Company's registered number: 05367727

ACTIVTRADES PLC

Annual Report

For the year ended 31 December 2016

ACTIVTRADES PLC

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ACTIVTRADES PLC

DIRECTORS AND ADVISERS

DIRECTORS

J Reed	Non-Executive Chairman	(appointed 21 November 2016)
A Pusco	Chief Executive Officer	
A Draghi	Chief Risk Officer	
J Scarabino	Chief Finance Officer	
J Friend	Chief Compliance Officer	
A Gho	Chief Marketing Officer	

SECRETARY
J Friend

BANKERS
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
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London
SE1 2RD

TAX ADVISORS
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

REGISTERED OFFICE
1 Thomas More Square
London
E1W 1YN

STRATEGIC REPORT

The directors present their strategic report on ActivTrades PLC ("ActivTrades" or the "Company") for the year ended 31 December 2016. All narrative and quantitative tables are unaudited unless otherwise stated.

Activities

ActivTrades PLC is a financial markets broker which specialises in offering customers online trading of contracts for difference ("CFD") and spread betting in foreign currencies, indices, single shares, commodities and treasuries.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA") and its permissions allow it to provide services to UK and non-UK based customers.

The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is 1 Thomas More Square, London, E1W 1YN.

Review of business and results for the year

During 2016, the Company made a profit for the financial year of £12.8m (2015: £9.6m) and the Company's capital at 31 December 2016 was £39.5m (2015: £28.7m). Most of the profit has been reinvested in the Company in order to continue the expansion of the operations and growth in new markets outside Europe.

High market volatility in the FX markets[1] impacted positively on the Company's turnover which increased 11.0% to £34.9m from £31.4m in prior year. The Company's administrative expenses fell by 6% to £15.4m (2015: £16.4m).

FX revaluation gains / losses resulted in a gain of £4.8m (2015: £0). Other Administrative expenses increased 23% compared with previous year, resulting mainly from the growth of the workforce as well as higher marketing costs and investments in IT equipment. The Board believes that these investments will not only have a positive impact on productivity but also that the Company will be able to acquire a higher number of clients and increase the service levels in terms of the scope of products and services offered. The profit before tax for the financial year resulted in a profit of £15.2m (2015: £11.6m).

Key performance indicators

Success in the business is measured not only by the financial performance indicators stated above, but also by other indicators, such as number of new customers, levels of deposits and trading volume, each of which has a direct impact on client trading revenue. During 2016, the Company has seen record levels of these KPIs.

The Company identified nearly 73,500 new potential clients in 2016, of which 9,544 became customers with funded accounts during the year (an increase of 6% on the prior year). At the end of the year, the Company had almost 12,000 clients actively trading

[1] The yearly average of JP Morgan FX Volatility Index registered an increase of 5% in 2016 compared with previous year.

on a monthly basis.

The Company achieved an increase in the level of net deposits throughout 2016, up to £45m, showing an increase of 35% on the prior year. This increase was partially affected by the effect of the depreciation of the GBP during the year as most of the client's deposits are denominated in EUR and USD.

Overall customer trading volumes increased 29% in 2016 relative to the previous year, due to a higher number of customers as well as increased volatility compared with the previous year.

Overall strategy

The Company's strategy is to continue its expansion of retail clients through direct marketing campaigns and promotions in the local markets in which it operates, as well as increase its products range and innovation for trading in the financial markets.

Marketing strategy
Our successful marketing approach consists of targeting potential customers through a mix of seminars, webinars, trading fairs, social media, targeted online adverts, and adverts in specialised media outlets and financial TV channels.

In defining our target audience, the Company aims to reach individuals with middle to high income, aged 30-45 and who are professionals and middle management. Within this group, the target is investors with disposable incomes who do not want to use traditional investment vehicles and want to put part of their savings into high risk financial products - investors who have an interest in the stock markets and other investments with capital at risk, and who are willing to diversify their exposure into other financial products.

Historically, the Company had a high market share in occidental European countries. The Company is investing resources in acquiring clients from within newer markets such as the Middle East, Latin American and China, in order to develop these markets to their full potential. During 2016, 46% of all new trading accounts opened were from non-EU customers, although the revenue generated from outside the EU was only 23%. New customers from the UK represented only 4%.

Product innovation
The Company is also constantly introducing new technology in the trading platforms in order to deliver the most competitive product in retail trading. ActivTrades launched its proprietary platform ActivTrader, which provides a simple way to trade the financial markets for new and experienced traders. ActivTrader is available for desktop and iOS devices, with Android version in development.

The company also introduced the ActivTrades Prepaid MasterCard. The card enables ActivTrades' customers, in certain countries, to load their card and use it any location where the MasterCard acceptance logo is displayed. They are able to load the card by transferring funds from their live trading account.

To improve how its' customers interact with its corporate website, ActivTrades

redesigned its' entire website making it fully responsive to any device. The new design and layout made it easier for users to switch between devices such as desktop, mobile and tablet. As well as improving the structure of its website, ActivTrades upgraded its customers' Personal Area (PA). The PA now allows customers to manage their trading accounts, subscribe to educational events and read market updates written by leading technical analysts. The upgraded PA included a brand new design and improved features for easier navigation.

Regulatory changes

In September 2016 entered into force the Minimum Requirements for Own Funds and Eligible Liabilities (MREL) on the basis of the European Banking Authority (EBA) regulatory technical standards on MREL. These new capital requirements are designed to ensure that the institutions can be resolved in line with the resolution objectives. The Bank of England has confirmed to the Company that in case of resolution it should follow the insolvency process and therefore the MREL is set at the same level as the Company's regulatory capital requirements. The MREL is met simply by meeting existing regulatory capital requirements.

