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PLUS500UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Company Registration Number 07024970

MONDAY



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PLUS500UK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

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PLUS500UK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2013

The board of directors

A L Welsh
Y Lavi

Company secretary

CPA Audit Corporate Services Limited

Business address

Suite 705
Tenter House
45 Moorfields
London
EC2Y 9AE

Registered office

Talbot House
8-9 Talbot Court
London
EC3V 0BP

Auditor

Baker Tilly Audit Limited
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

PLUS500UK LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2013

Principal activities and business review

The principal activity of the company is online trading in Contracts for Differences ("CFDs") delivered through a proprietary Trading Platform via the web and other electronic channels. Plus500 acts as principal and hedges its exposure to limit the risk in volatile markets. This means the objectives of our customers are aligned with our own. Notably, this year our holding Company, Plus500 Ltd, successfully listed on the UK AIM market raising significant funds for our future development. The directors believe that CFD's will continue to be the financial product of choice for customers with appetite for risk.

Plus500 offers trading in a growing number of CFD products including a multitude of currency pairs. During 2013 we broadened our offering with an additional 1,000 CFD products and we plan to continue to expand our market share during 2014. We currently have just over 416,000 users globally accessing over 3,000 CFD products.

2013 has been a significant year for Plus500 demonstrating that our retail offering had succeeded in taking a significant market share in the online trading market. We continue to believe that simplicity is the key to a successful customer experience with a product which is now generally accepted as "The World's Trading Platform". We are particularly pleased that we were the first to market with the innovative CFD offering on virtual currencies.

Our staff represent our greatest asset with a comprehensive knowledge of all aspects of operations including IT and systems, driving innovation in a product designed to appeal directly to customers and their preferred choice of delivery whether it be web, phone or tablet.

Our customers have clearly demonstrated their preference for CFDs against other competing risk based products such as spreadbetting, a fact which is borne out by independent research. I am happy to report that we are now some way towards achieving our aim of the No 1 spot in the online CFD space.

The 2013 year has been another successful one for us, we are happy to report a pre tax profit of £6,426,894 (2012 profit £1,653,485). The profit and loss account for the period is set out on page 7.

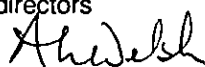
During the year our holding company raised additional capital from a very successful IPO which resulted in a listing on the London Stock Exchange. As a result, the company received additional funding of £5,000,000 in the form of new share capital. Dividends totalling £4,200,000 (£0.70p per share) were paid during the year (2012 £300,000 (£0.30p per share)) and details can be found in note 16 to the accounts. The company remains debt free with growing cash resources and is in a strong position to achieve success.

Financial risk management

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Plus500 acts as principal and hedges its exposure to limit risk in volatile markets. This means the objectives of our customers and ourselves are aligned.

Signed on behalf of the directors



A L Welsh

Director

Approved by the directors on *3 March 2014*

PLUS500UK LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements of the company for the year ended 31 December 2013

Results and dividends

The profit for the year, after taxation, amounted to £4,932,461 Particulars of dividends paid are detailed in note 8 to the financial statements

Financial instruments

Details of the company's financial risk management objectives and policies are included in note 11 to the accounts

Directors

The directors who served the company during the year were as follows

D I Sordo
A L Welsh
Y Lavi

Y Lavi was appointed as a director on 18 November 2013

D I Sordo resigned as a director on 16 October 2013

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 year

In preparing these financial statements, the directors are required to

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

PLUS500UK LIMITED
DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2013

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

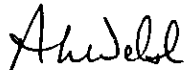
Strategic report

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

Auditor

Baker Tilly Audit Limited (formerly RSM Tenon Audit Limited) are deemed to be reappointed under section 487(2) of the Companies Act 2006

Signed on behalf of the directors



A L Welsh

Director

Approved by the directors on *3 March 2014.*

PLUS500UK LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PLUS500UK LIMITED
YEAR ENDED 31 DECEMBER 2013

We have audited the financial statements of PLUS500UK Limited for the year ended 31 December 2013. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 the overall presentation of the financial statements. 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PLUS500UK LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PLUS500UK LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2013

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Malcolm Prouet, Senior Statutory Auditor
For and on behalf of

Baker Tilly Audit Limited

Baker Tilly Audit Limited, Statutory Auditor
Chartered Accountants
66 Chiltern Street
London
W1U 4JT

Prior to 30 September 2013 Baker Tilly Audit Limited was named RSM Tenon Audit Limited

