

Company Registration No. 08171762 (England and Wales)

ADMIRAL MARKETS UK LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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ADMIRAL MARKETS UK LTD

COMPANY INFORMATION

Directors	D Laush	
	A Tsikhilov	
	J Kartakov	
	S Roberts	(Appointed 1 June 2017)
	S Ayme	(Appointed 1 June 2017)
	C Shepherd	(Appointed 1 July 2017)
	S Bogatenkov	(Appointed 1 September 2017)

Company number 08171762

Registered office 16 St. Clare Street
London
EC3N 1LQ

Auditor Fisher, Sassoon & Marks
43 - 45 Dorset Street
London
W1U 7NA

ADMIRAL MARKETS UK LTD

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ADMIRAL MARKETS UK LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

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 2017, 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 58% in 2017 compared to 2016, 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 (CONTINUED)

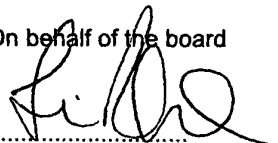
FOR THE YEAR ENDED 31 DECEMBER 2017

Key performance indicators

At the year end the firm had net assets of £1,692,997 (2016 - £713,119).

For the year the firm had a pre-tax profit £575,856 (2016 loss - £24,564 profit), primarily due to an increase in turnover by 58%.

On behalf of the board



S Roberts

Director

28/03/2018

ADMIRAL MARKETS UK LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

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	(Resigned 31 July 2017)
S Roberts	(Appointed 1 June 2017)
S Ayme	(Appointed 1 June 2017)
C Shepherd	(Appointed 1 July 2017)
S Bogatenkov	(Appointed 1 September 2017)

Results and dividends

The results for the year are set out on page 7.

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

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 2017

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:

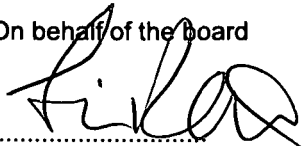
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



S Roberts

Director

Date:

28/03/2018

ADMIRAL MARKETS UK LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADMIRAL MARKETS UK LTD

Opinion

We have audited the financial statements of Admiral Markets UK Ltd (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the 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 United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

ADMIRAL MARKETS UK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ADMIRAL MARKETS UK LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



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

28/03/2018

Chartered Accountants
Statutory Auditor

43 - 45 Dorset Street
London
W1U 7NA

ADMIRAL MARKETS UK LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	5,513,175	3,493,108
Cost of sales		(634,459)	(515,396)
Gross profit		4,878,716	2,977,712
Administrative expenses		(4,313,576)	(3,005,014)
Operating profit/(loss)	4	565,140	(27,302)
Interest receivable and similar income	7	10,716	2,738
Profit/(loss) before taxation		575,856	(24,564)
Tax on profit/(loss)	8	(145,978)	(8,957)
Profit/(loss) for the financial year		429,878	(33,521)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

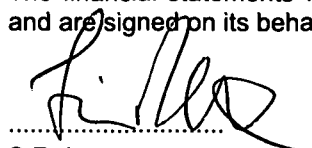
ADMIRAL MARKETS UK LTD

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	9		73,354		84,537
Current assets					
Debtors	11	631,879		312,241	
Cash at bank and in hand		2,943,427		824,966	
		3,575,306		1,137,207	
Creditors: amounts falling due within one year	12	(1,955,663)		(508,625)	
Net current assets			1,619,643		628,582
Total assets less current liabilities			1,692,997		713,119
Capital and reserves					
Called up share capital	13	1,250,000		700,000	
Profit and loss reserves	14	442,997		13,119	
Total equity			1,692,997		713,119

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



S Roberts
Director

Company Registration No. 08171762

ADMIRAL MARKETS UK LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2016		377,501	46,640	424,141
Year ended 31 December 2016:				
Loss and total comprehensive income for the year		-	(33,521)	(33,521)
Issue of share capital	13	322,499	-	322,499
Balance at 31 December 2016		700,000	13,119	713,119
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	429,878	429,878
Issue of share capital	13	550,000	-	550,000
Balance at 31 December 2017		1,250,000	442,997	1,692,997

ADMIRAL MARKETS UK LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	19		1,578,798		(977,649)
Income taxes paid			(5,603)		(8,957)
Net cash inflow/(outflow) from operating activities			1,573,195		(986,606)
Investing activities					
Purchase of tangible fixed assets		(15,450)		(29,225)	
Interest received		10,716		2,738	
Net cash used in investing activities			(4,734)		(26,487)
Financing activities					
Proceeds from issue of shares		550,000		322,499	
Net cash generated from financing activities			550,000		322,499
Net increase/(decrease) in cash and cash equivalents			2,118,461		(690,594)
Cash and cash equivalents at beginning of year			824,966		1,515,560
Cash and cash equivalents at end of year			2,943,427		824,966

ADMIRAL MARKETS UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017

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 at bank and in hand

Cash at bank and in hand 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 2017

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 2017

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 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.10 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.