There were no other significant regulatory changes during 2016 that impact the Company.

Principal risks and uncertainties

Systems and controls are in place to manage and mitigate risks at all times. The Company has implemented a 'three lines of defence' model which ensures clear delineation of responsibilities between day to day operational management, risk monitoring and oversight as well as assurance.

The following are the key risks impacting the Company:

- Operational risk
- Strategic and Business risk
- Credit risk
- Market risk and
- Liquidity risk

Financial risk management objectives and policies are discussed in further detail in note 21 of the financial statements. The following information is provided pursuant to the Pillar 3 disclosure rules as laid out by the EU Capital Requirements Regulation (CRR)[2].

Background
As an EU Investment Firm, the Company falls within the scope of the Markets in Financial Instruments Directive (MiFID) and should apply the European Commission legislation contained in CRD IV, which seek to transpose the Basel III standards into EU law. The legislation consists of a Regulation (CRR), which is directly binding on firms, and a Directive (CRD), which has been implemented by the FCA in a new sourcebook, the Prudential Sourcebook for Investment Firms (IFPRU).

[2] Capital Requirements Regulation (EU No 575/2013) (CRR)

CRD IV consists of three "pillars":

- Pillar 1 sets out the minimum capital requirements for firms. CRD IV requires a higher quality of capital known as Core Equity Tier 1 (CET1) than the previous regime. The minimum level for the total capital will remain at 8% of total risk exposures.
- Pillar 2 includes the Internal Capital Adequacy Assessment Process (ICAAP) and supervisory review in order to assess whether additional capital is needed over and above that determined under Pillar 1; and
- Pillar 3 requires the Company to publish its objectives and policies in relation to risk management, information on its risk exposures and capital resources as well as remuneration policy disclosures.

Under FCA guidance and regulations, ActivTrades is classified as an IFPRU €730K Full Scope Investment Firm, engaged in financial markets broking and specialising in offering customers online trading of CFDs and spread betting in foreign currencies, indices, commodities, shares and treasuries. The Company has permission to hold client money and its clients are categorised as retail clients. Therefore, the main risks facing the Company are operational, business, credit, market and liquidity risks. The disclosures below are the required Pillar 3 disclosures that apply to the Company.

Although the Company believes the risk management framework outlined herein is appropriate for the size and complexity of the Company and that the Company's capital is adequate to meet the risks assessed, it cannot guarantee that this will actually be the case in the event a particular risk arises. There could always be certain risks with an unusually high impact which may require additional capital should they arise. Therefore, the Company applies stress testing across a range of scenarios to help predict future capital needs.

Risk management

The Company has developed an overarching Risk Management Framework to strengthen its risk management processes and practices. The Risk Management Framework refers to the set of components, including risk appetite, policies, procedures, governance, systems and tools that support risk management at the Company.

The risk governance framework established at the Company is commensurate with the size, nature and complexity of the Company's operations and is designed in adherence to the 'three lines of defence' model. This risk governance framework ensures clear delineation of responsibilities between day to day operations, independent monitoring and oversight and assurance over the Risk Management Framework.

Risks and mitigating controls are periodically reassessed, taking into account the Company's risk appetite. Where risks are identified which fall outside of the Company's risk tolerance levels, or where the need for remedial action is identified in respect of identified weaknesses in the Company's mitigating controls, then actions are taken to improve the control framework.

Operational risk

This is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk and regulatory risk. The Company considers risks which may impact the Company directly or indirectly. The

Company seeks to minimise operational risk through a controls framework, particularly when engaging in new business ventures or trading new products. The Company uses the Operational Risk Basic Indicator Approach[3] that equates to 15% of the average of three years net operational and non-operational revenue. The total risk exposure amount for operational risk was £49,713,000 as of 31 December 2016.

Business risk

Business risk arises from external sources such as changes to the economic environment or one-off economic shocks, and also from internal sources such as poor decisions or suboptimal allocation of capital resulting in poor performance and damage to the Company's reputation. Various different scenarios are modelled in order to assess the impact of adverse economic conditions on our financial position. This enables the Company to monitor its business risk and to assist in its capital planning. The business risk modelling is included in the Company's ICAAP as part of Pillar 2.

Credit risk

The Company is exposed to credit risk mainly on cash held at large international credit and regulated institutions. The Company does not extend credit to its clients under normal circumstances and only deals with clients that have sufficient funds on their accounts to cover margin requirements. Small credit exposures do arise on client accounts from time to time in periods of extreme intra-day market movements, although the Company operates a policy of negative account protection to the clients. The Company has a limited number of credit exposures in respect of which it uses the standardised approach when calculating risk weighted exposures to its counterparties. The Company's risk weighted exposure amount for credit and counterparty credit risk as at 31 December 2016 was £17,338,000. The Company's credit risk exposure is calculated as per the "Standardised Approach"[4].

Market risk

The Company's major risk arises from its market making positions in CFDs, primarily in foreign currencies; therefore, the Company's principal market risk is its foreign exchange risk. The Company has systems in place to monitor its exposures to market risk on a real time basis at all times which allows it to take effective decisions with regard to hedging its positions as and when required. The Company calculated its market risk exposure amounts by reference to the provisions of CRR[5]. The Company's total market risk exposure amount as at 31 December 2016 was £133,779,000.

Liquidity risk

The Company has designed liquidity management procedures to ensure significant buffers over liquidity requirements. Although the Company has not prepared an Individual Liquidity Adequacy Assessment (ILAA), the liquidity risk management framework sets out all policies and procedures in order to ensure the liquidity is well monitored. There are no concerns of a shortage of cash in the current business model, and the Company's current ratio[6] was 984% at 31 December 2016.

