



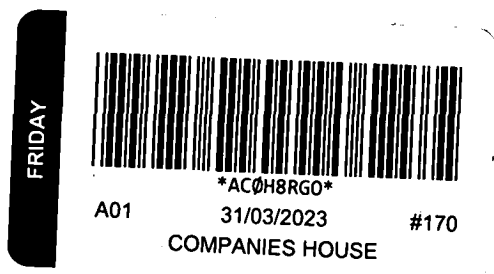
PLUS500UK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

Company Registration Number 07024970



PLUS500UK LTD

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FOR THE YEAR ENDED 31 DECEMBER 2022

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**PLUS500UK LTD**

**OFFICERS AND PROFESSIONAL ADVISERS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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Directors	Mr. D Zruia Mr. M R Winton Mr. D F Simpson (resigned 09/10/2022)
Registered office	8 Angel Court Copthall Avenue London EC2R 7HJ England
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT England

**PLUS500UK LTD**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present this report and the audited financial statements of the Company for the year ended 31 December 2022.

**Results and dividends**

The profit for the financial year, after taxation, amounted to £7,791k (2021: £2,091k) and was above Group expectations. No dividends were paid during the year (2021: NIL).

**Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

D Zruia

M R Winton

D F Simpson – a non-executive director (resigned on 09/10/2022)

**Disclosure of information to auditors**

The directors confirm that:

- as far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Statement of directors' responsibilities in respect of the Financial Statements**

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

PLUS500UK LTD

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors 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.

The directors are also 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.

**Strategic report**

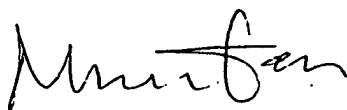
In accordance with section 414C(11) of the Companies Act 2006 the Company has chosen to include a Strategic Report as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Future prospects of the Company and details around the firm's Risk Management are included in the Strategic Report.

**Independent Auditors**

PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



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M. R. Winton, Director and CEO

Approved by the directors on

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31 January 202331

Date

## PLUS500UK LTD

### STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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#### **Principal activities**

Plus500UK Ltd (the "Company" or "Firm") was incorporated in September 2009 and became authorised and regulated by the Financial Conduct Authority (FCA, previously known as the Financial Services Authority) in June 2010.

Our parent Company, Plus500 Ltd ("Plus500" or "Group"), was admitted to trading on the AIM market of the London Stock Exchange on 24 July 2013 and on 26 June 2018, its shares were admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange PLC's Main Market for listed securities, subsequently joining the FTSE250 index.

The principal activity of the Company is online trading in OTC ("Over-the-Counter" products, namely Contracts for Difference (CFDs)) delivered through a technology-based trading platform. The Company enables retail and professional customers to trade CFDs in over 2,500 different underlying global financial instruments comprising equities, exchange-traded funds (ETFs), foreign exchange, indices, options, commodities and cryptocurrencies. Plus500's trading platform is accessible from multiple operating systems (Windows, iOS and Android) and web browsers.

A customer-centric approach remains integral to Plus500's business model. A free demo account is available on an unlimited basis for platform users and sophisticated risk management tools are provided free of charge to manage leveraged exposure, and stop losses can be utilised to help customers protect profits, while limiting capital losses. Plus500 does not employ cold-calling techniques, nor does it have a Sales desk like many firms within the sector.

#### **Business review and future prospects**

Customer trading activity remained buoyant, due in part to the events that unfolded in Eastern Europe and the wider macroeconomic trends. These trends saw the value of Sterling decrease over the course of the year, resulting in a favourable FX gain for the Company.

The Company continues to be confident about the outlook for the business, with the Group remaining well positioned to deliver sustainable growth over the medium to long term.

The Company remains debt free with substantial cash resources and is in a strong position to achieve success during 2023 and beyond.

#### **Key performance indicators (KPIs)**

The directors of the Company believe that analysis using key performance indicators is not necessary or appropriate for an understanding of the performance or position of the Company's business. The KPIs which our parent company, Plus500 Ltd., is using to manage the Group's operation are discussed in its annual report.

