



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 892 878 382
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: CMC MARKETS UK PLC FILIAL OSLO
Forretningsadresse: Fridtjof Nansens plass 6
0160 OSLO

Regnskapsår

Årsregnskapets periode: 01.04.2018 - 31.03.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Henrik Sommerfelt
Dato for fastsettelse av årsregnskapet: 25.09.2019

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 29.05.2026



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Revenue	4	14 316 000	15 774 000
Interest income	4	0	1 000
Sum inntekter		14 316 000	15 775 000
Kostnader			
wages and salaries	6	4 312 000	5 027 000
social security costs	6	919 000	1 152 000
other pension costs	6	200 000	194 000
share based payments	6	21 000	100 000
depreciation and amortisation	7	99 000	38 000
IT costs	5	272 000	412 000
sales and marketing	5	4 264 000	5 008 000
premises costs	5	1 022 000	1 022 000
legal and professional fees	5	610 000	490 000
regulatory fees	5	303 000	264 000
other costs	5	1 357 000	1 035 000
Sum kostnader	5	13 379 000	14 742 000
Driftsresultat	7	937 000	1 033 000
Netto finans			
Ordinært resultat før skattekostnad	7	937 000	1 033 000
taxation	8	280 000	427 000
Ordinært resultat etter skattekostnad	7	657 000	606 000
Årsresultat	7	657 000	606 000



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
leasehold improvements	9	149 000	141 000
furniture, fixtures and equipment, and computer hardware	9	228 000	317 000
Sum varige driftsmidler	9	377 000	458 000
Finansielle anleggsmidler			
deferred tax assets	10	24 000	42 000
other debtors (office deposit)	11	0	495 000
Sum finansielle anleggsmidler		24 000	537 000
Sum anleggsmidler		401 000	995 000
Omløpsmidler			
Varer			
Fordringer			
amount due from group companies	11	7 480 000	8 420 000
prepayments and accrued income	11	407 000	128 000
other debtors	11	620 000	-186 000
Sum fordringer	11	8 507 000	8 362 000
Bankinnskudd, kontanter og lignende			
cash and cash equivalents	12	829 000	724 000
Sum bankinnskudd, kontanter og lignende	12	829 000	724 000
Sum omløpsmidler		9 336 000	9 086 000
SUM EIENDELER		9 737 000	10 081 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2019	2018
Egenkapital			
Innskutt egenkapital			
Opptjent egenkapital			
retained earnings		7 567 000	6 910 000
Sum opptjent egenkapital		7 567 000	6 910 000
Sum egenkapital		7 567 000	6 910 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
social security and other tax	13	130 000	332 000
current tax payable		130 000	143 000
trade payables	13	2 000	-310 000
accruals and deferred income	13	1 908 000	3 006 000
Sum kortsiktig gjeld		2 170 000	3 171 000
Sum gjeld		2 170 000	3 171 000
SUM EGENKAPITAL OG GJELD		9 737 000	10 081 000



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 28.09.2011	Vår dato 05.10.2011
Telefon 22078139	Deres referanse	Vår referanse 2011/941220

CMC MARKETS UK PLC FILIAL OSLO
Stranden 3 B
0250 Oslo

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for CMC Markets Uk Plc Filial Oslo, org. nr. 982 878 382

Det vises til deres brev av 28. september 2011 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for CMC Markets Uk Plc Filial Oslo.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering CMC Markets Uk Plc Filial Oslo dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

CMC Markets Uk Plc Filial Oslo er eiet av CMC Markets Plc. CMC Markets UK Plc leverer finansielle tjenester direkte til private kunder online. Selskapet reguleres av Financial Services Authority. Oslo filialen opererer hovedsakelig med markedsføring av produkter levert av CMC Markets UK Plc direkte til forbrukere, og gir kunden opplæring, assistanse og hjelp med prosedyren forbundet med åpning av konti. For konsernets europeiske selskaper har man sentralisert regnskapskompetansen til en felles regnskapsavdeling i London. Den norske versjonen av årsregnskapet utarbeides kun for å tilfredsstille regnskapsloven.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det

