Company Number 09592225

Tickmill UK Ltd

Annual Report - 31 December 2020

Tickmill UK Ltd
Financial Statements 2020
Officers & Advisors

Directors

Mr. Ingmar Mattus (appointed 24 July 2020)
Mr. Duncan Innes Spence Anderson
Mr. Illimar Mattus
Mr. Mukid Chowdhury
Mrs. Baldish Kaur Pone

Company Secretary

Nominee Secretary Ltd
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United Kingdom

Registered Office

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Bankers

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Parent Company

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

Company Number

09592225

FCA Number

717270

The directors present their strategic report on the Company for the year ended 31 December 2020.

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, or OTC markets to private, retail high net worth and professional clients. Tickmill offers customers access to a diverse range of over 80 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 has also introduced Exchange Traded Derivates ("ETD's") to its retail and professional customers (from November 2020) initially offering futures on a number of contracts including indices and commodities and intend to increase the number of products offered in 2021 to include options.

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

The ultimate shareholder is Tickmill Group Limited, a financial holding company incorporated in the Isle of Man and who own and control 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

For the twelve months ended 31 December 2020, trading conditions have again been affected by significant fluctuations in market volatility as a result of the global pandemic that has dominated much of 2020. However, against this backdrop, Tickmill UK has continued to deliver increased revenues and together with the hard work across the business to drive efficiency, has delivered positive results in terms of profitability albeit at a reduced level due to costs incurred in the development of new products. Despite the fall in profitability, Tickmill UK has demonstrated that it remains on track to deliver its objective of increasing client acquisition, client activity and increasing Company profitability in future periods.

In such challenging conditions, the Company has continued its upward trajectory in delivering increased revenues compared with previous periods, whilst ensuring that it continues to invest and innovate. The Company's efforts to improve its technology, sales and marketing as well as to retain and add to the quality of its people means that the Company remains on the path of continued improvement.

The results, although lower than prior periods are encouraging and a clear demonstration of 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 Tickmill continues to deliver shareholder value. This continues to be achieved against the backdrop of challenging trading conditions and significant geo-political factors and influences.

The Company will continue as a matched principal facilitator to its customers in Contracts for Difference ("CFDs") on currency pairs, indices, commodities and bonds in line with its regulatory permissions. Following the recent regulatory changes and the more challenging business environment, the Company's decision to provide new products will enable it to diversify its business model and revenue streams.

Key Performance Indicators

The Company uses the following key performance indicators to measure its financial and operational performance on delivering the strategic goals of the business.

The following table shows the key performance indicators at 31 December 2020 against the same period in the prior year.

KPI	2020	2019	Change
Trading Volume	196 $bn	214 $bn	(8%)
Revenue	£8.4m	£7.9m	+ 6%
Operating profit	£0.8m	£3.4m	(76%)
Retail Segregated Client Balances	£19.4m	£20.0m	(3%)
Net assets	£14 m	£13.3m	+ 5.2%
Return on capital employed (ROCE)	5.7%	25.9%	(78%)
New Accounts Opened	6,618	4,699	+ 41%
Total Accounts	38,797	32,179	21%
Number of accounts > $500.00	5%	5%	0%
Number of closed trades	3.46m	2.85m	+ 21%

For the twelve months ended 31 December 2020, trading conditions have again been affected by significant fluctuations in market volatility coupled with significant global geo-political events driven by the global pandemic seen in 2020 which have resulted in a decrease in trading volumes for 2020 of approx. 8%.

As a result of the challenging trading conditions, the Company has seen a fall in client assets under management by 27% to £24.2m (2019: £33.1m)

Despite this, Tickmill, through its continued commitment to driving excellence in technology, product offering, customer service and people, has resulted in a 6% increase in revenue to £8.4m (2019: £7.9m).

The continued effectiveness of Tickmill's marketing strategies and brand value has resulted in a 41% increase in new accounts opened in 2020 of 6,618 (2019: 4,699) and total accounts increasing by 21% to 38,797 (2019: 32,178).

Operating profit has fallen by 76% to £0.8m (2019: £3.4m) as the company took new premises to accommodate the growth in headcount both current and forecasted and as a result of the significant investment made by the company in both technology and people to launch the ETD business line.

Global Pandemic

On 31 December 2019, the World Health Organisation ("WHO") were alerted to cases of pneumonia detected in the city of Wuhan in China. The reported illnesses were quickly established as a new form of virus named as the Coronavirus and latterly as Covid-19.

The outbreak of the virus escalated, leading to firstly a complete "lockdown" of China, resulting in the self-isolation of the majority of the population and the shutdown of all non-essential businesses, to the global spread of the virus, resulting in a prolonged period of lockdown and self-isolation in the United Kingdom (from 23rd March 2020) and in the majority of countries in Europe and the rest of the world.

