

Company Registration No. 03699618 (England and Wales)

INTERACTIVE INVESTOR TRADING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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INTERACTIVE INVESTOR TRADING LIMITED

COMPANY INFORMATION

Directors

B Bicknell

R Wilson

Company number

03699618

Registered office

Standon House

21 Mansell Street

London

E1 8AA

Auditors

RSM UK Audit LLP

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

INTERACTIVE INVESTOR TRADING LIMITED

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INTERACTIVE INVESTOR TRADING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Principal activities

The business of the Company is the provision of direct to investor investment services through its Interactive Investor and Shareprice own brands and via its white label programme.

The Company is regulated by the Financial Conduct Authority.

Review of the business and future developments

We are pleased to report revenue is up 10% to £14.6m. Transaction volumes have increased considerably as investor uncertainty has eased and we have experienced rising stock market valuations. Whilst we have also experienced a decrease in interest income as a result of the decision by the Bank of England to cut base rate, the overall impact has been positive.

Increased revenue combined with a continued focus on cost efficiencies has resulted in a 22% increase in profit before tax to £3.1m

On the 2nd June 2017 Interactive Investor Limited, the parent undertaking, completed its acquisition of TD Wealth Holdings (UK) Ltd and Internaxx Bank SA. As a result of this acquisition, the Board is reviewing its future operating model to allow it to eliminate cost duplications that now exist within the group. The Board has also decided to withdraw from its existing white label arrangements to enable the Company to focus on its core proposition. The Company is currently in negotiations with its white label partners to terminate the existing arrangements.

Monitoring and managing risk

The Directors of Interactive Investor Trading Limited constantly monitor and manage various operating, market and financial risks. The risk implications of all significant business decisions and inherent business risks are reassessed on a regular basis to ensure that changes in the operational or external environment are identified and appropriately managed.

The key risks are as follows:

Operational

A system failure of our broking platform is considered a key risk. To mitigate this risk, data recovery procedures have been set up and the source code for this system securely stored off site.

INTERACTIVE INVESTOR TRADING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

Market

Trade volumes are susceptible to a decline, due to instability in the market, a change in legislation or a change in FCA requirements. To mitigate this risk, the Directors consider the current pricing model in terms of competitors and constantly assess the potential impact of legislative and FCA requirements on the current offering. This combined with a vigilant compliance process ensures the Company can respond appropriately.

Financial

The Company faces exposure to interest rate fluctuations or liquidity shortages. The Directors have implemented a robust treasury policy and regularly review the credit worthiness of financial institutions where funds are held. The Company manages its liquidity risk through the use of regularly updated cash flow forecasts and liquidity headroom analysis to determine funding requirements.

Key Performance Indicators

The Directors use the following measures to judge performance:

	2017	2016
Earnings before interest tax, depreciation and amortisation	£3.325m	£2.863m
Assets under management	£4,930m	£3,371m

This report was approved by the board on 17 October 2017 and signed on its behalf:



B Bicknell

Director

INTERACTIVE INVESTOR TRADING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The Directors present their report and financial statements for the year ended 30 June 2017

Results and dividends

The results for the year are set out on page 10.

No interim dividend of has been paid during the year (2016: nil). The Directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 July 2016:

A Seale (resigned 27th March 2017)

B Bicknell

R Wilson (appointed 7th September 2017)

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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.

INTERACTIVE INVESTOR TRADING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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.

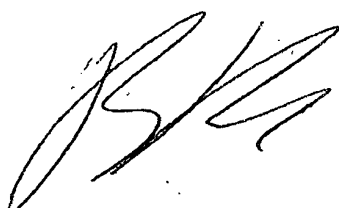
Statement of disclosure to auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as the 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.

Matters of strategic importance

Information is not shown within the Directors' Report as it is instead included within the Strategic Report in pages 3 to 4, under section 414C(11) of the Companies Act 2006.

On behalf of the board



B Bicknell

Director

17 October 2017

INTERACTIVE INVESTOR TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERACTIVE INVESTOR TRADING LIMITED

Opinion

We have audited the financial statements of Interactive Investor Trading Limited (the 'Company') for the year ended 30 June 2017 which comprise statement of financial position, statement of comprehensive income, statement of changes in equity 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 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 were:

- 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.

INTERACTIVE INVESTOR TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERACTIVE INVESTOR TRADING LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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.

