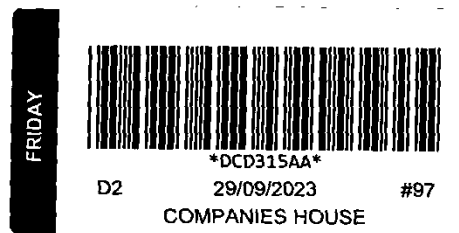


## **TICKMILL UK LTD**

### **REPORT AND FINANCIAL STATEMENTS** 31 December 2022



# **TICKMILL UK LTD**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2022

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## **TICKMILL UK LTD**

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### **BOARD OF DIRECTORS AND OTHER OFFICERS**

**Board of Directors:**

Mr. Ingmar Mattus  
Mr. Duncan Innes Spence Anderson  
Mr. Illimar Mattus  
Mrs. Baldish Kaur Pone  
Mr. Derek Graeme Wilks

**Company Secretary:**

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

**Independent Auditors:**

BDO LLP  
55 Baker Street,  
London W1U 7EU

**Parent Company:**

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

**FCA Number:**

717270

**Registered office:**

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

**Bankers:**

Barclays Bank PLC  
PKO Bank Polski  
Deutsche Handelsbank AG  
National Westminster Bank  
Raiffeisen Bank International

**Company number:**

09592225

# TICKMILL UK LTD

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## STRATEGIC REPORT

The directors present their strategic report on the Company for the year ended 31 December 2022.

### Principal activities

Tickmill UK Ltd ("Tickmill", "Tickmill UK" or "the Company") is a global provider of trading services and solutions, specialising in over the counter ("OTC") markets to private, retail high net worth and professional clients. Tickmill offers customers access to a diverse range of over 200 financial products, including foreign exchange (or forex), indices, commodities and bonds via contracts for differences, or ("CFDs"), which are investment products with returns linked to the performance of an underlying commodity, index, equity or security.

The Company also offers Exchange Traded Derivates ("ETD's") to its retail and professional customers, allowing them to trade futures and options on a number of contracts including indices and commodities.

It is the intention of the Company to further increase the number of products offered in 2023.

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

The ultimate shareholder is Tickmill Group Limited, a financial holding company incorporated in the Isle of Man and which owns and controls 100% of the shares in Tickmill.

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

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

### Business review and Key Performance Indicators

The primary Key Performance Indicators that management of the Company use to monitor its business and performance are capital employed, trading volume and profitability.

For the year ended 31 December 2022 the Company's return on capital employed was 5% (2021: 9.4%) and client money under management at 31 December 2022 were £16.7m (2021: £16.4m).

The trading volume of the Company for the year was USD 189 billion of notional value (2021: USD 195 billion) and revenues for the year were £6,177,197 (2021: £7,688,763). Whilst the Company saw a fall in trading revenues as a result of a different mix of traded products, costs were kept under control to allow it to deliver positive results in terms of profitability as operating profit for the year was £809,782 (2021: £1,509,981).

Against the backdrop of challenging trading and regulatory conditions and significant geo-political factors and influences, management is encouraged by the results for the year which continue to demonstrate how Tickmill's investment in new products and services and its continued commitment to driving excellence in technology, product offering, customer service and people will ensure that it continues to expand its business activities and deliver increased shareholder value.

## STRATEGIC REPORT (continued)

### Going concern

Management has assessed going concern, by preparing and reviewing financial and cash flow forecasts for a period of at least 12 months following the date of these financial statements. It has considered a number of stress scenarios that would result in a significant impact to key drivers of the business including operational capability, demand driven factors, as well as liquidity aspects. In assessing whether it is appropriate to adopt the going concern basis in preparing the Financial Statements, the Directors have considered the resilience of the Company, taking into account its liquidity position and cash generation and the adequacy of its capital resources.

The Directors strongly believe that the Company is a going concern and the Financial Statements are prepared on that basis. This treatment reflects the reasonable expectation that the Company has adequate resources to continue in business for the foreseeable future.

### Principal risks and uncertainties

The Company's capital requirements are calculated in accordance with the FCA regulations and the Company's capital is monitored on an ongoing basis to detect any changes within the business note 6 of the financial statements.

The principal risks that the Company faces are Regulatory Risk, Credit Risk, Counterparty Risk, Market Risk, Reputational Risk, Liquidity Risk, Operational Risk and Business Risk.

#### ***Regulatory Risk***

Regulatory risk is the risk that the regulatory environment in any of the jurisdictions in which Tickmill UK currently operates, or may wish to operate, changes in such a way that it adversely affects the Company's business or operations, through additional costs or increases in capital and liquidity requirements and a decrease in revenue. The Company operates in a highly regulated environment which is continually evolving.

The Company maintains a strong relationship with its regulator and has an active dialogue with it to keep abreast of impending regulatory developments.

Within the regulatory risk environment, the Company also includes the risk of significant adverse changes in the way in which the Company is subject to taxation. The Company has considered the proposed increases in the corporation tax rate to 25% in 2023 but it does not believe this will adversely affect the business.