The global pandemic has resulted in a significant risk to global economies in 2020 as a result of the shutdown of businesses and resulting effect on economies from the fall in output, increase in unemployment which has required significant state interventions to support both national infrastructures as well as the economies themselves.

Global financial markets, which have remained functional throughout, have experienced significant fluctuations in volatility throughout 2020, with central bank intervention across multiple jurisdictions required to prevent disorderly market corrections and a co-ordinated reduction in interest rates to encourage global economic growth.

During the period of lockdown, Tickmill UK Ltd as well as the remainder of the Tickmill Group of companies has remained fully operational and able to service and meet all clients' needs.

Tickmill UK as well as several other market participants recorded a significant increase to trading volumes as a result of the volatility seen across all financial markets and asset classes in the first quarter of 2020 as the global pandemic took hold.

During this period, the Tickmill group of companies posted record trading volumes metrics, with the Group recording its all-time highest monthly trading volumes metric of over 150bn in notional traded volume and Tickmill UK recorded an approximate 25% increase in lots traded compared with the same period in 2019. Tickmill UK had also seen an increase in new client account openings with a 39% increase in January 2020 from the prior month and a 22% increase in February 2020 (compared to December 2019).

The resulting increase in trading volumes had seen Tickmill UK increase revenue, with Q1-2020 revenues almost 150% higher than the same period in 2019. However, as further intervention by global governments to ensure the insulation of its economies from the protracted lockdowns, volatility across all asset classes subsided resulting in lower trading volumes as normalised trading conditions returned to financial markets.

The directors have assessed the results of 2020 and the impact to the business from the lockdown and impact to working conditions and are confident that the business is both sufficiently capitalised from a regulatory capital perspective and has sufficient liquid resources to meet its obligations as they fall due.

In the longer term, Tickmill UK management anticipate that the impact of the COVID-19 vaccine rollout will see global countries emerge from lockdown and global economies will recover from the downturn seen post lockdown and both output and employment will begin to return strongly, supported by national governments intervention measures to ensure continued support for both individuals and businesses affected by the pandemic.

The going concern assessment prepared by management, has considered a number of scenarios that would result from a significant impact to key drivers of the business including operational capability, demand driven factors as well as liquidity aspects.

Management stressed the Going Concern forecasts to determine whether the Company has sufficient resources to ensure its continued operation for the next 12 months and beyond. The stress scenario included:

1. Operational capability impacts – additional costs incurred as a result of operational capability issues.
2. Market driven demand impacts – a reduction in revenues as a result of a fall in demand.
3. Liquidity and structural finance impacts – an increase in cash outflows.
4. Reverse stress test – parameters that would see the business fail.

The parameters flexed included:

Stress testing: Case 1 = Operation Capability Impact

- £100K cost impact from operational capability impacts such as costs incurred for remote working, additional staff.
- 5% increase in impact costs year on year thereafter.
- Revenues remain UNCHANGED

Stress testing: Case 2 = Market Based Demand Impact

- An impact to revenues in 2021
  - 20% reduction across ALL revenue generators:
    - FX Lots traded
    - Commission per lot charged to clients
    - Swaps earned from clients
- Subsequent falls in revenue growth year on year for the duration of the forecast.
- Costs remain UNCHANGED

Stress testing: Case 3 = Structural Finance Impact

- An impact to cash flow from an increase in margins being charged by liquidity providers.
- It should be noted that TMUK has NO external debt on the balance sheet.
- Scenario assumes:
  - 20% increase the portfolio being hedge at external liquidity providers.
  - Increase in margin rates across the 5-year time horizon (from 10% to 30%).
- Both revenues and Costs remain UNCHAGED.

Reverse Stress Test (Case 4):

The stress test assumes the scenario that requires the firm to fail – and the magnitude of change in parameters that would result in such an outcome. The scenario to ensure negative cash uses the following assumptions:

- Complete failure in revenues including:
  - Zero growth in lots traded.
  - Zero commissions earned per trade.
  - Negligible swaps charged to clients (and therefore earned).
- Scenario also assumes:
  - 75% reduction in revenues year on year.
  - 100% increase in selling, admin and finance costs across all periods.

The results showed:

1. The business generated profits in the next 12 months across all scenarios with the exception of the reverse stress test. This does NOT allow for management actions including cost cutting measures available to the firm.

2. Balance Sheet & Cash Flow – the business has sufficient cash to meet its liabilities as they fall due in the next 12 months across all scenarios.