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[3] According to Part 3, Title III, Chapter 2 of CRR L321/199 Official Journal of the European Union.
[4] According to Part 3, Title II, Chapter 2 of CRR L321/199 Official Journal of the European Union.
[5] According to Part 3, Title IV of CRR L321/199 Official Journal of the European Union.
[6] Current assets divided current liabilities.

STRATEGIC REPORT (continued)

Capital adequacy

The Company's Pillar 1 capital requirement is calculated in accordance with the EU Regulation No 575/2013 (CRR). The Company's Capital Ratio of CET1 is the Common Equity Tier 1 Capital expressed as a percentage of the total risk exposure amount. The Company has no Additional Tier 1 Capital and Tier 2 Capital, therefore the CET1 Capital is equal to Total Capital. According to CRR regulation, Total Capital Ratio should be higher than 8%.

As at 31 December 2016, the following table summarizes the Company's regulatory capital resources. The Company's capital management is reviewed further in note 21 to the financial statements.

	(Audited)
	£'000
Ordinary Shares	500
Previous years retained earnings	28,220
Dividends paid	(1,965)
Profit or loss eligible	12,780
Intangible assets	(60)
CET1 Capital	**39,475**
Own Funds	**39,475**

Total risk exposure is the sum of operational risk exposure, market risk exposure and the risk-weighted exposure amounts for credit and counterparty risk. As at 31 December 2016 the Company's Total Risk Exposure amount was £200,830,000 and the CET1 Capital Ratio was 19.7%[7]. Therefore, the surplus of Total Capital was £23,409,000.

	£'000
CET1 Capital ratio	**19.7%**
Surplus(+)/Deficit(-) of CET1 capital	30,438
T1 Capital ratio	**19.7%**
Surplus(+)/Deficit(-) of T1 capital	27,425
Total Capital ratio	**19.7%**
Surplus(+)/Deficit(-) of total capital	23,409

Under Pillar 2 requirements of the FCA's IFPRU Sourcebook[8], the Company has undertaken an assessment of the adequacy of capital based upon all the risks to which the business is exposed ("ICAAP"). The Pillar 2 assessment identified an additional capital of £100,000 in addition to the Pillar 1 as of 31 December 2016.

Remuneration Code

For the purposes of the "Remuneration Code" the Company is classified by the FCA as a Tier 3 Firm. The Company is not part of a group and is therefore subject to these regulations on a solo basis.

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[7] The values reported on the COREP return submitted for Q4 2016 differ with the ones in the Financial Statements as the profits for 2016 were not entirely included as part of eligible capital on the regulatory return.

[8] IFPRU 2.1-2.2.

STRATEGIC REPORT (continued)

The Company operates two types of remuneration:

- Fixed remuneration by way of annual salaries in line with industry scales.
- Discretionary bonus payments.

Remuneration is determined and reviewed annually by the Board of Directors. These arrangements are very much linked to performance. The Company does not make any guaranteed bonus commitments. Staff will be classified as code staff if they perform a significant influence function and/or manage or supervise a business unit.

In 2016, eleven employees were classified as code staff: being the five directors of The Company as well as the Heads of Compliance, Risk, Sales and Internal Audit and Milan and Dubai Branch Managers. Their aggregate remuneration in 2016 amounted to £874,389 of which £224,185 were bonus payments.

The Board is confident that variable remuneration is linked to the long-term interests of the Company and does not encourage excessive risk taking.

Approved by the Board of Directors
and signed on behalf of the Board



Alex Pusco
Director
25 April 2017

Company's registered number: 05367727

DIRECTORS' REPORT

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

Corporate Governance

During 2016 the Company has fully implemented the "three lines of defence" model and created different Committees at Board and Management level in order to establish standards for the control and governance of the Company. The Firm has appointed an experienced Non-Executive Director as Chairman of the Board and also a Head of Internal Audit in order to reinforce the independence and enhance the Corporate Governance Framework.

Branches outside the UK

The Company operates three branches of the business outside the UK, in Italy, Bulgaria and recently in Dubai.

The first branch was established in Milan in 2011 to support the promotion of ActivTrades to Italian customers and local administrative issues, although the Company undertakes the majority of its client services activities through the headquarters in UK. This branch employed 5 people at the end of 2016.

The branch in Sofia, established in April 2012, handles all the technology aspects of ActivTrades business, as well as the responsibility for risk control, and some client services. During 2016, the branch expanded its operations rapidly. At the end of 2016, it employed 108 people with almost half working in the IT department, which includes software development and IT infrastructure. They provide useful services to the Company in terms of the development of new products the Company offers to clients and enhancements into current systems and products.

The Dubai branch was established in November 2016 and its main activity is to support the promotion of ActivTrades to customers in the Middle East region. Having trading activities established locally that are regulated by the Dubai Financial Services Authority (DFSA) will also make the Company's service offering a more credible proposition for prospective clients in the region. The branch comprises three members of staff being responsible for customer enquiries, sales and compliance, as well as the Senior Executive Officer.

Future developments

The Company will continue to pursue the acquisition of retail clients through direct marketing campaigns and promotions in local media, as well as organising events and participating in trading fairs. Innovation and technology are the main drivers of the Company, alongside a desire to grow the current business and expand the range of products and services offered to clients.

DIRECTORS' REPORT (continued)

Directors

The directors of the Company during the year and up to the date of signing the financial statements are as follows:

J Reed	Non-Executive Chairman	(appointed 21 November 2016)
A Pusco	Chief Executive Officer	
A Draghi	Chief Risk Officer	
J Scarabino	Chief Finance Officer	
J Friend	Chief Compliance Officer	
A Gho	Chief Marketing Officer	

A Pusco holds 250,000 A shares and 245,000 B shares in the Company.