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vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon. I denne vurderingen har Skattedirektoratet lagt vekt på at filialen er en del av et britisk selskap. Videre er det vektlagt at konsernet har sentralisert regnskapskompetansen til en felles regnskapsavdeling i London for konsernets europeiske selskaper.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Inger Johanne Stolt-Nielsen
underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland



Company registration number: 892878382

CMC Markets UK plc Filial Oslo

Annual Report and Financial Statements

31 March 2019



CMC Markets UK plc Filial Oslo

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CMC Markets UK plc Filial Oslo Management report

The Management present their report and the audited Financial Statements for CMC Markets UK plc Filial Oslo (the "Branch") for the year ended 31 March 2019.

CORPORATE INFORMATION

The Branch is a branch of CMC Markets UK plc which is a public limited company incorporated, registered and domiciled in England and Wales under the Companies Act 2006. The Branch was established in Norway in October 2008 as part of the CMC Group's expansion into the European Markets.

PRINCIPAL ACTIVITIES

The principal activity of CMC Markets UK plc is to provide online Contracts For Difference ("CFDs") on a range of shares, indices, foreign currencies, commodities and treasuries to private investors in global financial markets through its online trading platform.

The Branch is primarily responsible for marketing CMC Markets products to the retail segment, educating clients, performing customer support and facilitating the account opening process. The Branch is also involved in obtaining new partners and developing existing partners. In addition, the Branch maintains dialogue with regulatory bodies, press, financial industry sector and local authorities.

GOING CONCERN

Having given due consideration to the nature of the Branch's business, management have reasonable expectation that the Branch has adequate resources to continue in operational existence to serve as a sales and marketing agent for CMC Markets UK plc in Europe. The Branch therefore continues to adapt to the going concern basis in preparing its Financial Statements.

BUSINESS REVIEW

Revenue for the year ended 31 March 2019 was 14,316,000 NOK (2018: 15,774,000 NOK). The profit for the year was 657,000 NOK (2018: 606,000 NOK).

The Company has net assets of 7,567,000 NOK as at 31 March 2019 (2018: 6,910,000 NOK).

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors of CMC Markets plc, the ultimate parent Company of the CMC Markets Group (the "Group"), manage the Group risks at a Group level rather than at an individual business unit level. For this reason, a discussion of the business unit's risks would not be appropriate for an understanding of the development, performance or position of the Branch's business. The principal risks of CMC Markets plc, which include those of the Branch, are discussed in the Strategic Report of the Group Annual Report which does not form part of this report.

The Branch can be subject to regulations monitored by the Financial Supervisory Authority of Norway ("Finanstilsynet"). The Branch is currently represented in the register of Finanstilsynet and might therefore be subject to various inquiries and asked to supply information regarding its activities. However, since operations in CMC Markets UK plc Filial Oslo are that of a branch of CMC Markets UK plc, the main responsibility for general compliance is that of CMC Markets UK plc.

A formal compliance plan is required under the UK trading licence. Responsibility for the monitoring and control is assumed by Group Compliance.

Although Norway is not part of the European Union, the impact of the United Kingdom's ("UK") exit from the European Union ("Brexit") on the Branch is closely monitored. A new subsidiary has been setup in Germany which mitigates the impact on client acquisition and revenue generation arising from the potential that the UK could lose its MiFID II passports rights as a result of Brexit. The new subsidiary is on track to start conducting regulated activity before 31 October 2019, pending final regulatory approval. Upon regulatory approval, it is anticipated that the Branch will become a branch of this new subsidiary. The Group headquarters will remain in the UK.



CMC Markets UK plc Filial Oslo Management report

KEY PERFORMANCE INDICATORS ("KPIs")

The Directors of the Group manage the Group's operations KPIs on a geographical basis. For this reason, management believe that analysis using KPIs for the Branch is not necessary or appropriate for an understanding of development, performance or position of the business of the Branch. The development, performance and position of the business of the Group, which includes the Branch, is discussed in the Strategic Report of the Group's Annual Report which does not form part of this report.