3. Regulatory Capital – The business has excess regulatory capital in all scenarios.

4. The reverse stress test that would see the firm fail in the second year would require:

    a. Zero revenues in the first 24 months
    b. 100% increase in ALL costs (including staff costs) - year on year increase
    c. This does NOT include any management action to mitigate the effects of a fall in revenues and increase in costs such as cost cutting measures.

In conclusion, it would require significant adverse changes in the key revenue and cost drivers for Tickmill UK being unable to continue operationally for at least the next 60 months following the global pandemic and these would include ZERO revenues for 24 months and at the same time, a 100% increase in costs year on year. This scenario would not account for any management actions to generate revenues and employ cost cutting measures.

Therefore, having considered the current financial position of the Company and the forecasts performed for a stressed scenario to include impacts to operational capability, reduced demand and liquidity issues, and the magnitude of levers required for the firm to fail, management have concluded it is reasonable to adopt the going concern basis of accounting.

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.

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 as the risk that the regulatory environment in any of the jurisdictions in which Tickmill UK currently operates, or may wish to operate in, 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 them to keep abreast of impending regulatory developments.

Following the significant regulatory changes in 2018, particularly from UK and other European Union country regulators, to impose restrictions on the provision of leveraged products to retail clients, this resulted in a number of changes to the provision of services to clients which included additional risk warnings, leverage restrictions, limitations and bans on marketing and outright bans on the provision of CFDs in some European Union countries.

Following the implementation of these rule changes, the Company met the requirements set by the UK and European Union regulators in time and is well positioned to meet any additional regulatory changes should they come into force. The potential changes in the regulatory environment are regularly discussed at the Board level and the Company aims to be ready for any further changes, both operationally and financially.

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% recently announced by the UK government in response to the global pandemic but the company 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. The Credit Risk component of the Pillar 1 capital calculation therefore arises on all non-trading book assets which have not been deducted from the Company's capital resource. The Company has in place appropriate client money acknowledgement letters from its banks. In the event of a liquidity provider default, any net cash owed to the Company will be taken up with the relevant liquidator.

Capital is allocated for Credit and Counterparty risk on a prudent basis. The Board selects counterparties on the basis of their business model, their regulatory status and perceived level of risk they pose.

Market 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 revenue, a reduction in clients 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. Revenue could be reduced or stopped for a number of reasons. These include, but are not limited to, a marked turndown in the market for a prolonged period or a continued period of recession.

The Company maintains a liquidity risk management policy separately from the ICAAP. The liquidity policy clearly identifies the level of liquidity risk that the Company faces, the procedures established for the effective monitoring of the liquidity condition of the Company and the systems and controls that ensure that the Company maintains liquidity resources which are adequate to meet liabilities as they fall due.

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 necessary 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/Disaster Recovery 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 OTC 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 OTC markets.

BREXIT: Tickmill UK Senior management have considered the impact of BREXIT to the Company. However, uncertainty surrounding the exit strategy results in an inability to accurately forecast the financial impact to the Company.

Uncertainty still remains whether the European passporting regime for the financial services firms will remain in place for UK financial services companies but the company has ceased all client take on from the EEA and no longer markets its services in the EEA region.

The Company has sent communications to all EEA clients that are contracted with the firm allowing those clients who wish to move their accounts to Tickmill EU Limited (an affiliate company of TMUK) or indeed close their accounts altogether. Since the 1st January 2021, 34 clients have given their intention to have their accounts closed with the Company and re-opened with Tickmill EU Limited.

The Company is constantly assessing scenarios to mitigate any adverse impacts resulting from the outcome of Brexit by increasing its capital base, diversifying into new geographic markets, increasing marketing efforts within the UK and looking for ways to expand its product offering which would help the Company to grow its business outside of the European Union. The Company is part of the Tickmill Group of companies in which there is also another regulated entity in the European Union regulated since 2015 and in a worse-case scenario this entity could manage the contractual relationship of all Clients from the European Union.

2020 UK Corporate Governance Code and S172 Reporting
This section of the Strategic Report for the year ended 31 December 2020 will describe how the directors of Tickmill UK Ltd have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172.

S172 of Companies Act 2006 requires that a director of a company must act in the way he considers, 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, and
6. The need to act fairly as between members of the company.

The following points summarise how the Directors fulfil their duties:

1. The consideration to likely consequences of any decision in the long term

Tickmill UK's objective and therefore success is achieved by ensuring the Company provides a high-quality service to its customers and offering a variety of financial trading products to clients. This ensures that clients continue to enjoy successful trading experiences with the Company and the directors ensure that Tickmill continues to increase shareholder value.

The directors and senior management team, through board meetings and regular updates strive to ensure that Tickmill continues to attract clients via ensuring it maintains high standards of customer service, trading platform accessibility and ease of navigation, competitive dealing spreads and commissions.