1.11 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.

1.12 Leases

ADMIRAL MARKETS UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

1.13 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.

1.14 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 2017, amounts held by the Company on behalf of clients in accordance with the Client Assets Rules of the Financial Conduct Authority amounted to £18,660,740 (2016: £13,338,435).

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:

	2017 £	2016 £
Turnover analysed by class of business		
Fees receivable	5,513,175	3,493,108
	<u> </u>	<u> </u>
	2017 £	2016 £
Other significant revenue		
Interest income	10,716	2,738
	<u> </u>	<u> </u>
	2017 £	2016 £
Turnover analysed by geographical market		
UK	5,513,175	3,493,108
	<u> </u>	<u> </u>

ADMIRAL MARKETS UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

4 Operating profit/(loss)

	2017	2016
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange gains	(54,555)	(71,804)
Fees payable to the company's auditor for the audit of the company's financial statements	25,400	13,800
Depreciation of owned tangible fixed assets	26,633	25,018
Operating lease charges	62,240	62,278

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £54,555 (2016 - £71,804).

5 Employees

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

	2017 Number	2016 Number
Management	3	4
Administration and marketing	51	46
	54	50

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,004,548	1,188,023
Social security costs	303,255	167,845
	2,307,803	1,355,868

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	315,310	240,119

ADMIRAL MARKETS UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

6 Directors' remuneration

(Continued)

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

	2017 £	2016 £
Remuneration for qualifying services	90,141	120,000

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	10,716	2,738

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	10,716	2,738
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8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	107,039	-
Foreign current tax on profits for the current period	38,939	8,957
Total current tax	145,978	8,957

ADMIRAL MARKETS UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Taxation

(Continued)

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

	2017 £	2016 £
Profit/(loss) before taxation	575,856	(24,564)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	110,852	(4,913)
Tax effect of expenses that are not deductible in determining taxable profit	7,572	2,948
Unutilised tax losses carried forward	(5,406)	-
Permanent capital allowances in excess of depreciation	(3,418)	(1,791)
Depreciation on assets not qualifying for tax allowances	5,127	-
Foreign current tax	38,939	8,957
Other	(7,688)	3,756
Taxation charge for the year	145,978	8,957

The company has estimated losses of £nil (2016 - £28,083) available for carry forward against future trading profits.

9 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2017	86,740	22,476	15,608	124,824
Additions	5,257	10,193	-	15,450
Disposals	-	(13,645)	-	(13,645)
At 31 December 2017	91,997	19,024	15,608	126,629
Depreciation and impairment				
At 1 January 2017	26,705	13,257	325	40,287
Depreciation charged in the year	17,932	4,799	3,902	26,633
Eliminated in respect of disposals	-	(13,645)	-	(13,645)
At 31 December 2017	44,637	4,411	4,227	53,275
Carrying amount				
At 31 December 2017	47,360	14,613	11,381	73,354
At 31 December 2016	60,035	9,219	15,283	84,537

ADMIRAL MARKETS UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	486,422	215,074
Carrying amount of financial liabilities		
Measured at amortised cost	1,745,237	451,980

11 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	391,753	94,969
Other debtors	180,404	168,182
Prepayments and accrued income	59,722	49,090
	631,879	312,241

12 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	173,201	151,835
Amounts due to group undertakings	1,405,809	211,389
Corporation tax	140,375	-
Other taxation and social security	70,051	56,645
Other creditors	87,005	31,855
Accruals and deferred income	79,222	56,901
	1,955,663	508,625

13 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
1,250,000 Ordinary shares of £1 each	1,250,000	700,000
	1,250,000	700,000

During the year the company issued 550,000 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.