Dividend

The Company paid dividends of £1,965,000 during the year.

Employees

During last year the Company has continued to expand its personnel, in particular in the software development and marketing departments.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

DIRECTORS' REPORT (continued)

- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial; 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.

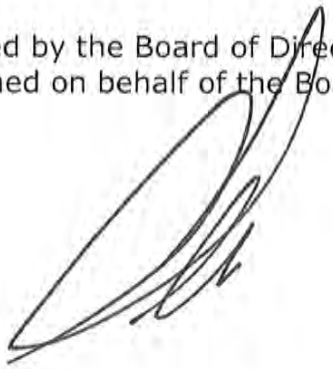
Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the next annual general meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Alex Pusco
Director
25 April 2017

Company's registered number: 05367727

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTIVTRADES PLC

Report on the financial statements

Our opinion

In our opinion, ActivTrades Plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 31 December 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTIVTRADES PLC (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTIVTRADES PLC (continued)

- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



John Wei (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2017

INCOME STATEMENT

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	6	**34,920**	31,409
Cost of sales		**(4,357)**	(3,464)
Gross profit		**30,563**	27,945
Administrative expenses		**(15,436)**	(16,387)
Operating profit		**15,127**	11,558
Interest receivable and similar income		**75**	20
Profit before taxation	7	**15,202**	11,578
Tax on profit	9	**(2,422)**	(1,973)
Profit for the financial year		**12,780**	9,605

The notes on pages 20 to 38 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 £'000	2015 £'000
Profit for the financial year	**12,780**	9,605
Total comprehensive income for the financial year	**12,780**	9,605

The notes on pages 20 to 38 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	11	**60**	100
Tangible assets	12	**516**	517
		576	617
Current assets			
Debtors	13	**7,224**	3,421
Investments	14	**1,999**	-
Cash at bank and in hand		**33,916**	27,908
		43,139	31,329
Creditors: amounts falling due within one year	15	**(3,500)**	(2,711)
Net current assets		**39,639**	28,618
Total assets less current liabilities		**40,215**	29,235
Provisions for liabilities	16	**(680)**	(515)
Net assets		**39,535**	28,720
Capital and reserves			
Called up share capital	17	**500**	500
Profit and loss account	18	**39,035**	28,220
Total Equity		**39,535**	28,720

The notes on pages 20 to 38 form part of these financial statements.

The financial statements were approved by the Board of Directors on 25 April 2017.
Signed on behalf of the Board of Directors:

Alex Pusco
Director

Company registration no: 05367727

STATEMENT OF CASH FLOWS

For year ended 31 December 2016

	2016 £'000	2015 £'000
Cash flows from operating activities		
Operating profit	**15,127**	11,558
Adjustments for:		
Amortisation of intangible assets	**45**	45
Depreciation of tangible assets	**261**	206
Increase in debtors	**(3,813)**	(65)
Increase in creditors	**516**	453
Cash from operations	**12,136**	12,197
Income taxes paid	**(1,898)**	(1,887)
Net cash generated from operating activities	**10,238**	10,310
Cash flows from investing activities		
Purchases of tangible assets	**(260)**	(304)
Purchases of intangible assets	**(4)**	(11)
Purchases of investments	**(1,999)**	-
Interest received	**75**	20
Net cash used in investing activities	**(2,188)**	(295)
Cash flows from financing activities		
Dividends paid	**(1,965)**	(2,750)
Net cash used in financing activities	**(1,965)**	(2,750)
Net increase in cash and cash equivalents	**6,085**	7,265
Exchange losses on cash at bank and in hand	**(77)**	-
Cash and cash equivalents at beginning of year	**27,908**	20,643
Cash and cash equivalents at end of year	**33,916**	27,908

The notes on pages 20 to 38 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For year ended 31 December 2016

	Called up share capital	Profit and loss account	Total Equity
	£ '000	£ '000	£'000
At 1 January 2015	**500**	**21,365**	**21,865**
Profit and total comprehensive income for the financial year	-	9,605	9,605
Dividends paid	-	(2,750)	(2,750)
At 31 December 2015	**500**	**28,220**	**28,720**
Profit and total comprehensive income for the financial year	-	12,780	12,780
Dividends paid	-	(1,965)	(1,965)
At 31 December 2016	**500**	**39,035**	**39,535**

The notes on pages 20 to 38 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Company information

ActivTrades PLC is a financial markets broker which specialises in offering customers online trading of contracts for difference ("CFD") and spread betting in foreign currencies, indices, single shares, commodities and treasuries.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA") and its permissions allow it to provide services to UK and non-UK based customers.

The Company is a Public Limited Company incorporated and domiciled in the United Kingdom. The address of its registered office is 1 Thomas More Square, London, E1W 1YN.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Pound Sterling.

3 Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

4 Significant estimates

Preparation of the financial statements requires management to make significant estimates. The items in the financial statements where these estimates have been made include provisions made for the Company's reward point's programme.

This provision requires management's best estimate of the costs that will be incurred, based on contractual requirements, in respect of this programme.

5 Principal accounting policies

a) Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets

are amortised over the following useful economic lives:

- Software licences 5 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

b) Tangible assets

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of tangibles less their residual values over their estimated useful lives, using the straight-line method. The tangible assets are depreciated over the following useful economic lives:

- Computer equipment 3 years
- Office furniture 3 years
- Leasehold improvements Term of the lease

If there is an indication that there has been a significant change in depreciation rate or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

c) Financial instruments

i) General

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for the objective evidence of impairment, and the impairment loss is recognised in profit or loss. If there is a decrease of the impairment loss, the impairment is reversed and also recognised in profit or loss.