WORKING ENVIRONMENT AND EMPLOYEES

The Branch is committed to providing a safe, challenging, progressive and innovative place to work. The quality of our staff is essential to the success of the Branch. We offer competitive employment packages, including a flexible benefit scheme to enable the Branch to attract and retain the best available talent.

There is regular communication to staff at all levels through multiple channels. These communications raise awareness of the latest developments and factors affecting the Branch. In addition, senior management encourage dialogue with employees through an open door policy.

The Branch actively encourages its employees to suggest and contribute pioneering and innovative ideas, which are fostered through our flat organisational structure. The Group Directors strongly believe that the contribution of a diverse, talented and passionate team is vital for continuing success of the Branch and the wider Group.

EQUAL OPPORTUNITIES

The Branch highly values the differences and creativity that a diverse workforce brings and is committed to recruiting, developing and retaining a world-class team irrespective of ethnicities, nationalities, sexual orientation, gender identity, beliefs, religions, cultures, and physical abilities. The Branch seeks to establish a culture that values meritocracy, openness, fairness and transparency.

The Branch affirms that it will not tolerate any form of discrimination. In searching for talent the commitment is always to recruit the best from the broadest applicant pool. All candidates have the right to expect that they will be respected and valued for the contribution that they bring to the company.

We are committed to giving full consideration to applications for employment from disabled persons as well as providing continuing employment to existing employees who become disabled during their employment where practicable. Where existing employees become disabled, whether temporarily or permanently, we adapt the working environment and, where possible, offer flexible working, training and graduated back-to-work plans in conjunction with occupational health to ensure the retention of employees.

On behalf of the Branch

Henrik Sommerfelt
Head of Norway
25th September 2019

Registered office
Fridtjof Nansens Plass 6,
0160 Oslo
Norway



To the Managing Director of CMC Markets UK plc Filial Oslo

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CMC Markets UK plc Filial Oslo, which comprise the statement of financial position as at 31 March 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm*



Independent Auditor's Report - CMC Markets UK plc Filial Oslo

Responsibilities of the Managing Director for the Financial Statements

The Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Management report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Management report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

(2)



Independent Auditor's Report - CMC Markets UK plc Filial Oslo

Oslo, 25 September 2019
PricewaterhouseCoopers AS

Magne Sem
State Authorised Public Accountant
(This document is signed electronically)

(3)



 Securely signed with Brevio

Revisjonsberetning CMC Markets UK PLC Filial Oslo

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Sem, Magne	BANKID_MOBILE	2019-09-26 14:09

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- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



CMC Markets UK plc Filial Oslo
Statement of profit or loss and other comprehensive income

For the year ended 31 March 2019

NOK 000	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue		14,316	15,774
Interest income	4	-	1
Total Revenue		14,316	15,775
Operating Expense	5	(13,379)	(14,742)
Profit before Tax	7	937	1,033
Taxation	8	(280)	(427)
Profit for the financial year		657	606
Total comprehensive income		657	606



CMC Markets UK plc Filial Oslo
Company registration number: 892878382
Statement of financial position

As at 31 March 2019

NOK 000	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	9	377	458
Deferred tax assets	10	24	42
Trade and other receivables	11	-	495
Total non-current assets		401	995
Current assets			
Trade and other receivables	11	8,507	8,362
Cash and cash equivalents	12	829	724
Total current assets		9,336	9,086
Total assets		9,737	10,081
LIABILITIES			
Current Liabilities			
Trade and other payables	13	2,040	3,028
Current tax payable		130	143
Total current liabilities		2,170	3,171
Total Liabilities		2,170	3,171
EQUITY			
Net assets attributable to owners of the Parent Company			
Retained earnings		7,567	6,910
Total equity		7,567	6,910
Total equity and liabilities		9,737	10,081

These Financial Statements on pages 5 to 19 were approved and authorised for issue by Management on 25th September 2019 and signed on its behalf by:


Henrik Sjøvangerfelt
Head of Norway



CMC Markets UK plc Filial Oslo
Statement of changes in equity

For the year ended 31 March 2019

NOK 000	Retained Earnings	Total Equity
At 1 April 2017	6,304	6,304
Total comprehensive income	606	606
At 31 March 2018	6,910	6,910
Total comprehensive income	657	657
At 31 March 2019	7,567	7,567