14 Profit and loss reserves

ADMIRAL MARKETS UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

14 Profit and loss reserves

(Continued)

	2017 £	2016 £
At the beginning of the year	13,119	46,640
Profit/(loss) for the year	429,878	(33,521)
At the end of the year	<u>442,997</u>	<u>13,119</u>

15 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>315,310</u>	<u>240,119</u>

At the year end the company owed to Admiral Markets Group AS, the parent entity, £3,921 (2016 - £21,159) and the company was charged by Admiral Markets Group AS legal expenses of £11,254 (2016 - £nil).

At the year end Admiral Markets UK Limited owed £1,401,888 (2016 - £211,389) to a fellow subsidiary, Admiral Markets AS.

At the year end the company was owed £nil (2016 - £2,245) by a fellow subsidiary, Admiral Markets Cyprus Ltd.

At the year end the company was owed £nil (2016 - £8,175) by a fellow subsidiary, Admiral Markets Pty Ltd.

The company earned revenues from Admiral Markets AS, a fellow group undertakings in the sum of £5,200,786 (2016 - £4,264,066).

The company was charged by Admiral Markets AS marketing fees of £20,415 (2016 - £8,925), partners services £110,372 (2016 - £nil) and other operating fees of £nil (2016 - £60)

The company was charged by AM Cyprus Ltd commission fees of £436 (2016 - £1,321).

ADMIRAL MARKETS UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

16 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:

	2017 £	2016 £
Within one year	175,815	158,676
Between two and five years	307,941	324,725
	<u>483,756</u>	<u>483,401</u>

17 Events after the reporting date

There are no matters to report.

18 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.

19 Cash generated from operations

	2017 £	2016 £
Profit/(loss) for the year after tax	429,878	(33,521)
Adjustments for:		
Taxation charged	145,978	8,957
Investment income	(10,716)	(2,738)
Depreciation and impairment of tangible fixed assets	26,633	25,018
Movements in working capital:		
(Increase)/decrease in debtors	(319,638)	65,307
Increase/(decrease) in creditors	1,306,663	(1,040,672)
Cash generated from/(absorbed by) operations	<u>1,578,798</u>	<u>(977,649)</u>

ADMIRAL MARKETS UK LTD

PILLAR 3 DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2017

- Introduction

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 Limited.

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.

Governance Framework

Mr S Roberts, Mr S Ayme, Mr C Shepherd, Mr S Bogatenkov, 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.

ADMIRAL MARKETS UK LTD

PILLAR 3 DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2017

- 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 an "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.

- Regulatory capital

The Firm is a privately incorporated 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 2017 £'000s
Common Equity Tier 1 capital	£1,263
Tier 1 capital	£1,263
Own funds	£1,263
Core Tier 1, Common Equity Tier 1 and Total Capital Ratio	10.97%

Following the year-end, the firm have sought to increase their capital resources further. This will arise through a capital injection of £500k along with the auditing of FY 2017 profits of c.£550k to take Tier 1 capital to just over £2,300k.

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.

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.

ADMIRAL MARKETS UK LTD

PILLAR 3 DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2017

The Own Funds of the Firm are £1,263,119, made up of Ordinary Share Capital plus retained earnings. This compares to a base requirement of £111k (being the GBP equivalent of EUR125k) which leaves a surplus of £1,152k. 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 10.97% giving a surplus of £341,670.

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 Capital Requirement: £370,151

FX Risk Capital Requirement: £102,151

Fixed Overhead Requirement: £921,449

- 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.

Risk Management Objective

The Firm has a risk management objective to develop systems and controls to mitigate risk to within its conservative risk appetite.

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.

ADMIRAL MARKETS UK LTD

PILLAR 3 DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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.

ADMIRAL MARKETS UK LTD

PILLAR 3 DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2017

- *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 £'000s	Fair value of encumbered assets	Carrying amount of unencumbered assets £'000s	Fair value of unencumbered assets
Assets	86		22,238	
Equity instruments				
Debt securities				
Loans and advances				
Other assets	86		22,238	

- *Disclosures*

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 an A rated UK and European banks.

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.

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.

ADMIRAL MARKETS UK LTD

PILLAR 3 DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2017

- 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 dis-applied certain provisions in accordance with FCA and CEBS/EBA guidance. The Managing Board will review any provisions, which have been dis-applied 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

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 2017.

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 2017 was £307,310.