Other financial assets, including investments (disclosed in note 14) are initially measured at fair value, which is normally the transaction price, and are subsequently re-measured at fair value. Changes in the fair value are recognised in the profit and loss account in the period in which they arise.

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Amounts due from or to customers and hedging counterparties are netted against other assets and liabilities with the same counterparty where a legally-enforceable netting agreement is in place and where it is anticipated that assets and liabilities will be netted on settlement.

ii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, current account balances, bank deposits and other short term highly liquid investments with maturity dates of less than three months.

iii) Derivatives

Customer positions in CFDs and spread betting where the Company acts as principal are financial instruments held at fair value through the profit or loss. Transactions in these instruments are treated as maturing at the end of each day and re-opening the next day and they are measured on a fair value basis by reference to the underlying prices obtained from an open market. The fair value of these instruments at the end of each day may give rise to a customer making a profit or a loss by reference to the opening position on the same day. If a customer makes a profit, there will be an increase in the customer funds required to be segregated. If a customer makes a loss there will be a decrease in the customer funds required to be segregated.

Because the Company has the right to set-off at any point in time all of a customer's open positions against amounts held in the same customer's account, these profits or losses will result in a transfer of funds between the Company's bank account and the segregated client bank account to ensure the latter account has a sufficient balance to cover the segregated funds requirement. Therefore, a customer's position in CFDs and spread betting will never give rise to a derivative asset or liability at the Balance Sheet date.

The fair value gain or loss is recognised in the Company's profit and loss account within Revenue in the period in which it arises.

Segregated client funds are not included in the Company's Balance Sheet.

Positions in CFDs and other financial products between the Company and its counterparties in relation to the Company's hedging activity are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit or loss. The fair value of open derivative positions at year end with the hedging counterparties are disclosed in notes 13 (Debtors) and 15 (Creditors).

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

The aggregate benefit of operating lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight line basis.

e) Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or

constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The Company recognises a provision for their reward points programme. This provision recognises management's best estimate of the costs that will be incurred, based on contractual requirements, in respect of this programme.

f) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

g) Turnover

Revenue represents the net of realised and unrealised gains and losses arising from trading in financial instruments, which are recognised on a trade basis and fair valued through profit and loss account, as well as financing and commission income. Revenue is recorded net of interest receivable or payable on segregated customer funds, commission payable for card and electronic money payments and bad debt due to the balance protection policy.

h) Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

i) Foreign currency translation

Functional currency and presentation currency
The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The Company's results and financial position are therefore presented in Pound Sterling.

Transactions and balances
In preparing the financial statements, transactions in currencies other than the functional currency of the Company (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

6 Turnover

Turnover, analysed geographically between markets, was as follows:

	2016 £'000	2015 £'000
Europe	**26,593**	23,221
Rest of the World	**8,327**	8,188
	34,920	31,409

Turnover, analysed by category, was as follows:

	2016 £'000	2015 £'000
Trading gains and losses	**34,885**	31,379
Interest income on segregated client funds	**35**	30
	34,920	31,409

7 Profit before taxation

The profit before taxation is stated after:

	2016 £'000	2015 £'000
Staff costs (note 8)	**7,344**	6,101
Marketing and IT	**5,417**	5,413
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**55**	59
Fees payable to the Company's auditor and its associates for other services:	**101**	73
Regulatory and other services	38	23
Tax compliance services	35	32
Audit related assurance services	28	18
Foreign exchange (gains) / losses	**(4,795)**	-
Other operating lease rentals	**380**	284

8 Directors and employees

Staff costs during the year were as follows:

	2016 £'000	2015 £'000
Wages and salaries	**6,559**	5,433
Social security costs	**735**	596
Other pension costs	**50**	72
	7,344	6,101

The Company recognises leave pay accruals, representing holiday balances accrued as a result of services rendered in the current period and which employees are entitled to

carry forward. This expense is included within wages and salaries and is measured as the salary cost payable for the period of absence.

The Company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £50,000 (2015: £72,000).

The average monthly number of employees of the Company during the year was:

	2016 Number	2015 Number
Sales and trading	**53**	53
Processing and administration	**145**	126
	198	179

Remuneration in respect of directors was as follows:

	2016 £'000	2015 £'000
Emoluments	**469**	438
Pension contributions to pension schemes	**16**	15
	485	453

During the year three directors (2015: three) participated in pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2016 £'000	2015 £'000
Emoluments	**135**	126
Pension contributions to pension schemes	**7**	6
	142	132

9 Tax on profit

The tax charge is based on the profit for the year and represents:

	2016 £'000	2015 £'000
UK corporation tax	**1,810**	1,509
Adjustments in respect of previous periods	**-**	8
Overseas branches corporation tax	**599**	431
Total current tax	**2,409**	1,948
Deferred tax: credit/(charge)	**13**	25
Tax on profit	**2,422**	1,973

The tax assessed for the year is lower than the standard rate of corporation tax in the UK at 20% (2015: 20.25%). The differences are explained as follows:

Profit before taxation	**15,202**	11,578
Profit multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	**3,040**	2,345
Expenses not deductible for tax purposes	**9**	23
Adjustments in respect of previous periods	**-**	8
Adjustments in respect of research and development	**(153)**	1
Capital allowances in excess of depreciation	**-**	(3)
Foreign branch exemption	**(1,073)**	(831)
Overseas branches corporation tax	**599**	431
Tax on profit	**2,422**	1,973

The deferred tax (asset)/liability relating to capital allowances in excess of depreciation is recognised as follows:

	2016 £'000	2015 £'000
At 1 January	**(11)**	(36)
Profit and loss account credit	**13**	25
Foreign Branch Exemption	**(3)**	-
At 31 December (note 13)	**(1)**	(11)

There was no unrecognised deferred tax asset as at 31 December 2016 (2015: nil).