CMC Markets UK plc Filial Oslo
Statement of cash flows

For the year ended 31 March 2019

NOK 000	Note	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from operating activities			
Cash generated from operations	14	398	113
Tax paid		(275)	(308)
Net cash generated from / (used in) operating activities		123	(195)
Cash flow from investing activities			
Purchase of property, plant and equipment	9	(18)	(406)
Net cash used in investing activities		(18)	(408)
Net increase / (decrease) in cash and cash equivalents		105	(601)
Cash and cash equivalents at the beginning of the year		724	1,325
Cash and cash equivalents at the end of the year	12	829	724



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

1. General information

Corporate information

CMC Markets UK plc is a public limited company incorporated, registered and domiciled in England and Wales under the Companies Act 2006. CMC Markets UK plc Filial Oslo (the "Branch") is a branch of CMC Markets UK plc and the principal activity of the Branch is to market CMC Markets products to the retail segment as well as educating clients, performing customer support and facilitating the account opening process.

Functional and presentational currency

Items included in these Financial Statements are measured using the currency of the primary economic environment in which the Branch operates (the "functional currency"). The Financial Statements are presented in Norwegian Krone ("NOK"), which is the Branch's functional and presentational currency. Foreign currency transactions are included in accordance with the policies set out in note 3.

2. Basis of preparation

Basis of accounting

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS.

The Financial Statements have been prepared in accordance with the going concern basis, under the historical cost convention. The financial information is rounded to the nearest thousand except where otherwise indicated.

The principal accounting policies adopted in the preparation of these Financial Statements are set out in note 3. These policies have been consistently applied to all periods presented, unless otherwise stated. The Financial Statements presented are at and for the years ending 31 March 2019 and 31 March 2018. Financial annual years are referred to as 2019, and 2018 in the Financial Statements.

Changes in accounting policy and disclosures

Application of new and revised accounting standards

A number of new or amended standards became applicable for the current reporting period and the Branch changed its accounting policies as a result of adopting:

- IFRS 15 Revenue from Contracts with Customers

The adoption of IFRS 15 had no impact on the Branch, as the way that the Branch's revenue from contracts with customers was recognised under the previous accounting standard, IAS 18, satisfies the requirements of IFRS 15 with no changes required.

- IFRS 9 Financial Instruments

IFRS 9 incorporates:

- new classification and measurements requirements for financial assets and liabilities;
- the introduction of an expected credit loss impairment model; and
- enhanced disclosures in the financial statements.

The Branch adopted IFRS 9 on 1 April 2018. As a result:

- certain financial assets were reclassified in the statement of financial position; and
- the provisioning methodology for financial assets not held at fair value through profit and loss changed from an incurred loss to an expected loss basis.

Financial assets reclassification

	Original measurement category under IAS 39	New measurement category under IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Assets at amortised cost
Trade and other receivables	Loans and receivables	Assets at amortised cost

The accounting policies for financial assets have been amended to reflect the classification requirements of IFRS 9 where appropriate. However, upon transition to IFRS 9 there was no change to the underlying accounting treatment.



CMC Markets UK plc Filial Oslo

Notes to the Financial Statements

Impairment

Trade receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

The expected loss model for these trade receivables has been built based on the levels of loss experienced, with due consideration given to forward-looking information. Upon transition to IFRS 9, the provision determined under the expected credit loss model was consistent with the provision recognised under IAS 39, and as such, no adjustment was made to the opening statement of financial position.

While cash and cash equivalents and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Therefore, transition to IFRS 9 had no impact on the statement of financial position or the statement of profit or loss and other comprehensive income.