**PLUS500UK LTD**

**STRATEGIC REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Risk management**

The principal activities of the Company outlined in note 2 give rise to financial risks in the ordinary course of business. Whilst risk management is performed at a group level, the Company undertakes activities to mitigate its risks. In order to appropriately assess, mitigate and manage the risks the Company believes have the potential to have a significant detrimental impact on its financial performance, the Company has developed its Internal Capital Adequacy and Risk Assessment Process (ICARA). Amongst other elements, this looks at identifying and assessing harm to clients (RtC) and markets (RtM), additional risks to the Company's capital and additional risks affecting the Company's liquid resources.

The board sets the strategy and policies for the management of these risks and assigns the management and monitoring of these risks as appropriate. Under FRS 102, a firm shall disclose information that enables users of its financial statements to evaluate the nature and extent of credit risk, liquidity risk and market risk arising from financial instruments to which the firm is exposed at the end of the reporting year. Data relating to the FRS definition of these risks (which may differ from those described under the ICARA regime) is explained in note 6.

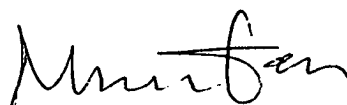
**Section 172 (1) Statement**

The Board is conscious of its obligations to act in a way that promotes the success of the Company for the benefit of its members as a whole, having regard, among other matters, to the likely long-term consequences of any decisions, the interests of the company's employees and the fostering of its business relationships. A further requirement set out in Section 172 of the Companies Act 2006 regarding the desirability of the company maintaining a reputation for high standards of business conduct is entirely in line with its regulatory obligations and the Board ensures that this remains at the forefront of its dealings with customers.

**Climate Change**

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

Signed on behalf of the directors



M. R. Winton, Director and CEO

Approved by the directors on

31 January 2023

Date

**PLUS500UK LTD**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLUS500UK LTD**

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**Report on the audit of the financial statements**

**Opinion**

In our opinion, Plus500UK Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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



## PLUS500UK LTD

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLUS500UK LTD (continued)

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and the Directors' Report**

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 year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

## PLUS500UK LTD

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLUS500UK LTD (continued)

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#### **Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to corporation tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to recording of journals. Audit procedures performed by the engagement team included:

- Enquiries of management in relation to known or suspected non-compliance with laws and regulations and fraud;
- Identifying and, where relevant, testing journal entries;
- Review of correspondence with regulators in so far as it was related to the financial statements; and
- Incorporated unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

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.

PLUS500UK LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLUS500UK LTD (continued)

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**Other required reporting**

**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Craig McSherry (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
31 January 2023

PLUS500UK LTD

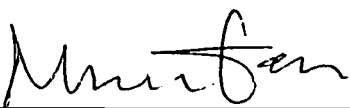
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

Company Registration Number 07024970

	Note	31 Dec 2022	31 Dec 2021
		£'000	£'000
<b>Current assets</b>			
Debtors	16	26,597	28,627
Cash and cash equivalents		60,714	47,096
		<u>87,311</u>	<u>75,723</u>
Creditors: Amounts falling due within one year	17	(35,446)	(31,749)
<b>Net assets</b>		<u><u>51,865</u></u>	<u><u>43,974</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	14,000	14,000
Retained earnings	19	37,665	29,874
Other reserves		200	100
<b>Total equity</b>		<u><u>51,865</u></u>	<u><u>43,974</u></u>

The financial statements on pages 10 to 26 were approved by the board of directors on 31/01/23 and signed on its behalf by:



Mr M. R. Winton

The notes on pages 14 to 26 form part of these financial statements.

**PLUS500UK LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	31 Dec 2022	31 Dec 2021
		£'000	£'000
Turnover	7	14,949	13,530
Distribution costs	8	(7,675)	(6,956)
Administrative expenses	9	(4,153)	(3,825)
Operating profit		3,121	2,749
Interest receivable/(payable) and similar income/(charges)	10	6,576	(131)
Profit before taxation		9,697	2,618
Tax on profit	15	(1,906)	(527)
Profit after tax and total comprehensive income for the year		7,791	2,091

All of the activities of the Company are classed as continuing.