As an example, the directors have strived to provide greater choice to clients by developing new products for clients to trade which include the commencement of the "Exchange Traded Derivatives ("ETD")" project. This has involved senior management exploring the feasibility and appetite for the launch of ETD's and has resulted after detailed forecasts and analysis, the creation of a dedicated team to create, test, launch and maintain the product. This decision has resulted in the company ensuring it continues to meet its objective of creating choice for its clients whilst simultaneously delivering shareholder value.

The project went live in November 2020 in a limited launch phase.

2. The interests of the company's employees

Tickmill UK and its directors recognise the significant contribution that its employees make to the continued success in delivering client satisfaction and driving shareholder value.

In ensuring that all employees are kept up to date with developments within the company and wider Group, the directors have held monthly updates with all employees. This has become more relevant given the increase in headcount of the firm (from 11 to 16 at 31 December 2020) with further headcount increases anticipated in 2021 as well the strategic development of the company which has included the launch of the ETD product.

The consultation with Tickmill's employees have been key in ensuring that this strategic goal is developed and realised as a key deliverable for the Company in 2020.

In addition to the monthly employee engagement, and in recognition of the increase in headcount, the Company moved to its own office space in 2020, which further enhances the company's identity and collaborative culture with its employees, whilst a Group wide employee survey has been undertaken in 2021, the results of which will dictate corrective actions to ensure the needs of employees are met.

3. The need to foster the company's business relationships with suppliers, customers and others

As stated earlier in the Strategic Report, the Company's success is achieved by providing a high-quality service to its customers and offering a variety of financial trading products and services.

Tickmill UK's 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.

The directors, together with the senior management team and employees from across the organisation are focussed on ensuring that Tickmill continues to deliver a high-quality product and service to its clients (both existing and prospective). This can be evidenced by the relatively low number of complaints received from clients during 2020 in relation to the services received from Tickmill UK and this provides an indication of the high standards to which the directors and employees of Tickmill UK deliver its products and services.

The directors continually assess the level of complaints (monthly through management information provided to the Board) including their nature and reason to ensure issues are rectified to prevent re-occurrence.

Relationships with suppliers are also key in ensuring that Tickmill UK can discharge its products and services without disruption. To ensure this, the Directors mandate that all suppliers are paid timely, to maintain a robust and open relationship with all its suppliers.

4. The impact of the company's operations on the community and the environment

The Directors of Tickmill UK remain committed to ensuring that the Company and its employees operate in a manner that serves the best interest of the community in which it operates within and also the wider environment.

This extends to ensure that the Company always protects the interests of its clients at all times, and in particular those clients that are potentially vulnerable. The Directors have access to information on vulnerable client monitoring on a periodic basis and monitor the statistics to ensure that action is taken to protect such clients.

5. The desirability of the company maintaining a reputation for high standards of business conduct

The regulatory landscape continues to evolve across multiple jurisdictions, particularly in Europe. On 1st August 2018, The European Securities and Markets Authority ("ESMA") introduced a number of temporary product intervention measures to prohibit the provision of binary options and to restrict the provision of Contract for Differences (CFDs) in order to protect retail investors. These measures applied to CFDs offered to retail clients.

The measures introduced included the following:

- Leverage limits between 30:1 and 2:1 on the opening of a position,
- Negative balance protection,
- Limited retail clients' liabilities to the funds in their CFD trading account,
- Prohibition of firms offering monetary and non-monetary benefits (excluding research and information tools) to retail investors,
- Standardised risk warning, including firm-specific figures on the percentage of client accounts that have lost money trading CFDs.

As Tickmill UK is authorised and regulated by the Financial Conduct Authority (FCA) and its principal activity is the provision of CFD products to retail and professional customers, the ESMA intervention measures therefore applied directly.

Although impacted by the intervention measures, it should be noted that Directors of Tickmill UK fully supported the work by all National Competent Authorities (NCAs) to ensure the best outcome for clients whilst continuing to operate to the highest regulatory standards.

The Directors believe the intervention measures have also created a more sustainable and certain environment for both clients and brokers – ensuring reputable firms such as Tickmill UK continue to attract high quality clients with the intention to trade.

The Directors and senior management have remained supportive of the efforts of the European regulator to increase regulatory standards and to improve client outcomes.

The impact of the measures were in line with management's expectations and following a short period of adjustment for clients following the introduction of the measures, 2020 has seen normalised active client participation as periodic volatility returned to the financial markets with clients adjusting to the "new normal" trading conditions applied by the intervention measures.