8 March 2014

PLUS500UK LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
Turnover	2	63,793,214	27,199,639
Cost of sales		(18,073,965)	(10,491,322)
Gross profit		<u>45,719,249</u>	<u>16,708,317</u>
Administrative expenses		(39,356,257)	(15,084,693)
Operating profit	3	<u>6,362,992</u>	<u>1,623,624</u>
Interest receivable		63,952	29,861
Interest payable and similar charges	6	(50)	-
Profit on ordinary activities before taxation		<u>6,426,894</u>	<u>1,653,485</u>
Tax on profit on ordinary activities	7	(1,494,433)	(405,060)
Profit for the financial year		<u>4,932,461</u>	<u>1,248,425</u>

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 10 to 17 form part of these financial statements

PLUS500UK LIMITED
Registered Number 07024970

BALANCE SHEET

31 DECEMBER 2013

	Note	2013 £	£	2012 £	£
Current assets					
Debtors	9	2,316,921		833,579	
Cash at bank		21,517,945		8,635,586	
		<u>23,834,866</u>		<u>9,469,165</u>	
Creditors: Amounts falling due within one year	10	<u>(15,675,758)</u>		<u>(7,042,518)</u>	
Net current assets			<u>8,159,108</u>		<u>2,426,647</u>
Capital and reserves					
Called-up share capital	14		6,000,000		1,000,000
Profit and loss account	15		2,159,108		1,426,647
Shareholders' funds	16		<u>8,159,108</u>		<u>2,426,647</u>

These accounts were approved by the directors and authorised for issue on 3 March 2014 and are signed on their behalf by

A L Welsh
Director



The notes on pages 10 to 17 form part of these financial statements

PLUS500UK LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2013

	Note	2013		2012	
		£	£	£	£
Net cash inflow from operating activities	17		12,768,388		1,833,166
Returns on investments and Servicing of finance					
Interest received		63,952		29,861	
Interest paid		(50)		-	
Net cash inflow from returns on investments and servicing of finance			63,902		29,861
Taxation			(749,931)		(380,809)
Equity dividends paid			(4,200,000)		(300,000)
Cash inflow before financing			<u>7,882,359</u>		<u>1,182,218</u>
Financing					
Issue of equity share capital		5,000,000		-	
Net cash inflow from financing			5,000,000		-
Increase in cash	17		<u>12,882,359</u>		<u>1,182,218</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments, and in accordance with applicable accounting standards

Turnover

Turnover represents net trading income which comprises commissions earned on transactions in contracts for difference. Commissions are recognised as and when trades are completed

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

Pension costs

The company operates 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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date

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 period 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

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

1. Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

If a financial instrument contains both an equity and a liability element, then the liability element is first established with any residual value being disclosed within equity shareholders' funds. The liability element is the present value of the future payments guaranteed to be made to the holders of the financial instrument.

Non-discretionary dividends payable are disclosed within interest in the company's profit and loss account.

Functional and presentation currency

The Financial Statements are presented in Pounds sterling, which is the Company's functional currency.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below.

	2013 £	2012 £
United Kingdom	<u>63,793,214</u>	<u>27,199,639</u>

3. Operating profit

Operating profit is stated after charging/(crediting)

	2013 £	2012 £
Net loss/(profit) on foreign currency translation	<u>920,584</u>	<u>(135,907)</u>

PLUS500UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2013	2012
	No	No
Number of management staff	<u>2</u>	<u>2</u>

The aggregate payroll costs of the above were

	2013	2012
	£	£
Wages and salaries	231,574	158,808
Social security costs	24,836	19,021
Other pension costs	<u>10,000</u>	<u>5,000</u>
	<u>266,410</u>	<u>182,829</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2013	2012
	£	£
Remuneration receivable	220,003	158,808
Value of company pension contributions to money purchase schemes	<u>10,000</u>	<u>5,000</u>
	<u>230,003</u>	<u>163,808</u>

Remuneration of highest paid director:

	2013	2012
	£	£
Total remuneration (excluding pension contributions)	130,892	101,724
Value of company pension contributions to money purchase schemes	<u>10,000</u>	<u>5,000</u>
	<u>140,892</u>	<u>106,724</u>

The number of directors on whose behalf the company made pension contributions was as follows

	2013	2012
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

6. Interest payable and similar charges

	2013	2012
	£	£
Interest payable on bank borrowing	<u>50</u>	<u>-</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2013 £	2012 £
UK Corporation tax based on the results for the year at 23% (2012 - 24%)	<u>1,494,433</u>	<u>405,060</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23% (2012 - 24%)

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>6,426,894</u>	<u>1,653,485</u>
Profit on ordinary activities by rate of tax	1,478,186	396,836
Effects of		
Expenses not deductible for tax purposes	396	-
Tax chargeable at higher rate	<u>15,851</u>	<u>8,224</u>
Total current tax (note 7(a))	<u>1,494,433</u>	<u>405,060</u>