The Company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 14 to 26 form part of these financial statements.

PLUS500UK LTD

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share Capital	Retained Earnings	Other Reserves	Total
		£'000	£'000	£'000	£'000
Balance as at 01 Jan 2021		14,000	27,783	32	41,815
Issue of share capital	18	0	0	0	0
Profit for the year	19	0	2,091	0	2,091
Dividends	19	0	0	0	0
Long term incentive plan (LTIP)		0	0	68	68
Balance as at 31 Dec 2021		<u>14,000</u>	<u>29,874</u>	<u>100</u>	<u>43,974</u>
Balance as at 01 Jan 2022	18, 19	14,000	29,874	100	43,974
Issue of share capital	18	0	0	0	0
Profit for the year	19	0	7,791	0	7,791
Dividends	19	0	0	0	0
Long term incentive plan (LTIP)		0	0	100	100
Balance as at 31 Dec 2022	18, 19	<u>14,000</u>	<u>37,665</u>	<u>200</u>	<u>51,865</u>

The notes on pages 14 to 26 form part of these financial statements.

PLUS500UK LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 £'000	31 Dec 2021 £'000
Profit after tax for the financial year		7,791	2,091
Adjustments to profit after tax for financial year	20	(4,570)	726
Cash generated from operations before working capital changes		3,221	2,817
Changes in working capital	21	6,143	(262)
Cash generated from / (used in) operating activities		9,364	2,555
Tax refund received / (Tax paid)		(2,322)	797
Net cash generated from / (used in) operating activities		7,042	3,352
Cash flows from investing activities			
Interest received	10	591	35
Net cash generated from / (used in) investing activities		591	35
Cash flows from financing activities.			
Proceeds from issuance of share capital	18	0	0
Interest paid	10	(5)	(18)
Dividends paid	19	0	0
Net cash generated from / (used in) financing activities		(5)	(18)
Increase / (decrease) in cash and cash equivalents		7,628	3,369
Gains / (losses) on foreign currency revaluations	10	5,990	(148)
Net increase / (decrease) in cash and cash equivalents		13,618	3,221
Cash and cash equivalents at beginning of the year		47,096	43,875
Cash and cash equivalents at end of the year		60,714	47,096

The notes on pages 14 to 26 form part of these financial statements.

## PLUS500UK LTD

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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##### 1. General information

Plus500UK Ltd (the Company) is a company limited by shares, incorporated in England and Wales. Its registered office is 8 Angel Court, Copthall Avenue, London EC2R 7HJ, England.

##### 2. Principal business activity

The principal activity of the Company is online trading in OTC ("Over-the-Counter" products, namely Contracts for Difference (CFDs)) delivered through a proprietary trading platform via the web and other electronic channels.

##### 3. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Plus500 Ltd, a company incorporated in Israel and quoted on the London Stock Exchange (PLUS.L), by virtue of its 100% shareholding in the Company. Copies of Plus500 Ltd's consolidated financial statements can be obtained from Plus500 Ltd's Secretary at Building 25, Matam, Haifa 3190500, Israel.

##### 4. Summary of significant accounting policies

###### Going Concern

The Financial Statements have been prepared on a going concern basis.

###### Statement of compliance

The individual Financial Statements of the Company have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006.

###### Basis of accounting

The Financial Statements have been prepared under the historical cost convention using the accrual basis, as modified by the revaluation of certain financial assets and financial liabilities which were measured at fair value through profit or loss.

###### Presentation currency

The Financial Statements are presented in Pounds Sterling.

###### Turnover

Turnover is measured at net consideration received / paid on all realised positions and net fair market value of open OTC CFD positions with clients and all other counterparties, including overnight charges and credits.

The recognition of income results directly from the recognition and measurement of assets and liabilities in accordance with FRS 102 section 2.41. Turnover is recognised on financial assets and liabilities on an aggregate basis by each asset class to determine the net gain or loss for that asset class in accordance with FRS 102 section 11.48. CFD positions are viewed as a single asset class.

###### Distribution costs

Distribution costs are classified as those costs directly associated with the completion of CFD trades by the Company.



PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

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4. Summary of significant accounting policies (continued)

**Pension costs**

The Company contributes to a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Pension costs are recognised when they become payable to the pension scheme on behalf of the employee as a result of contractual obligations.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Corporation Tax**

Taxation expense for the period comprises current tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. The Company's management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Taxes on income in the periods are accrued using the tax rate that would be applicable to expected total annual profit or loss. Current taxation assets and liabilities are not discounted.

**Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the year if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account and included within finance costs.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash held at financial institutions and short-term deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

**Measurement of fair value**

The Company measures fair value at quoted market price in an active market or at nominal value of contractual obligation. Financial instruments held at fair value are classified as level 1 in accordance with FRS 102 section 34.22.

PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

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4. Summary of significant accounting policies (continued)

**Financial Instruments**

The Company enters into both basic financial instruments, such as trade and other accounts receivable and payable, and complex financial instruments, such as CFDs.

(i) Basic financial instruments

Basic financial instruments, as defined in FRS 102 section 11, will initially be recognised at the transaction price (including transaction costs). Subsequent measurement will be at the amortised cost of the financial instrument using the effective interest rate method.

(ii) Other financial instruments

Other financial instruments (complex financial instruments), as defined in FRS 102 section 12, will initially be recognised at fair value (including transaction costs). Subsequent measurement will be at the fair value of the financial instrument recognising changes in fair value as profits or losses.

(iii) Equity instruments

The Company recognises the issue of shares and other equity instruments as equity when it issues those instruments and another party is obliged to provide cash or other resources to the Company in exchange for the instruments.

On the issue of shares or other equity instruments, the Company measures the equity instruments at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments, in accordance with FRS 102 section 22.

Equity instruments are not re-measured following initial recognition.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

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4. **Summary of significant accounting policies** (continued)

**Related party transactions**

Under the exemption 33.1A 'Related Party Disclosures' within FRS 102, the Company has chosen not to disclose transactions with related parties on the basis that related party transactions are primarily with members of the group and disclosed within the group financial statements.

Transactions with related parties other than with members of the group are disclosed within note 23.

**Provisions**

Provisions are recognised when the Company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

5. **Judgements and key sources of estimation uncertainty**

No significant judgements nor estimations have had to be made by management in preparing these Financial Statements.

6. **Risks and risk management**

The principal activities of the Company outlined in note 2 give rise to financial risks in the ordinary course of business. Whilst risk management is performed at a group level, the Company undertakes activities to mitigate its risks. In order to appropriately assess, mitigate and manage the risks the Company believes have the potential to have a significant detrimental impact on its financial performance, the Company has developed its Internal Capital Adequacy and Risk Assessment Process (ICARA). Amongst other elements, this looks at identifying and assessing harm to clients (RtC) and markets (RtM), additional risks to the Company's capital and additional risks affecting the Company's liquid resources.

The board sets the strategy and policies for the management of these risks and assigns the management and monitoring of these risks as appropriate. Under FRS 34.23 – 34.30, A financial institution shall disclose information that enables users of its financial statements to evaluate the nature and extent of credit risk, liquidity risk and market risk arising from financial instruments to which the financial institution is exposed at the end of the reporting period. Data relating to the FRS definition of these risks (which may differ from those described under the ICARA regime), are described below:

**Liquidity risk**

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Under MIFPRU 7.7.2, a firm is required to produce a reasonable estimate of the maximum amount of liquid assets that the firm would require to fund its ongoing business operations during each quarter over the next 12 months and ensure that the firm could be wound down in an orderly manner.

PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

6. Risks and risk management (continued)

Liquidity risk (continued)

The Company, at all times, holds such funds or make arrangements to have access to such funds enabling it to meet all of its obligations in a timely manner. Due to the high level of cash and cash equivalent reserves held by the Company in comparison to its liabilities, no additional sources of funds are currently deemed necessary. This is tested via the Liquid Assets Threshold Requirement (LATR) calculations, as detailed in the firm's ICARA.