A change to the UK corporation tax rate was announced in the Chancellor's Budget at summer budget 2015. The change announced is to reduce the main rate to 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the corporation tax main rate for the year starting 1 April 2020, setting the rate at 17%. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

10 Dividends

	2016	2015
	£'000	£'000
Paid during the year	**1,965**	2,750

There were no dividends declared post year end.

11 Intangible assets

	Software licences	**Total**
	£'000	**£'000**
Cost		
At 1 January 2016	311	311
Additions	5	5
Disposals	(92)	(92)
At 31 December 2016	**224**	**224**
Accumulated Amortisation		
At 1 January 2016	(211)	(211)
Disposals	92	92
Charged in the year	(45)	(45)
At 31 December 2016	**(164)**	**(164)**
Net book amount at 31 December 2016	**60**	**60**
Net book amount at 31 December 2015	100	100

12 Tangible assets

	Computer equipment	Office furniture	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2016	1,081	623	99	1,803
Additions	259	1	-	260
Re-allocation	-	2	3	5
Disposals	(545)	(504)	(13)	(1,062)
At 31 December 2016	**795**	**122**	**89**	**1,006**
Accumulated Depreciation				
At 1 January 2016	(693)	(560)	(33)	(1,286)
Re-allocation	-	(2)	(3)	(5)
Disposal	545	504	13	1,062
Charged in the year	(208)	(33)	(20)	(261)
At 31 December 2016	**(356)**	**(91)**	**(43)**	**(490)**
Net book amount at 31 December 2016	**439**	**31**	**46**	**516**
Net book amount at 31 December 2015	388	63	66	517

13 Debtors

	2016	2015
	£'000	£'000
Trade debtors	**5,161**	2,001
Other debtors	**1,087**	824
Derivatives	**-**	1
Deferred tax assets	**1**	11
Prepayments and accrued income	**975**	584
	7,224	3,421

Trade debtors include funds held at electronic money providers and brokers.
Other debtors include £136,000 (2015: £136,000) falling due after more than one year.

14 Investments

	2016 £'000	2015 £'000
Investments	1,999	-

Investments include a portfolio of USD denominated corporate and government bonds with high grade ratings[9] valued at £1,999,000. The portfolio has an average maturity of 14 months and coupon rates between 1%-5.625%. They are measured at fair value through profit and loss.

15 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	**790**	645
Other creditors	**558**	390
Derivatives	**1**	1
Other tax and social security	**321**	278
Corporation tax	**969**	532
Accruals and deferred income	**861**	865
	3,500	2,711

16 Provisions for liabilities

	2016 £'000	2015 £'000
At 1 January	**(515)**	(303)
Additions	**(165)**	(212)
At 31 December	**(680)**	(515)

The Company recognises a provision of £680,000 (2015: £515,000) for their reward points programme. This provision recognises management's best estimate of the costs that will be incurred, based on contractual requirements, in respect of this programme.

[9] Bond ratings between AA- and AAA from S&P rating agency as of 31 December 2016.

17 Called up share capital

	2016 £'000	2015 £'000
Authorised, allotted and fully paid:		
250,000 (2015: 250,000) ordinary A shares of £1 each	**250**	250
250,000 (2015: 250,000) ordinary B shares of £1 each	**250**	250
	500	500

Called up share capital represents the nominal value of shares that have been issued.

Ordinary A and ordinary B shares rank pari passu with the exception that only ordinary A shares are entitled to a dividend.

18 Profit and loss account

Profit and loss account includes all current and prior year retained profits and losses.

19 Leasing commitments

The Company's future minimum operating lease payments are as follows:

	2016 £'000	2015 £'000
Within one year	**440**	283
Between one and five years	**1,534**	358

20 Transactions with related parties

	2016 £'000	2015 £'000
Dividends paid to directors	**1,965**	2,750

The Company does not have a parent undertaking. The ultimate controlling party of the Company is Alex Pusco.

A Company, Padan SaGL, controlled by a director, Andrea Draghi, provides marketing and risk management consultancy to ActivTrades PLC. The total paid for these services in 2016 was £80,000 (2015: £70,000). Amounts payable at the year-end were £5,000 (2015: £5,000).

21 Financial risk management

The company has exposures to a range of financial risks including market, credit and liquidity risk. Market risk exposures arise from the trading book positions held in Foreign exchange, market indices, single stocks and commodities. Credit risk exposure arises primarily from balance sheet exposures and outstanding trades in the event of client/counterparty failure.

The Board is the ultimate responsible for the implementation of the risk strategy, defining the risk appetite and the establishment of effective risk controls. The approach to managing risk is described within the Risk Management Framework. In addition, The Company's' Internal Capital Adequacy Assessment Process (ICAAP) is prepared and updated on an annual basis in accordance with the requirements of the Financial Conduct Authority (FCA) and CRD IV[10]. The main objective of the ICAAP is to inform the Board of the on-going assessment of the Company's risks, how to mitigate these risks and identify how much current and future capital is necessary, considering also various stress tests scenarios.

a) Market Risk

Market risk is defined as the risk of reductions in revenue arising from changes in market risk factors. The main market risk factors are stock prices, foreign exchange rates, interest rates and commodity prices.

Market risk positions are managed in accordance with the Company's Risk Appetite statement and Risk Management Framework to ensure the Company has enough capital resources to support the calculated Market Risk Capital Requirement at all times.