#### ***Credit and Counterparty Risk***

Credit Risk is the risk that counterparties will fail to pay monies due to the Company.

The Company's Clients are not permitted to begin trading until such time as sufficient funds have been deposited into their accounts. The Company operates a strict Margin Call Policy, where timely alerts are sent to Clients where a Margin Call has been triggered. Further, where a Margin Call is not honoured, client positions will be closed automatically at pre-set levels if existing positions continue to deteriorate.

The Company has a credit exposure to the banks with which it deposits funds and with the counterparties to whom it posts collateral for hedging purposes and it has in place appropriate client money acknowledgement letters from its client banks.

The Board assesses counterparties on the basis of their business model, their regulatory status and perceived level of risk they pose.

# TICKMILL UK LTD

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## STRATEGIC REPORT (continued)

### ***Market price risk***

Market risk is the vulnerability of the Company to movements in the value of financial instruments held either by itself, or by its clients. The Company's business arrangements have been designed to ensure that all trades are fully matched and if a client order cannot be matched it will not be executed. Various clauses in the client facing terms and conditions also allow the Company to cancel trades in the event of a systematic or platform failure.

The Company has exposures to currency mismatch risk through its normal course of business. This risk arises if obligations (i.e. money obligations) owed to clients in one currency are secured by deposits in a different currency and the exchange rate between these two currencies changes.

### ***Reputational Risk***

Reputational risk is the risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether justified or unjustified) that may lead to a reduction in clients, a reduction in revenue and the potential for legal claims against the Company.

### ***Liquidity risk***

Liquidity risk is defined as the Company, although solvent, being unable to meet the Company's financial requirements as they fall due. Liquidity risk is managed principally by holding cash and other easily realisable liquid assets. The Company's policy is to carry a significant amount of its total assets in liquid form.

Liquidity Risk could however arise where the income and revenue streams are either lost completely or are severely reduced as a result of, for example, a marked turndown in the market for a prolonged period or a continued period of recession.

The assessment of liquidity requirements is presented in the Company's ICARA and considers the basic and additional needs from ongoing activities and wind-down planning.

### ***Operational Risk***

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk, tax and financial crime risks, but excludes reputational, business and strategic risk.

The Company's operations are exposed to technology risk relating to the trading platform and internal systems. System monitoring is undertaken regularly to ensure maximum system uptime as well as robust planned maintenance processes. This risk is mitigated by the Company's ability to make use of wider and more extensive IT resources including IT Support to IT Development to assist with any incident. Mission critical software is deployed in more than one location which minimises the extent of platform outage should a single server fail. The Company uses system backups which are also replicated to a secondary data centre at the time of backup. A contingency plan for the interruption of the dealing operation is covered in the Company's Business Continuity plan. Furthermore, the plan can be implemented at different phases depending upon the level of disruption.

### ***Business Risk***

The Company operates in an environment characterised by intense competition, rapid technological change and a continually evolving regulatory framework. Failure to adapt to changing market dynamics, customer requirements, or the way markets and their participants are regulated constitutes a significant long-term risk.

The Company's main strategy for managing and mitigating these risks is through the continued development of its electronic brokering capability, active management of client relationships and by keeping abreast of all relevant regulatory reforms affecting the operation of financial markets.

## STRATEGIC REPORT (continued)

### Section 172 Statement

Section 172 of the Companies Act 2006 requires that the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to the factors listed below:

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

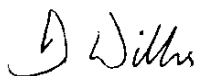
The Directors of the Company acknowledge their duty to promote the success of the company for the benefit of shareholders as a whole, having regard to a number of broader matters including the likely consequences of decisions for the long term, the need to act fairly between members of the company, and the company's wider relationships including those with the regulator and the financial institutions with which it cooperates. This is to ensure that any engagement with the Company's stakeholders is considered effective and will contribute in a sustainable way to the Company's long-term strategy. The Board is always alert in identifying and resolving any issues that might arise with customers, employees or any other stakeholder and receives regular updates from management to ensure that these issues will not negatively impact the Company.

### Climate Change

Given the nature of the Company's business and operations, we do not consider the impact of climate change on the Company to be significant in this reporting period.

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

On behalf of the directors,



Derek Graeme Wilks

26 April 2023

# **TICKMILL UK LTD**

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## **DIRECTORS' REPORT**

The Company number is 09592225.

### **Directors**

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

- Mr. Ingmar Mattus
- Mr. Derek Graeme Wilks
- Mr. Illimar Mattus
- Mr. Duncan Innes Spence Anderson
- Mrs. Baldish Kaur Pone

### **Risks associated to financial instruments**

An assessment of the risks associated with the financial instruments of the Company is given in note 6 of the financial statements.

### **Dividends**

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

### **Post balance sheet events**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

### **Likely future developments**

Information on likely future developments of the Company are disclosed in the strategic report.

### **Indemnity of directors**

The Company has indemnified the directors of the Company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

### **Disclosure of information to the auditors**

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

### **Auditor**

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



## DIRECTORS' REPORT (continued)

### Statement of the members of the board of directors responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS') in conformity with the requirements of the Companies Act 2006 and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ('IFRS') in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the directors,



Derek Graeme Wilks  
Director

26 April 2023

## **Independent Auditor's Report to the members of Tickmill UK Ltd**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tickmill UK Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cashflows 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 UK adopted international accounting standards.

### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

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.

### **Conclusions relating to going concern**

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

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## **Independent Auditor's Report to the members of Tickmill UK Ltd (continued)**

### **Other information**

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

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

We have nothing to report in this regard.

### **Other Companies Act 2006 reporting**

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

- 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.

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

## **Independent Auditor's Report to the members of Tickmill UK Ltd (continued)**

### **Responsibilities of Directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

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

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

## **Independent Auditor's Report to the members of Tickmill UK Ltd (continued)**

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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

DocuSigned by:

*Simon Peter Fowles*

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Simon Fowles (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
26 April 2023

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

# TICKMILL UK LTD

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2022

	Note	2022 £	2021 £
<b>Revenue</b>		<b>6,177,197</b>	7,688,763
Other operating income	8	<b>305,838</b>	-
Administration expenses	9	<b>(5,673,253)</b>	(6,178,782)
<b>Operating profit</b>		<b>809,782</b>	1,509,981
Finance income		<b>10,163</b>	91
Finance costs		<b>(33,044)</b>	(29,071)
Net finance costs	11	<b>(22,881)</b>	(28,980)
<b>Profit before tax</b>		<b>786,901</b>	1,481,001
Tax	12	<b>(143,617)</b>	(211,830)
<b>Net profit for the year</b>		<b>643,284</b>	1,269,171
<b>Other comprehensive income</b>		-	-
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<b>643,284</b>	1,269,171

The notes on pages 16 to 36 form an integral part of these financial statements.


# TICKMILL UK LTD

## STATEMENT OF FINANCIAL POSITION

31 December 2022

	Note	2022 £	2021 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	57,524	88,414
Right-of-use assets	14	393,516	554,398
Intangible assets	15	-	32,735
		<u>451,040</u>	<u>675,547</u>
<b>Current assets</b>			
Trade and other receivables	16	3,221,263	2,021,999
Refundable taxes	22	263,775	170,772
Cash at bank and in hand	17	21,895,903	18,084,488
		<u>25,380,941</u>	<u>20,277,259</u>
<b>Total assets</b>		<u>25,831,981</u>	<u>20,952,806</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	6,740,000	6,740,000
Retained earnings		<u>9,141,471</u>	<u>8,498,187</u>
<b>Total equity</b>		<u>15,881,471</u>	<u>15,238,187</u>
<b>Non-current liabilities</b>			
Lease liabilities	19	236,658	417,366
Deferred tax liabilities	20	<u>14,381</u>	<u>20,271</u>
		<u>251,039</u>	<u>437,637</u>
<b>Current liabilities</b>			
Trade and other payables	21	9,518,763	5,101,135
Lease liabilities	19	<u>180,708</u>	<u>175,847</u>
		<u>9,699,471</u>	<u>5,276,982</u>
<b>Total liabilities</b>		<u>9,950,510</u>	<u>5,714,619</u>
<b>Total equity and liabilities</b>		<u>25,831,981</u>	<u>20,952,806</u>

On 26 April 2023 the Board of Directors of Tickmill UK Ltd authorised these financial statements for issue.

  
.....  
Mr. Derek Graeme Wilks  
Director

The notes on pages 16 to 36 form an integral part of these financial statements.

## TICKMILL UK LTD

### STATEMENT OF CHANGES IN EQUITY

31 December 2022

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2021	<u>6,740,000</u>	<u>7,229,016</u>	<u>13,969,016</u>
Comprehensive income			
Net profit for the year	-	<u>1,269,171</u>	<u>1,269,171</u>
Total comprehensive income for the year	-	<u>1,269,171</u>	<u>1,269,171</u>
<b>Balance at 31 December 2021/ 1 January 2022</b>	<u><b>6,740,000</b></u>	<u><b>8,498,187</b></u>	<u><b>15,238,187</b></u>
Comprehensive income			
Net profit for the year	-	<u>643,284</u>	<u>643,284</u>
Total comprehensive income for the year	-	<u>643,284</u>	<u>643,284</u>
<b>Balance at 31 December 2022</b>	<u><b>6,740,000</b></u>	<u><b>9,141,471</b></u>	<u><b>15,881,471</b></u>

The notes on pages 16 to 36 form an integral part of these financial statements.