	Amounts payable on demand	Amounts payable within 1 year	Total
	£'000	£'000	£'000
31 Dec 2022			
Financial derivatives with clients	2,534	0	2,534
Other amounts owed to group undertakings	0	8,337	8,337
Trade creditors	0	23,249	23,249
Corporation tax payable	0	0	0
Accruals and deferred income	0	1,326	1,326
Total	<u>2,534</u>	<u>32,912</u>	<u>35,446</u>
31 Dec 2021			
Financial derivatives with clients	10,702	0	10,702
Other amounts owed to group undertakings	0	1,352	1,352
Trade creditors	0	18,170	18,170
Corporation tax payable	0	284	284
Accruals and deferred income	0	1,241	1,241
Total	<u>10,702</u>	<u>21,047</u>	<u>31,749</u>

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The risk includes loss of principal, disruption to cash flows and increased collection costs. The Company's credit risk stems from two sources:

- (i) Customers;
- (ii) Banks and financial institutions.

Customers:

The Company operates a margin system whereby clients deposit cash upfront prior to trading to be used as collateral against possible losses. Should a client's net equity position fall below the required maintenance margin, which is required to keep their positions open, and the client does not provide additional margin to cover their position, the client's position will be liquidated until the remaining net equity position exceeds the required maintenance margin.

PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

6. Risks and risk management (continued)

Credit risk (continued)

Banks and financial institutions:

The Company holds accounts in several banks and financial institutions to facilitate the collection and payment of funds from/to customers and other counterparties. An account with a bank or a financial institution will only be opened after suitable checks have been made to assess the risk level of that entity. Those assessments are reviewed annually. Following the introduction of the IFPR, exposure to the default of trading counterparties requires firms to ensure that they have sufficient capital to cover adverse changes to exposures within the firm's trading book (K-TCO within the ICARA).

The maximum exposure to credit risk at the reporting time is the fair value of derivative assets, cash deposits, prepayments and other debtors at the balance sheet date. Credit risk of derivative assets is mitigated by cash collateral held (maintenance margin). Credit risk of institutions holding cash deposits is mitigated by depositing cash within financially sound institutions. As at 31 December 2022 no amounts are past due or impaired (2021: £nil).

Maximum exposure to credit risk	31 Dec 2022	31 Dec 2021
	£'000	£'000
Cash and cash equivalent, held with financial institutions	60,714	47,096
Financial derivatives owed by customers	25,745	28,448
Other debtors and prepayments	852	179
Total	<u>87,311</u>	<u>75,723</u>
Cash collateral held	31 Dec 2022	31 Dec 2021
	£'000	£'000
Cash and cash equivalent, held with financial institutions	0	0
Financial derivatives owed by customers	25,745	28,448
Other debtors and prepayments	0	0
Total	<u>25,745</u>	<u>28,448</u>
Cash and cash equivalent, held with financial institutions	31 Dec 2022	31 Dec 2021
Grade	£'000	£'000
AA+ and above	0	0
AA to A-	54,604	43,402
BBB+ to BBB-	1,318	1,126
BB+ to B	4,792	2,568
CCC and below	0	0
Unrated	0	0
Total	<u>60,714</u>	<u>47,096</u>

PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

6. Risks and risk management (continued)

**Credit risk** (continued)

Other debtors	31 Dec 2022	31 Dec 2021
Grade	£'000	£'000
AA+ and above	0	0
AA to A-	0	0
BBB+ to BBB-	0	0
BB+ to B	0	0
CCC and below	0	0
Unrated	852	179
Total	<u>852</u>	<u>179</u>

No ratings presented for financial derivatives as these are fully collateralised.

**Market risk (RtM)**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Interest rate risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk represents an insignificant change in value as the Company does not have any loan liabilities and as the business model does not rely upon interest income, the only potential adverse effect would be negative interest rates on balances held.

Currency risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk fluctuates in value (both favourably and adversely) dependent on the exchange rates applicable at each revaluation date and is further detailed in Note 10.

Other price risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company hedges all of its positions back-to-back with its parent company (Plus500 Ltd) and therefore the Company is not exposed to other price risk.

PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

7. **Turnover**

The Company's income is derived from trading in CFDs as principal which, for the purposes of segmental analysis, is considered by the directors to be a single global market.