The Company's real time market position monitoring system allows it to monitor its market exposure against these limits continuously and manage the exposure with internal limits designed to mitigate the risk of breaching the Capital Adequacy Requirements. If exposures exceed these limits, the policy requires that hedging is undertaken to bring the exposure back within the defined limit.

The Company's net position in its trading book reflects a significant natural hedge as individual clients frequently take opposite trading positions in the same instruments. This is reflected in the Company's overall exposure which can vary significantly as it is highly dependent on clients' positions and underlying market conditions.

[10] The Capital Requirements Directive (2013/36/EU) (CRD) and the Capital Requirements Regulation (575/2013) (CRR), called "CRD IV"

Although the own funds requirement for Market Risk increased 94% against prior year it remains well within the risk appetite. The main components of the market risk are presented below:

Risk Exposure Amount per Instrument Type	**2016 £'000**	2015 £'000
Foreign Exchange	**95,025**	40,825
Commodities	**4,663**	5,813
Equity	**32,440**	22,076
Debt instruments	**1,651**	251
Total exposure	**133,779**	68,965

i) Non trading book interest rate risk

The Company is also exposed to interest rate risk arising from changes in interest rates paid or earned on assets and liabilities. Interest rate risk is felt on the Company's income on segregated and own funds.

All assets and liabilities have a re-pricing maturity of less than one year. Sensitivity analysis has not been presented as the impact of possible market movements on the Company's revenue is considered to be immaterial.

ii) Non trading book foreign exchange risk

Transactional currency exposures arise in the normal course of business as most of the revenue of the Company is in Euro currency. The management of the Company has decided to keep the cash at bank in Euro and convert in local currency whenever it is required for financing the operations.

The Company is exposed to foreign currency risk which arises from transactions giving rise to monetary assets and liabilities denominated in currencies other than the functional currency of the Company. The Company's net exposure to foreign exchange risk based on the carrying amounts for each of the major foreign currency exposures at each year-end was as follows:

At 31 December 2016	**EUR £'000**	**USD £'000**	**CHF £'000**
Debtors	3,237	1,474	9
Cash at bank and in hand	19,840	11,993	1,339
Investments	-	1,999	-
Creditors	(828)	(383)	(15)
	22,249	**15,083**	**1,333**

At 31 December 2015	EUR £'000	USD £'000	CHF £'000
Debtors	1,913	753	22
Cash and cash equivalents	14,866	10,065	540
Investments	-	-	-
Creditors	(1,039)	(233)	(15)
	15,740	**10,585**	**547**

The following sensitivity table demonstrates the effects of a 5% rise or fall in foreign currency exchange rates against GBP for each of the foreign currency exposures above on the Company profit before tax:

	At 31 December 2016		At 31 December 2015	
	Decrease in profit before tax if currency weakens 5%	Increase in profit before tax if currency strengthens 5%	Decrease in profit before tax if currency weakens 5%	Increase in profit before tax if currency strengthens 5%
	£'000	**£'000**	**£'000**	**£'000**
EUR	(1,059)	1,171	(750)	828
USD	(718)	794	(504)	557
CHF	(64)	70	(26)	29

iii) Interest rate risk

The Company does not have any interest bearing borrowings nor does it pay any interest to customers on segregated funds. Accordingly changes in interest rates do not immediately affect the cost base.

The Company's own cash and client segregated funds are available on demand or at a short notice (1 month) and therefore only attract marginal level of interest at current interest rate levels. Thus no sensitivity analysis is presented as interest rate risk has no material impact on the Company's results.

b) Credit Risk

The Company's credit risk is primarily attributable to its trade receivables and cash at bank and in hand. The majority of these balances are due from banks who are selected through a due diligence process to ensure the Company is dealing with appropriate counterparties. As at 31 December 2016, trade and other debtors amounted to £6,248,000 (2015: £2,825,000), investments were £1,999,000 (2015: £nil) and cash balances were £33,916,000 (2015: £27,908,000). Credit risk on customers trading is minimised by limiting the amount customers can trade relative to the money deposited in their account with the Company. In addition, the Company has mechanisms in place to reduce a customer's open trades so that losses are highly unlikely to exceed their relevant deposits. As a result, management believes credit risk to be low and monitors it on an on-going basis.

The Company has implemented a negative balance protection policy which writes off any negative amount should a customer account go into negative after an abrupt market movement. During the year, the Company has written off customer negative balances of £761,000 (2015: £1,137,000).

The maximum exposure to credit risk as at 31 December 2016 was £42,163,000 (2015: £30,733,000). There is no significant concentration of credit risk.

Financial assets subject to credit risk: for the purposes of the Company's disclosures regarding credit quality, financial assets subject to credit risk have been analysed as follows:

At 31 December 2016	Note	Cash at bank and in hand £'000	Investments £'000	Trade and other debtors £'000	Total £'000
Neither past due nor individually impaired	(i)	33,916	1,999	6,248	42,163
Past due but not individually impaired	(ii)	-	-	-	-
Individually impaired	(iii)	-	-	-	-
Total		33,916	1,999	6,248	42,163
Impairment allowance		-	-	-	-
Total carrying amount		**33,916**	**1,999**	**6,248**	**42,163**

At 31 December 2015	Note	Cash at bank and in hand £'000	Investments £'000	Trade and other debtors £'000	Total £'000
Neither past due nor individually impaired	(i)	27,908	-	2,825	30,733
Past due but not individually impaired	(ii)	-	-	-	-
Individually impaired	(iii)	-	-	-	-
Total		27,908	-	2,825	30,733
Impairment allowance		-	-	-	-
Total carrying amount		**27,908**	**-**	**2,825**	**30,733**

i) Financial assets subject to credit risk neither past due nor individually impaired:

Financial assets subject to credit risk that are neither past due nor individually impaired can be analysed according to the rating systems used by the Company when assessing customers and counterparties. The credit quality of financial assets subject to credit risk that were neither past due nor impaired, based on credit rating, was as follows:

At 31 December 2016	Strong £'000	Satisfactory £'000	Higher risk £'000	Total £'000
Cash at bank and in hand	33,916	-	-	33,916
Investments	1,999			1,999
Trade and other debtors	6,248	-	-	6,248
Total	**42,163**	**-**	**-**	**42,163**

At 31 December 2015	Strong £'000	Satisfactory £'000	Higher risk £'000	Total £'000
Cash at bank and in hand	27,908	-	-	27,908
Other Cash Equivalents	-	-	-	-
Trade and other debtors	2,825	-	-	2,825
Total	**30,733**	**-**	**-**	**30,733**

ii) Past due but not individually impaired:

As at 31 December 2016, no financial assets were past due but not impaired (2015: £Nil).

iii) Individually impaired:

As at 31 December 2016, no financial assets were individually impaired (2015: £Nil).

c) Liquidity Risk

In managing liquidity risk, the main objective of the Company is to ensure that it has the ability to pay all of its liabilities as they fall due. The Company monitors its levels of working capital to ensure that it can meet its obligations as they fall due. The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

31 December 2016	On demand	Less than Three month	Three month to One year	After One year	Total
	£'000	£'000	£'000	£'000	£'000
Financial assets					
Cash at bank and in hand	19,740	14,176	-	-	33,916
Investments	1,999	-	-	-	1,999
Trade and other debtors	-	6,112	-	136	6,248
	21,739	20,288	-	136	42,163
Financial liabilities					
Trade and other creditors	-	1,348	-	-	1,348
Net liquidity surplus/(gap)	**21,739**	**18,940**	**-**	**136**	**40,815**

31 December 2015	On demand	Less than Three month	Three month to One year	After One year	Total
	£'000	£'000	£'000	£'000	£'000
Financial assets					
Cash at bank and in hand	15,349	12,559	-	-	27,908
Investments	-	-	-	-	-
Trade and other debtors	-	2,689	-	136	2,825
	15,349	15,248	-	136	30,733
Financial liabilities					
Trade and other creditors	-	1,035	-	-	1,035
Net liquidity surplus/(gap)	**15,349**	**14,213**	**-**	**136**	**29,698**

d) Capital Resources

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The above objective must be achieved in accordance with guidelines set by the FCA, the regulator for the Company. The FCA sets out the requirements for the Company in respect of the minimum level of capital it must hold at any point. In pursuing its primary objective, the Company also ensures that it is compliant with the FCA requirements.

In calculating regulatory capital, the Company's capital is analysed into Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital. Common Tier 1 capital is the core measure of a Company's financial strength from a regulator's point of view. It consists of the types of financial capital considered the most reliable and liquid, primarily being shareholders' equity.

The Company's Common Equity Tier 1 Capital consists of share capital and retained earnings, which can be found on the Strategic report. There have been no changes in the Company's management of capital during the year.

22 Financial instruments

The Company has the following financial instruments:

	2016 **£'000**	2015 £'000
Financial assets measured at fair value through profit or loss:		
- Derivatives (note 13)	**-**	1
- Investments (note 14)	**1,999**	-
Financial assets measured at amortised cost (which approximates fair value):		
- Trade debtors (note 13)	**5,161**	2,001
- Other debtors (note 13)	**1,087**	824
Financial liabilities measured at fair value through profit or loss:		
- Derivatives (note 15)	**(1)**	(1)
Financial liabilities measured at amortised cost (which approximates fair value):		
- Trade creditors (note 15)	**(790)**	(645)
- Other creditors (note 15)	**(558)**	(390)

COUNTRY BY COUNTRY REPORTING

Independent auditors' report to the Directors of ActivTrades Plc

We have audited the accompanying schedule of ActivTrades Plc for the year ended 31 December 2016 ("the schedule"). The schedule has been prepared by the directors based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Directors' Responsibility for the schedule
The directors are responsible for the preparation of the schedule in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the schedule, and for such internal control as the directors determine is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

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

Opinion
In our opinion, the country-by-country information in the schedule as at 31 December 2016 is prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Basis of Preparation and Restriction on Distribution
Without modifying our opinion, we draw attention to the schedule, which describes the basis of preparation. The schedule is prepared to assist the directors to meet the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. As a result, the schedule may not be suitable for another purpose.

Our report is intended solely for the benefit of the directors of ActivTrades Plc. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
25 April 2017

COUNTRY BY COUNTRY REPORTING (continued)

The following table is disclosed to capture the requirements of Article 89 relating to country-by-country reporting (CBCR) of the Capital Requirements Directive IV (CRDIV), which was enacted as a result of the Capital Requirements (Country-by-Country). Reporting Regulations 2013 (Statutory Instrument 2013 No. 3118).

Jurisdiction	Number of employees	Turnover	Profit (or loss) before tax	Accounting tax charge (credit)	Cash tax paid on profit or loss	Public subsidies received	Description of activities	List of entities
UK	88	26,841,000	9,833,000	1,823,000	1,455,000	No	Financial Derivatives broker	ActivTrades PLC
Bulgaria	108	7,446,000	5,318,500	585,000	407,000	No	IT, Risk, Compliance, Client Services	ActivTrades PLC
Italy	5	550,000	44,500	14,000	36,000	No	Compliance, Client Services	ActivTrades PLC
Dubai	2	83,000	6,000	-	-	No	Compliance, Client Services	ActivTrades PLC
Group Total	203	34,920,000	15,202,000	2,422,000	1,898,000	No	Financial Derivatives broker	ActivTrades PLC