# TICKMILL UK LTD

## CASH FLOW STATEMENT

31 December 2022

	Note	2022 £	2021 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>786,901</b>	1,481,001
Adjustments for:			
Depreciation of property, plant and equipment	13	36,349	35,017
Depreciation of right-of-use assets	14	160,882	163,196
Foreign exchange differences		(1,595,288)	463,648
Amortisation of computer software	15	32,735	76,151
Interest income	11	(10,163)	(91)
Interest expense	11	33,044	29,071
		<b>(555,540)</b>	<b>2,247,993</b>
<b>Changes in working capital:</b>			
(Increase)/decrease in trade and other receivables		(1,199,264)	184,518
Increase/(Decrease) in trade and other payables		<b>4,417,628</b>	<b>(2,294,023)</b>
<b>Cash generated from operations</b>		<b>2,662,824</b>	<b>138,488</b>
Interest received		10,163	91
Tax paid		<b>(241,722)</b>	<b>(278,951)</b>
<b>Net cash generated from/(used in) operating activities</b>		<b>2,431,265</b>	<b>(140,372)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment	13	<b>(5,870)</b>	(16,740)
<b>Net cash used in investing activities</b>		<b>(5,870)</b>	<b>(16,740)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of leases liabilities		<b>(191,648)</b>	(169,464)
Interest paid		<b>(33,044)</b>	(29,071)
Foreign exchange differences		<b>158,642</b>	(463,648)
<b>Net cash used in financing activities</b>		<b>(66,050)</b>	<b>(662,183)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,359,345</b>	<b>(819,295)</b>
Cash and cash equivalents at beginning of the year		<b>18,084,488</b>	18,888,365
Effect of exchange rate fluctuations on cash held		<b>1,452,070</b>	15,418
<b>Cash and cash equivalents at end of the year</b>	<b>17</b>	<b>21,895,903</b>	<b>18,084,488</b>

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

The notes on pages 16 to 36 form an integral part of these financial statements.

# TICKMILL UK LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 1. General Information

#### Country of incorporation and principal activity

The Company Tickmill UK Ltd (the "Company") was incorporated in England and Wales, United Kingdom on 14 May 2015 as a private limited liability company limited by shares. The Company operates in the United Kingdom, and its principal place of business and registered office is at 3rd Floor, 27-32 Old Jewry, London, England, EC2R 8DQ.

The Company started trading in November 2016. The Company is authorised and regulated by the Financial Conduct Authority (FCA). Its principal business activity is the provision of contracts of difference products (CFDs) and Exchange Traded Derivatives (ETDs) based on financial markets.

### 2. Basis of preparation

These financial statements have been prepared in accordance with the UK International Accounting Standards.

#### Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

#### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 7.

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

The Company has adopted all the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

### 4. Significant accounting policies

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

#### Going concern basis

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

# **TICKMILL UK LTD**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2022

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

#### **Going concern basis (continued)**

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

#### **Revenue recognition**

##### **Revenue from CFDs**

Trading revenue consists of commissions earned from the opening and closing of matched principal CFD positions which are recognised at the point of trade, these form fixed fee and spread commissions. Trading revenue also includes overnight interest on open positions of clients at the end of the day.

##### **Revenue from ETDs**

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

#### **Foreign currency translation**

The financial statements are presented in Pound sterling, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### **Income Tax**

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

The income tax expense for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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

#### **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Computer Hardware - 3 years

Furniture & Fittings - 5 years

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 4. Significant accounting policies (continued)

#### Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

#### Intangible assets

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

#### Software

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

#### Other financial assets

##### Financial assets - Measurement

Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

##### Financial assets - impairment - credit loss allowance for ECL

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 4. Significant accounting policies (continued)

#### Other financial assets (continued)

##### Financial assets - Impairment - credit loss allowance for ECL (continued)

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

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### Classification as financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

#### Trade and other receivables

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

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

#### Trade and other payables

These amounts represent liabilities for services provided to the Company prior to the end of the financial period and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### Issued capital

Ordinary shares are classified as equity.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 4. Significant accounting policies (continued)

#### Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

#### Segregated client funds

Prior to trading, the Company's clients deposit funds with the Company as margin. This balance is held as collateral against client positions and is unavailable to the Company except insofar as when a client realises a trading loss it is taken by the Company from this balance.

The Company holds money on behalf of clients in accordance with the client money rules of the UK Financial Conduct Authority (FCA). Such monies are classified as 'segregated client funds' in accordance with the relevant regulatory requirements. Segregated client funds comprise individual client funds held in segregated client money accounts. Segregated client money accounts hold statutory trust status restricting the Company's ability to control the monies and accordingly such amounts are not held on the Company's Statement of Financial Position. There is no interest paid on segregated client accounts with total balance of £16,471,773 (2021: £16,407,054).

#### Employee benefits

##### Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Unpaid contributions are recognised as a liability in the statement of financial position.

### 5. New accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 31 December 2022. The Company has assessed the impact of these and does not believe that their adoption will have a material impact on the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 6. Financial risk management

#### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and price risk), credit risk and liquidity risk. The management of these risks is disclosed below.

##### Credit risk

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

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

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

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

##### *Financial institutions credit risk*

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

Due to its matched principal broker status, the Company is obliged to match all client positions with mirror position with a third party. The Company is thus exposed to credit risk from its hedging counterparty. To mitigate the risk as far as possible, an account with a bank or financial institution will only be opened only after suitable checks have been made to assess the risk level of that entity. Credit risk of institutions holding cash deposits is mitigated by depositing cash within financially sound institutions. All of which, other than Tickmill UK Limited, are regulated by the FCA or are considered to have equivalent prudential and supervisory requirements if outside the UK. An intrusive analysis of Tickmill Limited is completed having access to its regulatory filings, annual accounts, liquidity stress test results and ICAAP document.