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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

INTERACTIVE INVESTOR TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERACTIVE INVESTOR TRADING LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 5 to 6, 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.



David Fenton (Senior Statutory Auditor)

18/10/2017

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
25 Farringdon Street,
London,
EC4A 4AB

INTERACTIVE INVESTOR TRADING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Turnover	3	14,645,146	13,332,945
Cost of sales		(2,353,749)	(2,082,490)
Gross profit		12,291,397	11,250,455
Administrative expenses		(9,193,016)	(8,702,900)
Operating profit		3,098,381	2,547,555
Interest receivable		-	-
Profit on ordinary activities before taxation	4&5	3,098,381	2,547,555
Tax on profit on ordinary activities	6	-	-
Total comprehensive income for the year		3,098,381	2,547,555

The turnover and operating profit for the year arise from the Company's continuing operations.

The notes on pages 13-24 form part of these financial statements.

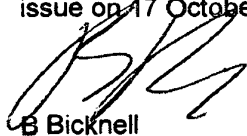
INTERACTIVE INVESTOR TRADING LIMITED

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Fixed assets			
Intangible assets	7	977,511	1,203,722
Tangible assets	8	-	-
		<u>977,511</u>	<u>1,203,722</u>
Current assets			
Debtors: amounts falling due within one year	9	12,928,230	10,326,092
Cash at bank and in hand		2,420,564	1,271,356
		<u>15,348,794</u>	<u>11,597,448</u>
Creditors: amounts falling due within one year	10	(835,250)	(504,821)
		<u>14,513,544</u>	<u>11,092,627</u>
Net current assets			
		14,513,544	11,092,627
Provisions	11	(140,000)	-
		<u>15,491,055</u>	<u>12,296,349</u>
Total assets less current liabilities			
		<u>15,491,055</u>	<u>12,296,349</u>
Capital and reserves			
Called up share capital	13	2,880,000	2,880,000
Profit and loss account	14	12,611,055	9,339,766
Other Reserves	14	-	76,583
		<u>15,491,055</u>	<u>12,296,349</u>
Shareholders' funds			
		<u>15,491,055</u>	<u>12,296,349</u>

The financial statements on pages 10 to 24 were approved by the Board and authorised for issue on 17 October 2017 and signed on its behalf by:



B Bicknell

Director

Company Registration No. 03699618

INTERACTIVE INVESTOR TRADING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Called up Share Capital £	Retained Earnings £	Other Reserves £	Total £
Balance as at 01 July 2015		2,880,000	6,792,211	90,802	9,763,013
Profit for the year		-	2,547,555	-	2,547,555
Share based payments		-	-	(14,219)	(14,219)
Balance as at 30 June 2016	13&14	<u>2,880,000</u>	<u>9,339,766</u>	<u>76,583</u>	<u>12,296,349</u>
Balance as at 01 July 2016		2,880,000	9,339,766	76,583	12,296,349
Profit for the year		-	3,098,381	-	3,098,381
Share based payments		-	-	96,325	96,325
Reserves transfer		-	172,908	(172,908)	-
Balance as at 30 June 2017	13&14	<u>2,880,000</u>	<u>12,611,055</u>	<u>-</u>	<u>15,491,055</u>

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 ACCOUNTING POLICIES

1.1 GENERAL INFORMATION

Interactive Investor Trading Limited is a limited liability company incorporated in England. The Registered Office is Standon House, 21 Mansell Street, London, E1 8AA.

1.2 STATEMENT OF COMPLIANCE

The financial statements of Interactive Investor Trading Limited have been prepared in compliance with the Companies Act 2006, including the provisions of the large and medium-sized companies and groups (accounts and reports) regulations 2008, applicable accounting standards in the United Kingdom and Financial Reporting Standard 102 ("FRS 102"), and under historical cost convention, as it applies to the financial statements for the year ended 30 June 2017.

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

1.4 REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

1. Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
2. Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
3. Section 33 'Related Party Disclosures' – Compensation for key management personnel
4. Section 26 'Share Based Payments' – reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash settled share based payment, explanation of modifications to arrangements.

The financial statements of the Company are consolidated in the financial statements of Interactive Investor Limited. The consolidated financial statements of Interactive Investor Limited are available from its registered office, Standon House, 21 Mansell Street, London E1 8AA

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1.5 GOING CONCERN

The Company is a wholly owned subsidiary of Interactive Investor Limited (formerly known as Interactive Investor Plc).