New accounting standards in issue but not yet effective

At the date of authorisation of the Financial Statements, the following new Standards and Interpretations relevant to the Branch were in issue but not yet effective and have not been applied to the Financial Statements:

- IFRS 16 'Leases' is effective 1 April 2019 for the Branch, replacing IAS 17 Leases. Whilst lessor accounting is similar to IAS 17, lessee accounting is significantly different. Under IFRS 16, the Branch will recognise within the balance sheet a right-of-use asset and a lease liability for future lease payments in respect of all leases, unless the underlying assets are of low value or the lease term is 12 months or less. Within the statement of profit or loss and other comprehensive income, operating lease expense on the impacted leases will be replaced with depreciation on the right-of-use asset and interest expense on the lease liability.

The Branch will apply IFRS 16 on a modified retrospective basis without restating prior years and electing for the following exemptions on transition at 1 April 2019. The Branch will:

- apply IFRS 16 to contracts previously identified as leases by IAS 17
- use the incremental borrowing rate as the discount rate; and
- not apply IFRS 16 to operating leases with a remaining lease term of less than 12 months or low value leases.

The opening balance sheet at 1 April 2019 will be adjusted to create a right of use asset of approximately 876,000 NOK. A lease liability will be recognised of 834,000 NOK.

Significant accounting judgements

The preparation of Financial Statements in conformity with IFRS requires the use of certain significant accounting judgements. It also requires management to exercise its judgement in the process of applying the Branch's accounting policies. The only area involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the Financial Statements is:

Deferred taxes

The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Summary of significant accounting policies

Revenue

Revenue is attributable to the provision of marketing and sales service from the Branch to the Company and is recognised over the period during which those services are provided. Revenue is calculated based on a Transfer Pricing Agreement.

Share-based payment

CMC Markets plc issues cash-settled share-based payments to certain employees of the Branch. Cash-settled share based payments are measured at the expected value at vesting date of the number of shares that are expected to vest. The cost is recognised in the statement of comprehensive income with a corresponding liability with the statement of financial position.



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

Pensions

The Branch has a defined contribution plan.

Defined contribution plan

With a defined contribution plan the Branch pays contributions to an insurance company. After the contribution has been made the Branch has no further commitment to pay. The contribution is recognised as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Operating Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. The rentals payable under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are included within deferred income and amortised to the statement of profit or loss and other comprehensive income so as to spread the benefit on a straight-line basis over the lease term.

Where a leasehold property becomes surplus to the Branch's foreseeable business requirements, provision is made for the expected future net cost of the property taking account of the duration of the lease and any recovery of cost achievable through subletting.

Taxation

The tax expense represents the sum of tax currently payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Branch's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as at the statement of financial position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial information and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised.

The carrying amounts of deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Branch intends to settle its current tax assets and liabilities on a net basis.

Foreign currencies

Transactions denominated in currencies other than the functional currency, are recorded at the rates of exchange prevailing on the date of the transaction. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing as at the statement of financial position date.

Property, plant and equipment

Property, plant and equipment ("PPE") is stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all PPE at rates calculated to write-off the cost, less estimated residual value based on prices prevailing at the statement of financial position date, of each asset on a straight-line basis over its expected useful life as follows:

Item	Depreciation Policy
Leasehold improvements	15 years or life of lease
Furniture, fixtures and equipment	5 years
Computer hardware	5 years

The useful economic lives and residual value of the assets are assessed and, if appropriate, adjusted annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions,



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current gains or losses on any disposal of similar assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

Impairment of assets

Assets subject to amortisation or depreciation are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value-in-use. Net realisable value is the estimated amount at which an asset can be disposed of, less any direct selling costs. Value-in-use is the estimated discounted future cash flow generated from the asset's continued use, including those from its ultimate disposal. For the purpose of assessing value in use, assets are divided into the lowest aggregations for which there are separately identifiable cash flows.

To the extent that the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lower of its original carrying amount and the revised estimate of its recoverable amount.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

The expected loss model for these trade receivables has been built based on the levels of loss experienced, with due consideration given to forward-looking information.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of profit or loss and other comprehensive income within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to operating expenses in the statement of profit or loss and other comprehensive income.

Cash and cash equivalents

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

Trade payables

Trade payables are not interest-bearing and are stated at fair value on initial recognition and subsequently at amortised cost.