##### *Client credit risk*

#### CFD revenue line

The Company operates a real-time mark-to-market trading platform with clients' profits and losses being credited/debited automatically to their accounts. Under the Company's trading conditions the client cannot sustain losses exceeding the funds deposited.

As the CFD products offered by the Company are margin-traded, the Company could be exposed to client credit risk in case of sudden unexpected adverse market movements. This situation arises when the client's free equity is insufficient to cover any trading losses incurred on open positions in the case of adverse market movements. However, the Company's client credit risk exposure is limited by the automatic closing mechanism (margin call), embedded in the Trading platform.

# TICKMILL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 6. Financial risk management (continued)

#### Credit risk (continued)

*Client credit risk (continued)*

#### ETD revenue line

The Company operates a real-time mark-to-market trading platform with clients' profits and losses being credited/debited automatically to their accounts. Under the Company's trading conditions the client is liable for losses exceeding the funds deposited.

As the ETD products offered by the Company are margin-traded, the Company could be exposed to client credit risk in case of sudden unexpected adverse market movements. This situation arises when the client's free equity is insufficient to cover any trading losses incurred on open positions in the case of adverse market movements. However, the Company's client credit risk exposure is limited by the automatic closing mechanism (margin call), embedded in the Trading platform.

The Company does not hold any collateral and does not have material financial assets that are overdue and impaired at the reporting date.

#### Liquidity risk

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities at all times and the majority of cash deposits are repayable on demand.

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

31 December 2022	Carrying amounts £	Contractual cash flows £	Within 12 months £	2-5 years £
Lease liabilities	418,270	431,208	191,648	239,560
	<b>418,270</b>	<b>431,208</b>	<b>191,648</b>	<b>239,560</b>

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

#### Market risk

##### *Foreign currency risk*

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.



# TICKMILL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 6. Financial risk management (continued)

#### Market risk (continued)

##### *Foreign currency risk (continued)*

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

	2022	2021
	£	£
United States Dollars	<b>13,176,033</b>	9,671,435
Euro	<b>6,294,183</b>	5,537,597
Polish Zloty	<b>791,277</b>	1,499,491
Swiss Franc	<b>18,357</b>	-
Japanese Yen	<b>710</b>	-
	<b><u>20,280,560</u></b>	<b><u>16,708,523</u></b>

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

	Assets		Liabilities	
	2022	2021	2022	2021
	£	£	£	£
Euro	<b>6,523,710</b>	5,700,170	<b>52,365</b>	161,474
US Dollars	<b>16,277,128</b>	11,447,037	<b>9,940,882</b>	1,842,631
Japanese Yen	<b>710</b>	-	<b>915</b>	-
Swiss Franc	<b>19,156</b>	-	<b>24,532</b>	-
Polish Zloty	<b>791,277</b>	1,540,144	<b>36,962</b>	234
	<b><u>23,612,381</u></b>	<b><u>18,687,351</u></b>	<b><u>10,055,656</u></b>	<b><u>2,004,339</u></b>

# TICKMILL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 6. Financial risk management (continued)

#### Market risk (continued)

##### *Foreign currency risk (continued)*

##### Sensitivity analysis

At 31 December 2022, if the Euro, the US dollar and the Polish Zloty had strengthened or weakened by 10% against GBP with all other variables held constant, pre-tax profits and equity would have increased/ (decreased) by:

	GBP Strengthened % change	Profit before tax £	Equity £
2022			
Euro	10%	697,134	697,134
US Dollars	10%	1,794,592	1,794,592
Polish Zloty	10%	86,998	86,998
		<b>2,578,724</b>	<b>2,578,724</b>
2021			
Euro	10%	615,784	615,784
US Dollars	10%	1,067,156	1,067,156
Polish Zloty	10%	171,101	171,101
		<b>1,854,041</b>	<b>1,854,041</b>

	GBP Weakened % changed	Profit before tax £	Equity £
2022			
Euro	10%	(570,383)	(570,383)
US Dollars	10%	(1,468,303)	(1,468,303)
Polish Zloty	10%	(71,181)	(71,181)
		<b>(2,109,867)</b>	<b>(2,109,867)</b>
2021			
Euro	10%	(503,823)	(503,823)
US Dollars	10%	(873,128)	(873,128)
Polish Zloty	10%	(139,992)	(139,992)
		<b>(1,516,943)</b>	<b>(1,516,943)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2022

**6. Financial risk management (continued)****Market risk (continued)***Foreign currency risk (continued)*

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit and equity where the USD, Euro or Zloty strengthens against Sterling. A negative number indicates a decrease.

*Other market price risk*

Price risk is market risk, arising from extreme adverse market movements in the prices of open derivative positions. Due to its matched principal broker status, the Company is not exposed to any price risk.

**Fair value estimation**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all outputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company's financial assets and liabilities are shown below.