8. **Distribution costs**

	31 Dec 2022	31 Dec 2021
	£'000	£'000
Introductory commission	4,016	3,277
Credit card and e-money charges	3,659	3,679
	<u>7,675</u>	<u>6,956</u>

Introductory commission relates to platform provision and intermediation services provided by Plus500 Ltd in relation to the completion of CFDs by the Company with its customers.

9. **Administrative expenses**

Administrative expenses included the following expenses:

	31 Dec 2022	31 Dec 2021
	£'000	£'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	42	39
Fees payable to the Company's auditors for other services:		
Audit-related assurance services	98	53
Additional / adjustment to fees in relation to the prior year audit	0	0
Staff costs	2,221	1,986
Lease payments recognised as an expense	199	103

10. **Interest receivable/(payable) and similar income/(charges)**

	31 Dec 2022	31 Dec 2021
	£'000	£'000
Interest receivable and similar income	591	35
Interest payable and similar charges	(5)	(18)
Foreign exchange gains / (losses)	5,990	(148)
	<u>6,576</u>	<u>(131)</u>

Interest paid was a result of suffering negative interest on deposits held in specific currencies.

PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

11. The average number of staff throughout the year employed by the Company during the financial year amounted to:

	31 Dec 2022	31 Dec 2021
	no.	no.
Directors	2	2
Other employees	9	9
	<u>11</u>	<u>11</u>

12. Staff costs

The aggregate staff costs for the year were:

	31 Dec 2022	31 Dec 2021
	£'000	£'000
Wages and salaries	1,887	1,638
Social security costs	285	300
Other pension costs	49	48
	<u>2,221</u>	<u>1,986</u>

13. Directors' remuneration

Directors' remuneration includes all emoluments, including pension contribution and bonuses, paid to Directors for services to the Company. No Director accrued benefits under the defined contribution pension scheme during the current year and no Director in the previous year.

The Directors' aggregate remuneration in respect of qualifying services were:

	31 Dec 2022	31 Dec 2021
	£'000	£'000
Directors' aggregate remuneration in respect of qualifying services	724	759
Defined Contribution Pension scheme	0	0
	<u>724</u>	<u>759</u>

The highest paid Director in 2022 received total emolument of:

	31 Dec 2022	31 Dec 2021
	£'000	£'000
Directors' aggregate remuneration in respect of qualifying services	722	756
Defined Contribution Pension scheme	0	0
	<u>722</u>	<u>756</u>

The remuneration of Mr. Zruia is paid by the parent Company Plus500 Ltd. It is the practice of the parent company that its employees are not remunerated for director appointments as their role is incidental to their role as an employee of the parent company. Accordingly, the above details do not include remuneration in respect of Mr. Zruia. Mr Simpson was not employed on a full time basis as he was a non-executive director and is no longer a director at the end of the reporting year.



PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

14. Commitments under operating leases

At 31 December 2022 the Company had annual commitments under operating leases as set out below.

	31 Dec 2022	31 Dec 2021
	£'000	£'000
No later than one year	199	199
Later than one year and not later than five years	762	771
After more than five years	509	699
	<u>1,470</u>	<u>1,669</u>

15. Tax on profit

The taxation presented for 2022 is the same (2021: same) as the standard applicable rate of tax in the UK at the year end of 19% (2021: 19%). The taxation presented for 2022 is different to the standard applicable rate. Differences are explained below

	31 Dec 2022	31 Dec 2021
	£'000	£'000
Profit before taxation	<u>9,697</u>	<u>2,618</u>
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	1,842	497
Effects of:		
- Expenses not deductible for tax purposes	25	9
- Adjustments to current tax charge in respect of previous years	39	21
- Impact of change in the tax rate	0	0
	<u>1,906</u>	<u>527</u>

The effective rate of tax for 2022 was 19.7% (2021 - 20.1%).