4. Interest Income

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Net interest income comprises the following:		
Bank and broker interest	-	1
Total	-	1



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

5. Operating expenses

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Operating expenses comprise the following:		
Staff costs	5,452	6,473
IT costs	272	412
Sales and marketing	4,264	5,008
Premises costs	1,022	1,022
Legal and professional fees	610	490
Regulatory fees	303	264
Depreciation	99	38
Other costs	1,357	1,035
Total	13,379	14,742

The above presentation reflects the breakdown of operating expenses by nature of expense.

6. Employee information

The aggregate employment cost of staff was:

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Wages and salaries	4,312	5,027
Social security costs	919	1,152
Other pension costs	200	194
Share based payments	21	100
Total	5,452	6,473

The monthly average number of employees of the Branch during the year was 5 (2018: 5).



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Remuneration to Head of Norway

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Salaries	1,098,840	1,147,283
Pension expenses	75,690	70,840
Bonus	529,440	74,627
Other remuneration	32,321	94,961

CMC Markets UK plc Filial Oslo is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Branch's pension arrangement fulfils the requirements of the law.

No loans/sureties have been granted to the Head of Norway or other related parties.

7. Profit before taxation

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Profit before taxation is stated after charging / (crediting)		
Depreciation (note 9)	99	38
Net foreign exchange loss	(4)	(10)
Operating lease rentals (note 16)	856	862

Auditors' remuneration costs for audit services in respect of the current year are 145,000 NOK (2018: 112,000 NOK).

**CMC Markets UK plc Filial Oslo**
Notes to the Financial Statements**8. Taxation**

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Analysis of the charge for the year		
<i>Current tax</i>		
Current tax on profits for the year	262	343
Adjustment in respect of prior periods	-	49
Total current tax charge	262	392
<i>Deferred tax</i>		
Origination and reversal of temporary differences	15	35
Adjustment in respect of prior periods	3	-
Total deferred tax (credit) / charge	18	35
Total Tax	280	427

The effective tax rate of 29.9% (Year ended 31 March 2018: 41.34%) differs from the standard rate of Norway of 25% (Year ended 31 March 2018: 25%). The differences are explained below:

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Profit before taxation	937	1,033
Profit before taxation multiplied by the standard rate of corp. tax in Norway of 25% (2018: 25%)	234	258
Expenses not deductible for tax purposes	43	85
Adjustments in respect of prior periods	3	49
Accelerated capital allowances	-	35
Total taxation charge	280	427



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

9. Property, Plant and Equipment

NOK 000	Leasehold improvements	Furniture, fixture and equipment	Computer hardware	Total
Cost				
At 1 April 2017	-	253	893	1,146
Additions	143	263	-	406
Disposals	-	-	-	-
At 31 March 2018	143	516	893	1,552
Additions	18	-	-	18
Disposals	-	-	-	-
At 31 March 2019	161	516	893	1,570
Accumulated depreciation				
At 1 April 2017	-	(198)	(858)	(1,056)
Charge for the year	(2)	(21)	(15)	(38)
Disposals	-	-	-	-
At 31 March 2018	(2)	(219)	(873)	(1,094)
Charge for the year	(10)	(75)	(14)	(99)
Disposals	-	-	-	-
At 31 March 2019	(12)	(284)	(887)	(1,193)
Net book value				
At 1 April 2017	-	55	35	90
At 31 March 2018	141	297	20	458
At 31 March 2019	149	222	6	377

10. Deferred tax

Analysis for financial reporting purposes

NOK 000	As at 31 March 2019	As at 31 March 2018
Deferred tax assets to be recovered within 12 months	10	24
Deferred tax assets to be recovered after 12 months	14	18
Net deferred tax asset	24	42

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% (2018: 25%). The gross movement on deferred tax is as follows:

NOK 000	As at 31 March 2019	As at 31 March 2018
As at 1 April	42	78
Credit to income for the year	(18)	(38)
As at 31 March	24	42

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of the temporary differences can be deducted. The Branch's expectations as to the level of future taxable profits take into account the Group's long term financial and strategic plans and anticipated future tax adjusting items. In making this assessment account is taken of business plans including the board approved group profit forecast.