	<b>2022</b>	<b>Carrying amounts</b>
	<b>£</b>	<b>2021</b>
		<b>£</b>
<b>Financial assets (current)</b>		
Financial assets at amortised cost	<b>21,211,012</b>	17,493,765
Fair value through profit or loss	<b>3,573,188</b>	2,520,641
<b>Financial liabilities (current)</b>		
Amortised cost		
Loans and payables	<b>(9,516,565)</b>	(5,101,135)
Lease Liabilities	<b>(180,708)</b>	(175,847)

Financial assets classified at amortised cost includes collateral, held as margin on open positions, with liquidity providers to the value of £182,998 (2021: £320,520).

Financial assets at fair value through profit or loss represent offset open positions which are presented within cash held with liquidity providers as disclosed in note 17. All assets in this classification are measured at level 2.

# TICKMILL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 6. Financial risk management (continued)

#### Fair value measurements recognised in statement of financial position

The following tables detail the Company's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement.

31 December 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets				
Derivative assets	-	3,573,188	-	3,573,188
<b>Total</b>	<b>-</b>	<b>3,573,188</b>	<b>-</b>	<b>3,573,188</b>

31 December 2021	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets				
Derivative assets	-	2,520,641	-	2,520,641
<b>Total</b>	<b>-</b>	<b>2,520,641</b>	<b>-</b>	<b>2,520,641</b>

There were no transfers between levels during the financial period.

#### Offsetting financial assets and liabilities

31 December 2022	Gross amounts before any offsetting £	Off-set gross amounts in statement of financial position £	Total £
Derivative assets	3,573,188	-	3,573,188
Derivative "liability"	-	-	-

31 December 2021	Gross amounts before any offsetting £	Off-set gross amounts in statement of financial position £	Total £
Derivative assets	2,520,641	-	2,520,641
Derivative "liability"	-	-	-

#### Derivative Liability

The Company has been authorised by the FCA as a non SNI Investment Firm with a Permanent Minimum Requirement (PMR) of £750K. Under these permissions, the firm is permitted to manage risk in accordance with its capital resources.

# TICKMILL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 6. Financial risk management (continued)

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

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Incremental borrowing rate on lease liability*

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

#### *Treatment of client derivative positions*

Client derivative positions are settled daily against client cash held in segregated accounts and thus do not appear on the statement of financial position of the Company. These are therefore netted off in accordance with IAS 32, as disclosed in note 6.

### 8. Other operating income

	2022	2021
	£	£
Income from intercompany recharges	<b>305,838</b>	-
	<b>305,838</b>	-

# TICKMILL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 9. Administration expenses

	2022	2021
	£	£
Staff costs	2,335,636	2,036,182
Commission and swaps	2,616,696	1,226,319
Advertising	271,842	260,767
Immovable property tax	48,395	103,835
Insurance	37,530	33,769
Office expenses	52,307	51,898
Subscriptions and contributions	-	179
Non charitable donations	-	115
Rent of trading technologies	92,540	66,596
Staff training	8,212	3,750
Broker fees	451	1,080
Recruitment fees	15,200	40,843
IT expenses	60,078	188,732
Software licenses	283,048	457,305
Auditors' remuneration for the statutory audit of annual accounts	82,813	52,500
Legal and professional	371,085	240,377
Penalties	500	1,240
Foreign exchange differences	(1,595,311)	463,648
Business development expenses	121,945	96,773
Travelling	18,701	6,116
Irrecoverable VAT	8,109	67,673
Entertaining	17,065	12,502
Bank charges	64,442	54,396
Payment provider fees	532,003	437,823
Amortisation of computer software	32,735	76,151
Depreciation of right-of-use assets	160,882	163,196
Depreciation	36,349	35,017
	<b>5,673,253</b>	<b>6,178,782</b>

### 10. Staff costs

	2022	2021
	£	£
Salaries	2,002,339	1,758,486
Social security costs	225,570	185,296
Pensions cost	107,727	92,400
	<b>2,335,636</b>	<b>2,036,182</b>

Average number of employees:

Directors	3	3
Administration	15	18
	<b>18</b>	<b>21</b>

## TICKMILL UK LTD

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

#### 11. Finance income/(costs)

	2022 £	2021 £
<b>Finance income</b>		
Bank interest received	<u>10,163</u>	<u>91</u>
	<b>10,163</b>	<b>91</b>
<b>Finance costs</b>		
<b>Interest expense</b>		
Interest expense on lease liabilities	(15,801)	(14,329)
Bank interest paid	<u>(17,243)</u>	<u>(14,742)</u>
	<b>(33,044)</b>	<b>(29,071)</b>
<b>Net finance costs</b>	<b>(22,881)</b>	<b>(28,980)</b>

#### 12. Tax

	2022 £	2021 £
Corporation tax	143,617	281,446
Adjustment recognised for prior periods (tax relief of prior tax years)	-	(89,887)
Deferred tax - charge (Note 20)	<u>-</u>	<u>20,271</u>
<b>Charge for the year</b>	<b>143,617</b>	<b>211,830</b>

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

	2022 £	2021 £
Profit before tax	<u>786,901</u>	<u>1,481,001</u>
Tax calculated at the applicable tax rates	149,511	281,390
Tax effect of expenses not deductible for tax purposes	-	16,566
Adjustment recognised for prior periods	-	3,761
Deferred tax	(5,894)	-
Adjustment recognised for prior periods (tax relief for prior tax years)	<u>-</u>	<u>(89,887)</u>
<b>Tax charge</b>	<b>143,617</b>	<b>211,830</b>

The corporation tax rate is 19%. Finance Act 2021 increased the main rate of UK Corporation Tax from 19% to 25% effective from April 2023. This has been reflected in deferred taxes as at 31 December 2022.

