Firm does not have a Non-Trading Book Exposure to Equities.

Disclosures: Exposures to Interest Rate Risk in the Non-Trading Book

Although the Firm has substantial cash balances on its Balance Sheet, there is currently no significant exposure to Interest Rate fluctuations.

### **Disclosures: Securitisation**

This disclosure is not required as the Firm does not Securitise its assets.

### **Disclosures: Remuneration**

The FCA defines Remuneration Code Staff ("Code Staff") in SYSC 19A.3.4 as senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as those detailed above, whose professional activities have a material impact on the firm's risk profile.

The Firm has decided to treat all Directors as Code Staff.

The Managing Board will consider the need to add any new joiners to the list of Remuneration Code Staff during the year.

### **Application**

Based on the Firm's profile we have defined ourselves as a Proportionality Tier Three investment firm ("Tier Three Firm") and adopted a proportioned approach to our remuneration policy. We have considered our individual needs on an ongoing basis and where appropriate disapplied certain provisions in accordance with FCA and CEBS/EBA guidance. The Managing Board will review any provisions which have been disapplied on at least an annual basis, to ensure that it continues to be appropriate.

### **Information concerning the decision-making process**

Due to the size of the Company, we do not consider it appropriate to have a separate remuneration committee. Instead this function is undertaken by the Managing Board. This will be kept under review and should the need arise; the Company will consider amending this arrangement to provide greater independent review.

The Directors are members of the Managing Board and also jointly have an equal voting interest in the Company.

The Managing Board of Admiral Markets UK Limited is responsible for ensuring that the remuneration policy is developed to align with its risk tolerance. No external consultants assisted in this review. Any person with a question regarding the policy or disclosures made under this policy should refer to the Directors who are members of the Managing Board.

Information on the link between pay and performance

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# **ADMIRAL MARKETS UK LTD**

## **PILLAR 3 DISCLOSURE**

**FOR THE YEAR ENDED 31 DECEMBER 2016**


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A key objective in utilising the Company's structure was to align the interests of the directors with the overall goal of achieving the best performance over the long-term for the Company.

Aggregate Value of Directors salaries for the year to 31 December 2016.

Based on the profile of the Company we consider we have one business area, market principal broker and all Directors, as Code Staff, have responsibilities that typically fall within job titles FCA guidance indicated would suggest they are senior personnel whose role impacts the risk profile of the Company.

As such, to comply with the FCA disclosure requirements, we disclose, as per the audited accounts of the Firm, the total Directors salaries which, for the period to 31 December 2016 was £240,119



Saki Katsura

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