8. Dividends

Equity dividends

	2013 £	2012 £
Paid during the year		
Dividends on equity shares	<u>4,200,000</u>	<u>300,000</u>

9. Debtors

	2013 £	2012 £
Other debtors	2,304,431	815,521
Prepayments and accrued income	<u>12,490</u>	<u>18,058</u>
	<u>2,316,921</u>	<u>833,579</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

10. Creditors: Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	5,754,411	5,091,690
Amounts owed to group undertakings	8,816,031	1,605,242
Corporation tax	1,031,477	286,975
PAYE and social security	16,839	-
Accruals and deferred income	57,000	58,611
	<u>15,675,758</u>	<u>7,042,518</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

11 Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company

The company hedges its exposure, to the risk of trading positions it holds with its parent undertaking, who bears these risks

The Company's regulator, the Financial Conduct Authority ("FCA"), sets and monitors capital requirements for the Company. In implementing current capital requirements the FCA requires the Company to maintain a prescribed ratio of total capital to total risk-weighted assets

The disclosures within this note are shown on an individual company basis as it is not subject to consolidated reporting

The Company calculates Pillar 2 requirements according to the set principles where appropriate. Pillar 2 capital is calculated according to the ICAAP risk matrix taking due regard of stress and scenario testing

Risk management

The company is managed by its directors who are both attentive to developments in the market and to compliance issues in the conduct of the business

The company manages its risks by maintaining appropriate documented procedures with the aim of operating a defined and transparent risk management framework. The management of the firm has sufficient experience to manage risks appropriately and has a compliance director who regularly monitors risks

The directors have identified that business and controls risks are the main areas of risks the firm is exposed to

The company's market, credit and liquidity risks are hedged with their parent undertaking

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 resources are as follows

	£'000
Tier 1 Capital	
Called Up Share Capital	6,000
Profit and Loss Account	2,159
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
Total Capital	8,159
Tier 2 Capital	-
Tier 3 Capital	-
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
Total Capital Resource	8,159

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

The firm's Pillar 1 capital resource requirement is calculated at €730k according to the FCA rules that apply to a BIPRU 730k full scope firm. The pillar 2 capital requirement is £100k.

	£'000
Capital Requirement	
Base Capital Resource Requirement	597
Total Variable Capital Requirement:	
Tier 1 and Tier 2 Capital	1,226
Tier 3	-
	<u>6,726</u>

12. Commitments under operating leases

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below

	Other 2013	Other 2012
	£	£
Operating leases which expire Within 1 year	<u>5,201</u>	<u>35,612</u>

13 Related party transactions

The company has taken advantage of the exemption under FRS 8 Related Parties to not disclose transactions with related parties on the basis that group accounts are prepared

14 Share capital

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary shares (2012 - 975,000) of £1 each	5,975,000	5,975,000	975,000	975,000
Ordinary Class 2 shares of £1 each	25,000	25,000	25,000	25,000
	<u>6,000,000</u>	<u>6,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

15. Profit and loss account

	2013	2012
	£	£
Balance brought forward	1,426,647	478,222
Profit for the financial year	4,932,461	1,248,425
Equity dividends	(4,200,000)	(300,000)
Balance carried forward	<u>2,159,108</u>	<u>1,426,647</u>

PLUS500UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

16. Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	4,932,461	1,248,425
New ordinary share capital subscribed	5,000,000	–
Equity dividends	(4,200,000)	(300,000)
Net addition to shareholders' funds	5,732,461	948,425
Opening shareholders' funds	<u>2,426,647</u>	<u>1,478,222</u>
Closing shareholders' funds	<u>8,159,108</u>	<u>2,426,647</u>

17. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2013 £	2012 £
Operating profit	6,362,992	1,623,624
Increase in debtors	(1,483,342)	(203,599)
Increase in creditors	7,888,738	413,141
Net cash inflow from operating activities	<u>12,768,388</u>	<u>1,833,166</u>

Reconciliation of net cash flow to movement in net funds

	2013 £	2012 £
Increase in cash in the period	12,882,359	1,182,218
Movement in net funds in the period	<u>12,882,359</u>	<u>1,182,218</u>
Net funds at 1 January 2013	8,635,586	7,453,368
Net funds at 31 December 2013	<u>21,517,945</u>	<u>8,635,586</u>

Analysis of changes in net funds

	At 1 January 2013 £	Cash flows £	At 31 December 2013 £
Net cash			
Cash in hand and at bank	8,635,586	12,882,359	21,517,945
Net funds	<u>8,635,586</u>	<u>12,882,359</u>	<u>21,517,945</u>

18 Ultimate controlling party

The ultimate controlling party is PLUS500 Plc, a company incorporated in Israel, by virtue of its shareholding in PLUS500UK Limited