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.

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 Group 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 daily and fair valued through profit and loss account, as well as financing and commission income. Revenue also includes interest receivable or payable on customer loans, segregated broker customer funds, bad debts due to the negative balance protection policy and hedging revenue.

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

The Group financial statements are presented in Pound Sterling (GBP) and rounded to thousands.

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.

Translation
The trading results of Group undertakings are translated into sterling at the spot rate at the dates of the transactions. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year end. The same exchange rates are used across the Group.

j) Investment in subsidiaries

Investment in subsidiary companies are held at cost less accumulated impairment losses.

7 Turnover

Turnover, analysed geographically between markets, was as follows:

	2019	2018
	£'000	£'000
Europe	**14,650**	30,061
Rest of the World	**5,951**	8,648
	20,601	38,709

Turnover, analysed by category, was as follows:

	2019	2018
	£'000	£'000
Trading gains and losses	**20,037**	38,219
Interest income	**-**	490
Fee income on loans to customers	**564**	-
	20,601	38,709

8 (Loss)/Profit before taxation

The (loss)/profit before taxation is stated after:

	2019 £'000	2018 £'000
Staff costs (note 9)	**11,072**	9,897
Marketing and IT	**8,352**	8,276
Legal & Professional	**2,741**	2,089
Foreign exchange losses/ (gains)	**1,509**	(1,124)
Operating lease rentals	**1,470**	622
Depreciation	**275**	335
Other Administrative Costs	**3,969**	4,668
	29,388	24,763
Auditors' remuneration:		
Fees payable to the Groups's auditors for the audit of the Group's annual financial statements	**92**	84
Fees payable to the Group's auditors and its associates for other services:	**302**	220
Audit of the Company's subsidiaries/branches	**37**	30
Regulatory and other services	**175**	93
Tax compliance services	**45**	54
Audit-related assurance services	**45**	43

9 Employees and Directors

Staff costs during the year were as follows:

	2019 £'000	2018 £'000
Wages and salaries	**9,792**	8,794
Social security costs	**1,075**	965
Other pension costs	**205**	138
	11,072	9,897

The Group recognises leave pay accruals, representing holiday balances accrued as a result of services rendered in the current year 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 Group 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 £205,000 (2018: £138,000).

Employees

Group

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

	2019 Number	2018 Number
Sales and trading	**62**	49
Processing and administration	**166**	171
	228	220

Company

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

	2019 Number	2018 Number
Sales and trading	**55**	48
Processing and administration	**157**	168
	212	216

Directors

Group

Remuneration in respect of the Group's directors was as follows:

	2019 £'000	2018 £'000
Emoluments	**882**	676
Pension contributions to pension schemes	**20**	22
Sums paid to third parties for directors' services	**93**	93
	995	791

During the year three directors (2018: three) participated in pension schemes.

...pany

...uneration in respect of the Company's directors was as follows:

	2019 £'000	2018 £'000
Emoluments	**770**	572
Pension contributions to pension schemes	**20**	22
Sums paid to third parties for directors' services	**93**	93
	883	687

During the year three directors (2018: three) participated in pension schemes.

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

	2019 £'000	2018 £'000
Emoluments	**218**	194
Pension contributions to pension schemes	**-**	-
	218	194

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

Group

	2019 £'000	2018 £'000
Salaries and other short-term benefits	**1,313**	1,154
Post-employment benefits	**26**	33
Share-based payments	**-**	-
	1,339	1,187

Company

	2019 £'000	2018 £'000
Salaries and other short-term benefits	**1,112**	971
Post-employment benefits	**22**	27
Share-based payments	**-**	-
	1,134	998

10 Tax on (loss)/profit

Due to there being a loss for the year, the Company will carry back the loss against prior year profits. The reconciliation is shown below:

	2019 £'000	2018 £'000
UK corporation tax	**(1,171)**	1,266
Adjustments in respect of previous periods	**-**	(427)
Overseas branches corporation tax	**31**	405
Total current tax	**(1,140)**	1,244
Deferred tax: charge/(credit)	**-**	-
Tax on (loss)/profit	**(1,140)**	1,244

The tax claim assessed for the year is the standard rate of corporation tax in the UK at 19% (2018: 19%). The differences are explained as follows:

(Loss)/Profit before taxation	**(8,283)**	12,283
(Loss)/Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(1,574)	2,334
Expenses not deductible for tax purposes	40	7
Adjustments in respect of previous periods	-	(427)
Adjustments in respect of R&D	(284)	(250)
Pension contribution deductible on paid basis	1	2
Capital Assets expenses	9	20
Capital allowances in excess of depreciation	9	(11)
Impact of overseas tax rates	29	(41)
Foreign branch exemption	599	(795)
Overseas branches corporation tax	31	405
Tax on (loss)/profit	**(1,140)**	1,244

There was no unrecognised deferred tax asset as at 31 December 2019 (2018: £nil).