The intervention measures from ESMA and the Financial Conduct Authority ("FCA") as well as other European regulators to protect clients through reduced leverage and enhanced risk warnings are in line with Tickmill's values of ensuring that the customer is protected and to improve customer outcomes.

The Directors are fully supportive of the efforts of global regulatory bodies to ensure that client interests are served at all times. The Directors remain committed to ensuring that the Company operates at the highest regulatory standards.

6. The need to act fairly as between members of the company

The Board of Tickmill UK Ltd is fully committed to open engagement with its shareholders. To this end, monthly Board meetings are held at which a number of shareholders are present and are able to view up to date management information on the progress of the company and any issues that arise including corrective actions taken.

The monthly meetings also provide an opportunity for the shareholders to understand the strategy and vision of the Company and its Directors and for feedback to be considered.

7. Steamlined energy and carbon reporting

Energy and carbon information is not disclosure because the company is a low energy user as defined in the Environment Reporting guidelines.

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

On behalf of the directors

Mukid Chowdhury

29 April 2021

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 (appointed 24 July 2020)
Mr. Illimar Mattus
Mr. Duncan Innes Spence Anderson
Mr. Mukid Chowdhury
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 18 of the financial statements.

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

Matters subsequent to the end of the financial period
No matter or circumstance has arisen since 31 December 2020 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. Matters in relation to the Covid-19 global pandemic have been discussed and disclosed within the Strategic Report on page 2.

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

Tickmill UK Ltd
Directors' report
31 December 2020

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

On behalf of the directors

Mukid Chowdhury

29 April 2021

Tickmill UK Ltd
Directors' responsibilities statement
31 December 2020

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.

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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Albacore Capital (UK) Limited ("the Company") for the year ended 31 December 2020 which comprise the statement of profit or loss and comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) in conformity 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

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.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report has 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 and 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;

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:

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.

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.

S.P.

Simon Fowles (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom
30 April 2021
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Tickmill UK Ltd
Statement of Comprehensive Income
For the year ended 31 December 2020

	Note	2020	2019
		£	£
Revenue	2	8,440,864	7,896,057
Expenses			
Administrative expenses	4	(7,627,192)	(4,450,402)
Total expenses		(7,627,192)	(4,450,402)
Operating profit		813,672	3,445,655
Finance costs	8	(20,102)	(63)
Finance income	9	2,551	2,770
Profit before income tax expense		796,121	3,448,362
Income tax expense	10	(118,831)	(655,188)
Profit after income tax expense for the year attributable to the owners of Tickmill UK Limited		677,290	2,793,174
Other comprehensive income for the year, net of tax		-	-
Profit after income tax expense for the year attributable to the owners of Tickmill UK Limited		**677,290**	**2,793,174**

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Tickmill UK Ltd
Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	11	106,691	14,544
Intangibles	13	108,886	107,870
Right of use asset	12	695,654	-
Total non-current assets		911,231	122,414
Current assets			
Cash and cash equivalents	14	18,888,365	23,730,956
Trade and other receivables	15	2,206,517	3,066,143
Refundable taxes	10	84,469	-
Total current assets		21,179,351	26,797,099
Total assets		22,090,582	26,919,513

Liabilities			
Non-current Liabilities			
Long-term finance lease liability	19	580,832	-
Total non-current liabilities		580,832	-
Current liabilities			
Trade and other payables	16	7,395,158	13,460,348
Short-term finance lease liability	19	145,576	-
Income tax		-	167,438
Total current liabilities		7,540,734	13,627,786
Total liabilities		8,121,566	13,627,786
Net assets		**13,969,016**	**13,291,727**
Equity			
Issued capital	17	6,740,000	6,740,000
Retained Earnings		7,229,016	6,551,727
Total equity		**13,969,016**	**13,291,727**

The above statement of financial position should be read in conjunction with the accompanying notes.
The financial statements were approved by the board of directors on 29 April 2021and signed on its behalf by:

Mukid Chowdhury
Director

Registered number: 0959225

Tickmill UK Ltd
Statement of Changes in Equity
For the year ended 31 December 2020

	Issued Capital	Retained profits	Total Equity
	£	£	£
Balance at 1 January 2019	3,240,000	3,758,553	6,998,553
Profit after income tax expense for the year	-	2,793,174	2,793,174
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	2,793,174	2,793,174
Issued share capital	3,500,000	-	3,500,000
Balance at 31 December 2019	**6,740,000**	**6,551,727**	**13,291,727**

	Issued Capital	Retained profits	Total Equity
	£	£	£
Balance at 1 January 2020	6,740,000	6,551,726	13,291,726
Profit after income tax expense for the year	-	677,290	677,290
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	677,290	677,290
Issued share capital	-	-	-
Balance at 31 December 2020	**6,740,000**	**7,229,016**	**13,969,016**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Tickmill UK Ltd
Statement of Cash Flows
For the year ended 31 December 2020