The Group have prepared detailed forecasts and projections for the period beyond 12 months from the date of approval of these accounts. These projections show the Group (and hence Company) should be able to operate within the level of its current term facility. The Company and its fellow trading Group Companies will continue to be reliant on each other. Where there is formal agreement between the parties that intra group loans are not repayable for a period which extends greater than one year after the balance sheet date, these amounts are classified as due after more than one year.

The Parent Company has undertaken to provide additional capital to its wholly owned subsidiaries to fund their operations going forward as required. It has also undertaken to underwrite the costs of services incurred by its wholly owned subsidiaries in the conduct of their business.

Having considered fully the above, the Directors have a reasonable expectation that the Group (and hence Company) has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.6 FUNCTIONAL CURRENCY

The financial statements are presented in sterling which is also the functional currency of the Company. Monetary amounts are rounded to the nearest £.

1.7 TURNOVER

Turnover represents the amounts (excluding value added tax) derived from trading transactions without deduction for related direct costs.

Transactions-related revenue is derived from the following types of transactions: initial and trail commission from the sale of unit trusts and ISA's, commissions on equity and derivative trades and a share of interest margin on client cash deposits held in investment accounts. All transactions-related revenue is billed and recognised as revenue in the period that the transaction occurs.

Annual and quarterly account fees are accounted for on a time apportioned basis.

1.8 INTANGIBLE FIXED ASSETS AND AMORTISATION

The external and internal costs associated with the development and procurement of significant technology systems are capitalised when it is possible that the expected future economic benefit of the system will flow to the Company. They are stated at cost less accumulated depreciation. Development and software costs are written off in equal instalments over its estimated useful economic life of 3 years. All intangible assets are assessed for impairment. The acquisition of Motley Fool clients are amortised over 7 years.

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1.9 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33.33% straight line
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1.10 DEFERRED TAXATION

Deferred taxation is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events that may result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are only recognised when it is more likely than not that they will be recovered.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.11 INTEREST

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

1.12 FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(A) FINANCIAL ASSETS

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

(B) FINANCIAL LIABILITIES

Financial instruments are classified as liabilities and equity instruments 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.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Own shares

The fair value of consideration given for shares repurchased by the Company is deducted from equity.

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

De-recognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.13 PROVISIONS

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the entity expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

1.14 TAXATION

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the statement of financial position date.

1.15 SHARE OPTIONS

Certain Group employees, including Directors, are rewarded with share-based instruments. In accordance with the requirements of FRS 102 Section 26, the Group has applied FRS102 Section 26 to all equity settled share options granted after 7 November 2002 that were unvested at 1 July 2006. These share-based instruments are stated at fair value at the date of grant and this is expensed on a straight-line basis over the estimated vesting period. The fair value calculation is based upon the Group's estimate of shares that will eventually vest. Fair value is estimated using the Black-Scholes-Merton valuation model. The estimated life of the instrument used in the model is adjusted for management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. As at the year end all share options had vested.

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

2 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

1. Revenue recognition – note 1

The majority of revenues are transactional based and are recorded in the period in which the transaction takes place. However some revenue streams are recurring, representing fees charged for services provided by the Company. There is a risk that some of these fees, recognised on an accruals basis, may be adjusted in the event of any bad debts that arise.

2. Assessment of useful lives of intangible assets – note 7

The useful lives of intangible assets are assessed regularly. Accordingly, the carrying value of the asset will be adjusted if the period over which an asset is expected to be available for use by an entity diminishes or if the value in use to the business becomes obsolete.

3. Provisions – note 11

Management exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation, outstanding claims other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

3 TURNOVER

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	2017	2016
	£	£
Profit on ordinary activities before tax is stated after charging:		
Amortisation of intangible assets	218,599	303,844
Depreciation of tangible assets	-	92
Loss on disposal of intangible assets	7,612	11,857

5 AUDITORS REMUNERATION

In both years, the auditor's remuneration was charged to the Parent Company. Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows;

	2017	2016
	£	£
Audit Services - Statutory Audit	40,000	62,000
Other Services:		
Tax services	15,000	23,250
Other services	45,823	49,950
	<u>100,823</u>	<u>135,200</u>