A change to the UK corporation tax rate was announced in the Chancellor's summer budget 2015 and 2016. The changes announced were to reduce the main rate to 19% for the years starting the 1 April 2017, 2018 and 2019. A further cut to 17% was planned for 1 April 2020, however this was cancelled by the Chancellor on 11 March 2020.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

11 Dividends

	2019 £'000	2018 £'000
Dividends paid during the year	**-**	5,006

12 Intangible assets

Group and Company	**Software licenses £'000**	**Total £'000**
Cost		
At 1 January 2019	81	81
Additions	-	-
Disposals	(49)	(49)
At 31 December 2019	**32**	**32**
Accumulated amortisation		
At 1 January 2019	(66)	(66)
Disposals	49	49
Provided in the year	(9)	(9)
At 31 December 2019	**(26)**	**(26)**
Net book amount at 31 December 2019	**6**	**6**
Net book amount at 31 December 2018	15	15

13 Tangible assets

Group	Computer equipment	Office furniture	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	903	128	111	1,142
Additions	170	25	10	205
Disposals	(86)	(2)	-	(88)
At 31 December 2019	**987**	**151**	**121**	**1,259**
Accumulated depreciation				
At 1 January 2019	(561)	(85)	(81)	(727)
Disposals	86	2	-	88
Provided in the year	(221)	(26)	(19)	(266)
At 31 December 2019	**(696)**	**(109)**	**(100)**	**(905)**
Net book amount at 31 December 2019	**291**	**42**	**21**	**354**
Net book amount at 31 December 2018	342	43	30	415

Company	Computer equipment	Office furniture	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	808	84	90	982
Additions	112	-	-	112
Disposals	(86)	-	-	(86)
At 31 December 2019	**834**	**84**	**90**	**1,008**
Depreciation				
At 1 January 2019	(543)	(78)	(77)	(698)
Disposals	86	-	-	86
Provided in the year	(181)	(4)	(9)	(194)
At 31 December 2019	**(638)**	**(82)**	**(86)**	**(806)**
Net book amount at 31 December 2019	**196**	**2**	**4**	**202**
Net book amount at 31 December 2018	265	6	13	284

14 Subsidiary Undertakings

The list of subsidiaries is as follows:

Name	Address of the registered office	Nature of business	Interest
ActivTrades Public Limited Company	13/18 City Quay, Dublin 2, D02 NY19, Ireland	Dormant (Dissolved 6 February 2019)	100% ordinary shares
ActivTrades Corp	209 & 210 Church Street, Olde Towne, Sandyport, West Bay Street, Nassau, New Providence, SP 64388, The Bahamas.	Financial Derivatives broker	100% ordinary shares
ActivTrades Europe S.A.	29 Boulevard Grande Duschesse Charlotte, Luxembourg, L-1331	Financial Derivatives broker (awaiting license)	100% ordinary shares

ActivTrades Public Limited Company was dissolved during the year 2019 and therefore is not shown in the Statement of Financial Position at the year end.

ActivTrades Europe S.A. was incorporated in January 2019 and this is therefore its first year in this consolidation. It is awaiting its license to trade in Luxembourg.

All three subsidiaries are included in these consolidated financial statements.

15 Loans and Advances to Customers

Group and Company

	2019 **£'000**	2018 £'000
Loans secured against property, within one year	**18,597**	9,636
Loans secured against property, between one and five years	**1,336**	-
Specific and general bad and doubtful debt provision	**-**	-
	19,933	**9,636**

The above analysis is based on contractual maturity and may not reflect actual experience on repayments since loans can be repaid early.

All but one credit risk exposure of ActivTrades (including all the collaterals and business cash flows) are in the UK. The loans and advances to customers are measured at amortised cost. The fair values of the loan financial assets are approximate to their book values.

16 Debtors

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Trade debtors	5,015	5,938	4,191	5,421
Amounts owed by Group undertakings	-	-	1,660	1,262
Other debtors	1,297	1,043	1,130	1,025
Corporation Tax	1,171	-	1,171	-
Derivatives	-	3	-	3
Prepayments and accrued income	1,040	897	956	838
	8,523	7,881	**9,108**	8,549

Trade debtors include funds held at payment service providers and brokers.

Other debtors include £108,000 (2018: £111,000) falling due after more than one year.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17 Investments

Group and Company

	2019 £'000	2018 £'000
Investments	-	386
	-	386

The final corporate bond matured in December 2019. The proceeds have not been re-invested.