**CMC Markets UK plc Filial Oslo**
Notes to the Financial Statements**11. Trade and other receivables**

NOK 000	As at 31 March 2019	As at 31 March 2018
Current		
Amounts due from Group companies	7,480	8,420
Prepayments and accrued income	407	128
Other debtors	620	(186)
Total current trade and other receivables	8,507	8,362
Non-current		
Other debtors	-	495
Total trade and other receivables	8,507	8,857

Amounts due from Group companies are unsecured and repayable on demand. Other debtors includes a deposit for the Oslo office with a maturity date at 31 March 2020, this has been reclassified non – current to current as it is due within one year.

12. Cash and cash equivalents

Cash and cash equivalents of 829,000 NOK (2018: 724,000 NOK) comprise cash at bank. Cash at bank earns interest at floating rates, based on daily bank deposit rates. There is restricted cash of 254,829 NOK (2018: 64,029 NOK).

13. Trade and other payables

NOK 000	As at 31 March 2019	As at 31 March 2018
Trade payables	2	(310)
Social security and other tax	130	332
Accruals and deferred income	1,908	3,006
Total trade and other payables	2,040	3,028

14. Cash generated from / (used in) operations

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Profit before taxation	937	1,033
Adjustments for:		
Depreciation	99	38
Changes in working capital		
Decrease / (increase) in trade and other receivables	350	(2,309)
(Decrease) / increase in trade and other payables	(988)	1,351
Cash generated used in operations	398	113



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

15. Share-based payment

The Company operates cash settled share option schemes granted to certain employees, by the Branch's ultimate parent, CMC Markets plc.

Current awards have been granted under the terms of the Management Equity Plan 2015 ('2015 MEP').

Statement of profit or loss and other comprehensive income charge for share-based payments

The total charge relating to cash settled share based payments was 21,000 NOK (year ended 31 March 2018: 100,000 NOK).

No shares were gifted to employees during the year (year ended 31 March 2018: nil).

Current Schemes

SIP Awards

Cash settled awards were granted to certain employees upon listing, of which 4,500 vested on 5 February 2019 leaving none remaining at 31 March 2019. The only vesting condition was that the employees remained employed by the Group. The value of these awards was the share price on the date of vest.

Eligible employees were also invited to subscribe for up to £1,800 of partnership shares relating to the tax years to 5 April 2017 and 5 April 2018 with the Branch matching on a one-for-one basis. All matching shares vest after three years from award should the employee remain employed by the Group for the term of the award. Cash settled awards were granted on 5 April 2017 vesting on 5 April 2020 and on 5 April 2018 vesting 5 April 2021. A balance of 3,971 shares remained at the end of the period.

The fair value of SIP awards are determined to be the share price at 31 March 2019.

16. Operating lease commitments

Minimum lease payments under operating leases recognised in expense for the year:

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Minimum lease payments recognised	856	862

Operating lease payments represent rentals payable by the Branch for office space. Leases are negotiated for an average term of 1.0 years and rentals are fixed for an average of 1.0 years.

The Branch had outstanding commitments under non-cancellable operating leases as follows:

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Within one year	848	880
Between two and five years	-	883
	848	1,763



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

17. Related party transactions

The Branch has undertaken transactions with other entities within the Group during the year comprising of:

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Recharges in respect of services provided	14,316	15,775

The amounts outstanding with the Parent at year end were as follows:

NOK 000	Year ended 31 March 2019	Year ended 31 March 2018
Amounts due from Parent	7,480	8,420

All related party transactions are carried out at an arm's-length basis, based upon normal market conditions.

18. Ultimate controlling party

The immediate parent undertaking is CMC Markets UK plc.

The ultimate parent company and largest and smallest Group to consolidate these Financial Statements is CMC Markets plc, incorporated in the United Kingdom.

Copies of the Group Financial Statements are available from the registered office of CMC Markets Plc at 133 Houndsditch, London, EC3A 7BX.

Peter Cruddas is the ultimate controlling party by virtue of his majority shareholding in CMC Markets plc.