	Note	2020	2019
		£	£
Cash flows from operating activities			
Profit before income tax expense for the year		796,121	3,448,362
Adjustments for:			
Depreciation and amortisation		141,941	19,601
Provisions		232,885	
Foreign exchange differences		(219,740)	634,259
Interest received		(2,551)	(2,770)
Interest and other finance costs		20,102	63
		968,758	4,099,515
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		859,626	(3,122,546)
Decrease/(increase) in trade and other payables		(6,037,939)	3,258,413
		(4,209,555)	4,235,382
Interest received		2,551	2,770
Income taxes paid		(370,738)	(520,134)
Net cash from operating activities		(4,577,742)	3,718,018

Tickmill UK Ltd
Statement of Cash Flows
For the year ended 31 December 2020

Cash flows from investing activities			
Payments for property, plant and equipment	11	(111,957)	(13,899)
Payments for intangibles	13	(38,628)	(123,890)
Net cash used in investing activities		(150,585)	(137,789)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,500,000
Interest and other finance costs paid		(161)	(63)
Payment of lease liabilities	19	(71,868)	0
Net cash from financing activities		(72,029)	3,499,937
Net decrease in cash and cash equivalents		(4,800,356)	7,080,166
Cash and cash equivalents at the beginning of the financial year		23,730,956	17,665,248
Effects of the exchange rate changes on cash and cash equivalents		(42,235)	(1,014,458)
Cash and cash equivalents at the end of the financial year	14	**18,888,365**	**23,730,956**

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

The above statement of cash flows should be read in conjunction with the accompanying notes

1. General information

Country of incorporation and principal activity

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 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 for difference products (CFDs) and Exchange Traded Derivatives (ETDs) based on financial markets.

2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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.

The following Accounting Standards and Interpretations are most relevant to the Company:

IFRS 16 Leases

The Company has adopted IFRS 16 from 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal, or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). At initial stage (2019) the adoption of this standard has not had a material impact on the Company's financial statements. On 17th June 2020, the Company has entered into a new lease agreement with 5 years lease term on which IFRS16 provisions applied.

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

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 3.

Going concern
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 20 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.

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.

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 Pound sterling 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 financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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.

Income 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.

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.

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.

Other financial assets
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, it's carrying value is written off.

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.

Impairment of financial assets
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.

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.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. 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 residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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.

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.

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 and are not held on the Company's Statement of Financial Position. There is no interest paid on segregated client accounts with total balance of £19,470,461 (2019: £20,044,447).

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.

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.

Issued capital
Ordinary shares are classified as equity.

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 2020. The Company has assessed the impact of these and does not believe that their adoption will have a material impact on the financial statements.

3. Critical accounting judgements, estimates 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.

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 20.

4. Administrative expenses

	2020	2019
	£	£
Rent paid under operating leases	68,946	121,925
Office expenses	20,950	3,546
Software licenses	627,826	136,964
Accountancy fees to BDO	10,140	84,838
Audit fees	41,190	49,799
Staff costs	1,699,148	769,660
IT expenses	3,560	660
Insurance	21,890	12,042
Staff training	9,369	3,516
Travel	3,851	15,687
Commissions and swaps	4,093,189	1,656,730
Legal and professional fees	271,049	175,678
Bank charges	62,344	40,781
Payment provider fees	477,537	516,627
Foreign exchange differences	(219,740)	634,259
Entertainment	5,343	6,853
Advertising	65,070	73,450
Rent of trading technologies	25,409	18,804
Depreciation	104,329	3,581
Penalties	300	842
Broker fees	3,240	19,600
Recruitment fees	76,260	87,000
Amortisation	37,612	16,020
Realised loss on closed positions - futures and options	21,768	1,540
Business development	81,871	-
Irrecoverable VAT on finance lease	14,741	-
	7,627,192	4,450,402

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2020	2019
	£	£
Wages and salaries	1,483,438	672,540
Social security costs	150,708	77,476
Other pension costs	65,002	19,644
	1,699,148	769,660

The average monthly number of employees, including the directors, during the period was as follows:

	2020	2019
Directors	3	2
Administration	12	9
	15	11

6. Directors' remuneration

	2020	2019
	£	£
Remuneration	475,889	120,000
Contributions to directors money purchase pension schemes	24,660	3,300
Other payments	8,966	-
	509,515	123,300

Highest paid director during the financial year ended 31st December 2020 had received a gross remuneration of £169,327 (2019: £ nil). Accrued pension amount as at 31st December 2020 £1,820 (2019: £ nil).