16. Debtors

	31 Dec 2022	31 Dec 2021
	£'000	£'000
Fair value of financial derivatives with clients	25,745	28,448
Amounts due from group undertakings	576	0
Other debtors	52	31
Corporation tax receivable	133	0
Prepayments and accrued income	91	148
	<u>26,597</u>	<u>28,627</u>

PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

17. Creditors: amounts falling due within one year	31 Dec 2022	31 Dec 2021
	£'000	£'000
Fair value of financial derivatives with clients	2,534	10,702
Trade creditors	23,249	18,170
Amounts owed to group undertakings	8,337	1,352
Corporation tax payable	0	284
Accruals and deferred income	1,326	1,241
	<u>35,446</u>	<u>31,749</u>
18. Called up share capital	31 Dec 2022	31 Dec 2021
Allotted, called up and fully paid share equity:	£'000	£'000
Ordinary Class A shares of £1 each	13,975	13,975
Ordinary Class B shares of £1 each	25	25
	<u>14,000</u>	<u>14,000</u>
No shares were issued in 2022 (2021: nil). No dividends were paid in 2022 (2021: nil).		
19. Retained earnings	31 Dec 2022	31 Dec 2021
	£'000	£'000
Balance brought forward	29,874	27,783
Profit for the financial year	7,791	2,091
Dividends	0	0
Balance carried forward	<u>37,665</u>	<u>29,874</u>
20. Adjustments to profit after tax for the financial year	31 Dec 2022	31 Dec 2021
	£'000	£'000
Deduct: Interest received	(591)	(35)
Add back: Interest paid	5	18
Add back / (deduct): Foreign exchange losses / (gains)	(5,990)	148
Add back: Corporation tax expense accrued	1,906	527
Add back: Long term incentive plan (LTIP)	100	68
	<u>(4,570)</u>	<u>726</u>

PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

21. Changes in working capital

	31 Dec 2022	31 Dec 2021
	£'000	£'000
Decrease / (increase) in trade and other receivables	2,163	2,034
(Decrease) / increase in trade and other payables	(2,532)	(9,434)
(Decrease) / increase in payables to parent	6,512	7,138
	<u>6,143</u>	<u>(262)</u>

22. Financial Instruments

	31 Dec 2022	31 Dec 2021
	£'000	£'000
<b>Financial assets</b>		
Cash and cash equivalents	60,714	47,096
Derivatives	25,745	28,448
All other debtors	761	31
	<u>87,220</u>	<u>75,575</u>
Non-financial assets	91	148
Total assets	<u>87,311</u>	<u>75,723</u>
<b>Financial liabilities</b>		
Derivatives	2,534	10,702
All other creditors	32,912	21,047
	<u>35,446</u>	<u>31,749</u>
Non-financial liabilities	0	0
Total liabilities	<u>35,446</u>	<u>31,749</u>

The directors believe that the carrying value of the Company's financial instruments approximates their fair value.

23. Related party transactions

During the year the Company paid DFS Business Services Ltd, a company owned by Mr. D F Simpson, a non executive director of the Company, £29k (2021: £35k) for services rendered. There were no amounts outstanding to or from the Company at the year ended 31 December 2022 (2021: nil).

24. Client money

The Company holds client money under Financial Conduct Authority (FCA) rules - CASS chapter 7. Such monies and corresponding amounts due to clients are not shown on the face of the balance sheet as the Company is not beneficially entitled thereto. In accordance with CASS, all client cash is segregated and reconciled on a daily basis.

PLUS500UK LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

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**25. Capital resources**

The Company's capital resources are managed and monitored in accordance with the regulatory capital requirements of the FCA. The Company's capital resource requirement is calculated according to the FCA rules that apply to a MIFIDPRU £150k limited license firm.

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern; and
- To meet regulatory capital requirements at all times.

The Company's capital objectives are primarily met by managing the business risks that the Company faces on a regular basis. There have been no changes in the Company's methodology for managing capital during the period.

Regulatory eligible capital comprised of share capital and audited retained earnings. As at 31 December 2022 the eligible capital was £51,665k (31 December 2021: £43,874k).

The Company has surplus cash as at the reporting date, and it has adequate forecast financial resources in order to meet its liabilities as they fall due.

**26. Post balance sheet events**

The Company has evaluated the effects of post balance sheet events and found there have been no events that would require recognition or disclosure in the Financial Statements.