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

6 TAXATION

	2017 £	2016 £
Total current tax	-	-
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	3,271,289	2,547,555
Profit on ordinary activities before taxation multiplied by the effective rate of UK corporation tax of 20.00% (2016- 20.75%)	654,258	509,511
Effects of:		
Non-deductible expenses		(2,848)
Depreciation add back	-	-
Capital allowances	-	-
Depreciation in excess of capital	-	-
Deferred tax not recognised		1,101
Group tax losses received	(654,258)	(507,768)
	(654,258)	(509,511)
Total tax charge	-	-

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

7 INTANGIBLE FIXED ASSETS

	Goodwill £	Development £	Software £	Total £
Cost				
At 1 July 2016	1,469,656	17,056	189,037	1,675,749
Disposals	(10,840)	-	-	(10,840)
	<u>1,458,816</u>	<u>17,056</u>	<u>189,037</u>	<u>1,664,909</u>
At 30 June 2017				
Amortisation				
At 1 July 2016	276,878	9,912	185,237	472,027
Charge for the year	209,950	4,849	3,800	218,599
Disposals	(3,228)	-	-	(3,228)
	<u>483,600</u>	<u>14,761</u>	<u>189,037</u>	<u>687,398</u>
At 30 June 2017				
Net book value				
At 30 June 2017	<u>975,216</u>	<u>2,295</u>	<u>-</u>	<u>977,511</u>
At 30 June 2016	<u>1,192,778</u>	<u>7,144</u>	<u>3,800</u>	<u>1,203,722</u>

8 TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
At 1 July 2016	254,912
Disposals	-
	<u>254,912</u>
At 30 June 2017	
Depreciation	
At 1 July 2016	254,912
Charge for the year	-
	<u>254,912</u>
At 30 June 2017	
Net book value	
At 30 June 2017	<u>-</u>
At 30 June 2016	<u>-</u>

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

9 DEBTORS

	2017 £	2016 £
Trade Debtors	2,849	-
Amounts recoverable from group undertakings in normal course of business	11,487,717	8,884,612
Other Debtors	129,600	144,024
Prepayments and accrued income	1,308,064	1,297,456
	<u>12,928,230</u>	<u>10,326,092</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	244,227	131,138
Taxes and social security costs	1,536	75,683
Accruals and deferred income	589,487	298,000
	<u>835,250</u>	<u>504,821</u>

11 PROVISIONS

The movement in provisions during the year ended 30 June 2017 is as follows:

	2017 £	2016 £
At 1 July 2016	-	-
Arising during the year	140,000	-
	<u>140,000</u>	<u>-</u>
At 30 June 2017	<u>140,000</u>	<u>-</u>

Provisions arising during the year include provisions for outstanding tax claims and related legal and professional fees.

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

12 FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial Assets		
Measured at amortised cost	12,904,001	10,299,184
Financial Liabilities		
Measured at amortised cost	506,271	328,939
Other financial liabilities	1,536	75,683

13 SHARE CAPITAL

	2017 £	2016 £
Allotted, called up and fully paid		
2,880,000 Ordinary Shares of £1 each	2,880,000	2,880,000

The Ordinary shares carry the rights to distributable profits, and, on a winding-up, to all surplus capital remaining after the payment of all other debts and liabilities and preferential obligations.

14 RESERVES

OTHER RESERVES

Other reserves relate to the share based payments

RETAINED EARNINGS

Retained earnings includes all the current and prior period retained profit and losses.

15 STAFF COSTS

The only employees of the Company are the directors, of whom there were 2 in the year (2016: 2). Directors are remunerated by Capital Accumulation Services Limited, a fellow Group Company.

INTERACTIVE INVESTOR TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

16 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Interactive Investor Limited (formerly Interactive Investor PLC) the Company is exempt from the requirements of section 33 of FRS102 to disclose transactions with other wholly owned members of the group.

17 CONTROLLING PARTY

The immediate Parent Company is Interactive Investor Limited (formerly Interactive Investor PLC), a company registered in England and Wales.

Interactive Investor Limited prepares group financial statements and copies can be obtained from Standon House, 21 Mansell Street, London, E1 8AA.

No one individual is considered to have overall control of Interactive Investor Limited.

18 OTHER FINANCIAL ASSETS

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Investor Nominees Ltd	England and Wales	Ordinary	100
Interactive Markets Ltd	England and Wales	Ordinary	100
Investor SIPP Trustees Ltd	England and Wales	Ordinary	100
Interactive Investor Services Ltd	England and Wales	Ordinary	100
Interactive Investor Services Nominees Ltd	England and Wales	Ordinary	100