## TICKMILL UK LTD

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

#### 13. Property, plant and equipment

	Furniture, Computer fixtures and Hardware office equipment		Total
	£	£	£
<b>Cost</b>			
Balance at 1 January 2021	83,265	47,919	131,184
Additions	-	16,740	16,740
<b>Balance at 31 December 2021/ 1 January 2022</b>	<b>83,265</b>	<b>64,659</b>	<b>147,924</b>
Additions	-	5,870	5,870
Disposals	-	(426)	(426)
<b>Balance at 31 December 2022</b>	<b>83,265</b>	<b>70,103</b>	<b>153,368</b>
<b>Depreciation</b>			
Balance at 1 January 2021	8,293	16,200	24,493
Charge for the year	16,653	18,364	35,017
<b>Balance at 31 December 2021/ 1 January 2022</b>	<b>24,946</b>	<b>34,564</b>	<b>59,510</b>
Charge for the year	16,649	19,700	36,349
On disposals	-	(15)	(15)
<b>Balance at 31 December 2022</b>	<b>41,595</b>	<b>54,249</b>	<b>95,844</b>
<b>Net book amount</b>			
<b>Balance at 31 December 2022</b>	<b>41,670</b>	<b>15,854</b>	<b>57,524</b>
Balance at 31 December 2021	58,319	30,095	88,414



# TICKMILL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 14. Right-of-use assets

	Office £
<b>Cost</b>	
Balance at 1 January 2021	780,172
Adjustment to right-of-use asset	<u>21,940</u>
<b>Balance at 31 December 2021/ 1 January 2022</b>	<b><u>802,112</u></b>
<b>Balance at 31 December 2022</b>	<b><u>802,112</u></b>
<b>Depreciation</b>	
Balance at 1 January 2021	84,518
Charge for the year	<u>163,196</u>
<b>Balance at 31 December 2021/ 1 January 2022</b>	<b><u>247,714</u></b>
Charge for the year	<u>160,882</u>
<b>Balance at 31 December 2022</b>	<b><u>408,596</u></b>
<b>Net book amount</b>	
<b>Balance at 31 December 2022</b>	<b><u>393,516</u></b>
Balance at 31 December 2021	<u>554,398</u>

### 15. Intangible assets

	Computer software £
<b>Cost</b>	
Balance at 1 January 2021	<u>162,518</u>
<b>Balance at 31 December 2021/ 1 January 2022</b>	<b><u>162,518</u></b>
<b>Balance at 31 December 2022</b>	<b><u>162,518</u></b>
<b>Amortisation</b>	
Balance at 1 January 2021	53,632
Amortisation for the year	<u>76,151</u>
<b>Balance at 31 December 2021/ 1 January 2022</b>	<b><u>129,783</u></b>
Amortisation for the year	<u>32,735</u>
<b>Balance at 31 December 2022</b>	<b><u>162,518</u></b>
<b>Net book amount</b>	
<b>Balance at 31 December 2022</b>	<b><u>-</u></b>
Balance at 31 December 2021	<u>32,735</u>

## TICKMILL UK LTD

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

#### 16. Trade and other receivables

	2022	2021
	£	£
Trade receivables	298,469	6,316
Trade receivables from related parties	2,749,004	1,909,499
Prepayments	150,059	92,081
Other receivables	23,731	14,103
	<b>3,221,263</b>	<b>2,021,999</b>

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

#### 17. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank	5,962,066	5,513,428
Cash held with money transfer companies	1,633,755	1,866,396
Cash held with liquidity providers	14,300,082	10,704,664
	<b>21,895,903</b>	<b>18,084,488</b>

#### 18. Issued capital

	2022	2022	2021	2021
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Ordinary shares of £1 each	<b>6,740,000</b>	<b>6,740,000</b>	6,740,000	6,740,000
<b>Issued and fully paid</b>				
Balance at 1 January	<b>6,740,000</b>	<b>6,740,000</b>	6,740,000	6,740,000
<b>Balance at 31 December</b>	<b>6,740,000</b>	<b>6,740,000</b>	6,740,000	6,740,000

#### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

#### Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and exceed the minimum capital requirements set out by the FCA. The Company held surplus capital over the FCA requirements throughout the period.

Capital is regarded as total equity, as recognised in the statement of financial position.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## TICKMILL UK LTD

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

#### 18. Issued capital (continued)

The capital risk management policy remains unchanged from the date of the Annual Report.