7. Auditor's remuneration

The analysis of auditor's remuneration is as follows:	2020	2019
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	41,190	49,799

	2020	2019
Fees payable to the Company's auditor for other services to the Company:		
Taxation services	4,500	1,590
Other accounting services	10,140	83,248
	14,640	84,838

8. Finance costs

	2020	2019
	£	£
Interest on finance lease liability	19,941	-
Bank interest paid	161	63
	20,102	63

9. Finance income

	2020	2019
	£	£
Bank interest received	2,551	2,770

10. Income tax

	2020	2019
	£	£
Income tax expense		
Current tax	151,263	655,188
Adjustment recognised for prior periods (tax relief for tax year 2018)	(32,432)	-
Aggregate income tax expense	118,831	655,188
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	796,121	3,448,362
Tax at the statutory rate of 19%	151,263	655,188
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation of property, plant and equipment	3,764	680
Entertainment expenses	-	1,376
Other reconciling items including expenses not chargeable	17,507	(2,056)
Capital allowances	(21,272)	
	151,262	655,188
Adjustment recognised for prior periods	(32,432)	-
Income tax expense	118,830	655,188

	2020	2019
	£	£
Provision for income tax	(84,469)	167,438

11. Property, plant and equipment

	Furniture, fittings and equipment	Computer Hardware	Total
	£	£	£
Cost			
Balance at 1 January 2019	228	18,999	19,227
Balance at 31 December 2018/1 January 2019	**228**	**18,999**	**19,227**
Additions	83,037	28,920	111,957
Balance at 31 December 2020	**83,265**	**47,919**	**131,184**
Depreciation			
Balance at 1 January 2020	95	4,588	4,683
Charge for the year	8,198	11,612	19,810
Balance at 31 December 2020	**8,293**	**16,200**	**24,493**
Net book value			
Balance as 31 December 2019	**133**	**14,411**	**14,544**
Balance at 31 December 2020	**74,972**	**31,719**	**106,691**

12. Right-of-use assets

	Office
	£
Cost	
Effect of application of IFRS 16	780,172
Balance at 31 December 2020	**780,172**
Depreciation	
Charge for the year	84,518
Balance at 31 December 2020	**84,518**
Net book value	
Balance at 31 December 2020	**695,654**

13. Intangibles

	Computer Software	Total
	£	£
Cost		
Balance at 1 January 2020	123,890	123,890
Balance at 31 December 2019/1 January 2020	**123,890**	**123,890**
Additions	38,628	38,628
Balance at 31 December 2020	**162,518**	**162,518**
Amortisation		
Balance at 1 January 2020	16,020	16,020
Charge for the year	37,612	37,612
Balance at 31 December 2020	**53,632**	**53,632**
Net book amount		
Balance as 31 December 2019	107,870	107,870
Balance at 31 December 2020	108,886	108,886

14. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank	4,894,618	7,541,632
Cash held with money transfer companies	3,043,503	1,459,232
Cash held with liquidity providers	10,950,244	14,730,092
	18,888,365	**23,730,956**

15. Trade and other receivables

	2020	2019
	£	£
Trade receivables	372,023	210,918
Other receivables	12,996	22,291
Prepayments	48,532	31,349
Amounts due from related parties	1,772,966	2,801,585
	2,206,517	**3,066,143**

16. Trade and other payables

	2020	2019
	£	£
Trade payables	5,291,557	13,381,763
Amounts due to related parties	1,831,636	-
Other payables	-	2,529
Accruals	271,965	76,056
	7,395,158	**13,460,348**

17. Issued capital

	2020 Shares	2019 Shares	2020 £	2019 £
Ordinary shares - paid of £1 each	6,740,000	6,740,000	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.

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

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

19. Lease liabilities

	Minimum lease payments		The present value of minimum lease payments	
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	147,729	-	145,576	-
More than 1 year	662,783		580,832	

It is the Company's policy to lease certain office. The lease term is 60 months. For year ending 31 December 2020, the incremental borrowing rate was 2.73% (2019 - 0%). 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 value of lease obligation approximate to its carrying amount as presented above.

20. Financial instruments

Financial risk management objectives

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

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.

	2020 £	2019 £
Financial assets (current)		
Financial assets at amortised cost*	18,378,849	24,770,541
Financial assets at fair value through profit or loss**	2,667,501	1,995,209
	21,046,350	26,765,750
Financial liabilities (current)		
Loans and payables	7,395,158	13,603,787
Lease liabilities	145,576	-

* Financial assets classified at amortised cost includes collateral, held as margin on open positions, with liquidity providers to the value of £182,465 (2019: £364,952).