#### 19. Lease liabilities

	Minimum lease payments		The present value of minimum lease payments	
	2022	2021	2022	2021
	£	£	£	£
Not later than 1 year	191,648	191,648	180,708	175,847
Later than 1 year and not later than 5 years	239,560	431,208	236,658	417,366
	<b>431,208</b>	622,856	<b>417,366</b>	593,213

It is the Company's policy to lease certain office. The average lease term is 60 months. For year ended 31 December 2022, the incremental borrowing rate was 3.3% (2021: 3.3%). Interest rates are fixed at the contract date, and thus expose the Company to fair value interest rate risk. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

#### 20. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 12). The applicable corporation tax rate in the case of tax losses is 25%.

The movement on the deferred taxation account is as follows:

##### Deferred tax liability

	Temporary tax differences £
Transfer due to reclassification	20,271
<b>Balance at 31 December 2021</b>	<b>20,271</b>
<b>Balance at 31 December 2021/ 1 January 2022</b>	<b>20,271</b>
Transfer due to reclassification	(5,890)
<b>Balance at 31 December 2022</b>	<b>14,381</b>

## TICKMILL UK LTD

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

#### 21. Trade and other payables

	2022	2021
	£	£
Trade payables	100,111	77,873
Trade payables to related parties	9,029,803	4,840,403
Accruals	388,566	182,264
Other payables	283	595
	<u>9,518,763</u>	<u>5,101,135</u>

#### 22. Refundable taxes

	2022	2021
	£	£
Corporation tax	(262,987)	(170,772)
Overseas tax	(788)	-
	<u>(263,775)</u>	<u>(170,772)</u>

Overseas tax represents tax withheld due to offering of CFDs on stocks from US stock exchange.

#### 23. Dividends

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

#### 24. Related party transactions

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

The following transactions were carried out with related parties:

##### 24.1 Directors' remuneration

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

	2022	2021
	£	£
Directors' remuneration	599,361	602,084
Contributions to directors money purchase pension schemes	38,685	32,892
Other payments	4,702	3,107
	<u>642,748</u>	<u>638,083</u>

Highest paid director during the financial year ended 31st December 2022 had received a gross remuneration of £237,339 (2021: £215,004). Accrued pension amount as at 31st December 2022 £nil (2021: £nil).

# TICKMILL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 24. Related party transactions (continued)

#### 24.2 Transactions with related parties

At 31 December 2022 £1,767,497 (2021: £1,917,733) was due to Tickmill Limited, a company related by common control, resulting from credit facility provided by Tickmill Limited acting as Liquidity provider. Included also in this balance are amounts resulting from normal course of business.

During the year, the Company entered into CFD derivative contracts with Tickmill Limited, under the normal course of business to simultaneously "match" the trades of the Company's customers as required by a matched principal broker. The amount of £2,749,004 (2021: £1,890,343) was due from Tickmill Limited at 31 December 2022.

At 31 December 2022 £5,906,165 (2021: £1,745,579) was due to Tickmill Limited, under the normal course of business trading with the Company.

At 31 December 2022 £692,387 (2021: £515,101) was due to Tickmill Holdings Limited, a company with common management, under the normal course of business trading with the Company.

At 31 December 2022 £661,489 (2021: £658,320) was due to Tickmill Europe Limited, a company under common control, under the normal course of business trading with the Company. A balance of £517 was payable to Tickmill Europe Ltd resulting from transactions under the normal course of business.

At 31 December 2022 £nil (2021: £8,904) was receivable from Tickmill Asia Limited, a company under common control, resulting from transactions under the normal course of business.

#### 24.3 Receivables from related parties

<u>Name</u>	<u>Nature of transactions</u>	2022 £	2021 £
Tickmill Europe Limited	Trade	-	10,252
Tickmill Asia Limited	Trade	-	8,904
Tickmill Ltd	Trade	<b>2,749,004</b>	<b>1,890,343</b>
		<b>2,749,004</b>	<b>1,909,499</b>

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

#### 24.4 Payables to related parties (Note 21)

<u>Name</u>	<u>Nature of transactions</u>	2022 £	2021 £
Tickmill Europe Ltd	Administration services	<b>517</b>	-
Tickmill Ltd	Administration services	<b>1,767,497</b>	<b>1,917,733</b>
Tickmill Europe Ltd	Trade	<b>663,237</b>	<b>658,320</b>
Tickmill Ltd	Trade	<b>5,906,165</b>	<b>1,745,579</b>
Tickmill Holdings Ltd	Trade	<b>692,387</b>	<b>518,771</b>
		<b>9,029,803</b>	<b>4,840,403</b>

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

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

## TICKMILL UK LTD

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

#### 25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £107,727 (2021: £92,400). Contributions totaling £nil (2021: £nil) were payable to the fund at the statement of financial position date.

#### 26. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>34,000</u>	<u>26,250</u>
Fees payable to the Company's auditor for the other services to the Company:		
• Other assurance services	40,000	26,250
• Taxation services	4,150	3,900
• Other accounting services	<u>15,777</u>	<u>5,371</u>
	<u>59,927</u>	<u>35,521</u>

#### 27. Segregated client funds

The Company operates thirty (2021: twenty-nine) segregated client money bank accounts. As at 31 December 2022 the total balance of these accounts was £16,741,773 (2021: £16,407,054).

#### 28. Events after the reporting period

There were no events after the reporting period.