** 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 14. All assets in this classification are measured at level 2.

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

	2020	2019
	£	£
Euro	9,434,193	11,124,436
US Dollars	6,432,840	10,457,203
Polish Zloty	1,750,974	1,245,008
	17,618,007	22,826,647

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

	2020	Assets 2019	2020	Liabilities 2019
	£	£	£	£
Euro	9,140,782	17,301,151	3,923,965	11,630,850
US Dollars	9,913,773	4,390,576	3,284,833	1,716,838
Polish Zloty	-	183,536	254,156	-
	19,054,555	21,875,263	7,462,954	13,347,688

At 31 December 2020, 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			GBP weakened	
2020	% change	Effect in profit before tax	Effect on equity	% change	Effect in profit before tax	Effect on equity
Euro	10%	612,496	612,496	10%	(501,133)	(501,133)
US Dollars	10%	555,124	555,124	10%	(454,193)	(454,193)
Polish Zloty	10%	194,503	194,503	10%	(159,138)	(159,138)
		1,362,123	1,362,123		(1,114,464)	(1,114,464)

		GBP strengthened			GBP weakened	
2019	% change	Effect in profit before tax	Effect on equity	% change	Effect in profit before tax	Effect on equity
Euro	10%	716,819	716,819	10%	(586,488)	(586,488)
US Dollars	10%	203,488	203,488	10%	(166,490)	(166,490)
Polish Zloty	10%	20,289	20,289	10%	(16,600)	(16,600)
		940,596	940,596		(769,578)	(769,578)

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.

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.

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 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.

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 undiscounted cash flows of finance lease liability based on the contractual period. The table includes both interest and principal cash flows:

	Carrying amounts	Contractual cash flows	Within 12 months	1-5 years	More than 5 years
	£	£	£	£	£
Lease liability	726,408	834,467	123,773	602,635	-
	726,407	**834,467**	**123,773**	**602,635**	**-**

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

21. Fair value measurement

Fair value hierarchy
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.

	Level 1	Level 2	Level 3	Total
2020	£	£	£	£
Financial assets				
Derivative assets	-	2,667,501	-	2,667,501
Total assets	-	2,667,501	-	2,667,501

	Level 1	Level 2	Level 3	Total
2019	£	£	£	£
Financial assets				
Derivative assets	-	1,995,209	-	1,995,209
Total assets	-	1,995,209	-	1,995,209

There were no transfers between levels during the financial period.
Offsetting financial assets and liabilities

31 December 2020

	Gross amounts before any offsetting	Off-set gross amounts in statement of financial position	Total
	£	£	£
Derivative Assets	2,667,501		2,667,501

	Gross amounts before any offsetting	Off-set gross amounts in statement of financial position	Total
	£	£	£
Derivative Liability	-	-	-

31 December 2019

	Gross amounts before any offsetting	Off-set gross amounts in statement of financial position	Total
	£	£	£
Derivative Assets	2,970,958	(975,749)	1,995,209

	Gross amounts before any offsetting	Off-set gross amounts in statement of financial position	Total
	£	£	£
Derivative Liability	(975,749)	975,749	-

Derivative Liability

The Company has been authorised by the FCA as a full scope EUR 730k firm. Under these permissions, the firm is permitted to manage risk in accordance with its capital resources.

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.

22. 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 £65,002 (2019: £17,852). Contributions totaling £nil (2019: £2,529) were payable to the fund at the statement of financial position date.

23. Related party transactions

Transactions with related parties
At 31 December 2020 £1,831,636 (2019: £nil) was due to Tickmill Limited, a company related by common control, resulting from credit facility provided by Tickmill Limited acting as Liquidity provider.

During the year, the Company entered into CFD derivative contracts with Tickmill Limited, a company under common control, 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 £1,772,966 (2019: £2,801,585) was due from Tickmill Limited at 31 December 2020.

Receivable from and payable to related parties
During the year the Company entered into CFD derivative contracts with related parties and companies under common control as stated at 31 December 2020:

Trade payable to Tickmill Europe Ltd: £1,013,203 (2019: £782,349)

Trade payable to Tickmill Holdings Ltd: £1,054,144 (2019: £1,516,314)

Trade payable to Tickmill Ltd: £2,620,137 (2019: £10,857,213)

Key Management Personnel remuneration
The aggregate remuneration of the Company management and other members of key management personnel during the period was £475,889 (2019: £120,000).

24. Segregated client funds
The Company operates twenty-five (2019: eight) segregated client money bank accounts. As at 31 December 2020 the total balance of these accounts was £19,470,461 (2019: £20,044,445).

25. Events after the reporting period
There were no events after the reporting period.

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