



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - 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: 01.04.2019 - 31.03.2020

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: 30.09.2020

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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	2020	2019
RESULTATREGNSKAP			
Inntekter			
Revenue		15 751 000	14 316 000
Sum inntekter		15 751 000	14 316 000
Kostnader			
Wages and salaries	6	4 783 000	4 312 000
Social security costs	6	999 000	919 000
Other pension costs	6	220 000	200 000
Share based payments	6	58 000	21 000
Contract staff costs	6	345 000	
Nedskrivning av varige driftsmidler og immaterielle eiendeler	5	968 000	99 000
IT costs	5	246 000	272 000
Sales and marketing	5	4 843 000	4 264 000
Premises costs	5	166 000	1 022 000
Legal and professional fees	5	607 000	610 000
Regulatory fees	5	203 000	303 000
Other costs	5	1 324 000	1 357 000
Sum kostnader		14 762 000	13 379 000
Driftsresultat		989 000	937 000
Finansinntekter og finanskostnader			
Annen renteinntekt	4	29 000	
Sum finansinntekter		29 000	
Finance costs		56 000	
Sum finanskostnader		56 000	
Netto finans		-27 000	
Ordinært resultat før skattekostnad		962 000	937 000
Taxation	8	366 000	280 000
Ordinært resultat etter skattekostnad		596 000	657 000
Årsresultat		596 000	657 000



Resultatregnskap

Beløp i: NOK	Note	2020	2019
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Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	24 000	24 000
Sum immaterielle eiendeler		24 000	24 000
Varige driftsmidler			
Leasehold improvements	9	138 000	149 000
Furniture, fixture and equipment, and computer hardware	9	156 000	228 000
Right of Use Asset	9	1 788 000	
Sum varige driftsmidler		2 082 000	377 000
Finansielle anleggsmidler			
Other debtors	11	540 000	
Sum finansielle anleggsmidler		540 000	
Sum anleggsmidler		2 646 000	401 000
Omløpsmidler			
Varer			
Fordringer			
Amounts due from Group companies	11	9 677 000	7 480 000
Prepayments and accrued income	11	131 000	407 000
Other debtors	11		620 000
Sum fordringer		9 808 000	8 507 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12	1 185 000	829 000
Sum bankinnskudd, kontanter og lignende		1 185 000	829 000
Sum omløpsmidler		10 993 000	9 336 000
SUM EIENDELER		13 639 000	9 737 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Opptjent egenkapital			
Retained earnings		8 163 000	7 567 000
Sum opptjent egenkapital		8 163 000	7 567 000
Sum egenkapital		8 163 000	7 567 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Lease liabilities	16	698 000	
Sum annen langsiktig gjeld		698 000	
Sum langsiktig gjeld		698 000	0
Kortsiktig gjeld			
Current tax payable		151 000	130 000
Social security and other tax	13	-44 000	130 000
Trade payables	13	55 000	2 000
Accruals and deferred income	13	3 719 000	1 908 000
Lease liabilities	16	897 000	
Sum kortsiktig gjeld		4 778 000	2 170 000
Sum gjeld		5 476 000	2 170 000
SUM EGENKAPITAL OG GJELD		13 639 000	9 737 000



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 2020, 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 Branch as at 31 March 2020, 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 Branch 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 Branch'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 Branch 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 Board of Directors' 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 Branch'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, 1 October 2020
PricewaterhouseCoopers AS

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

Note: This translation from Norwegian has been prepared for information purposes only.

(3)



 Securely signed with Brevio

Revisjonsberetning

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Sem, Magne	BANKID_MOBILE	2020-10-01 11:37

This document package contains:

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



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of the document.



Company registration number: 892878382

CMC Markets UK plc Filial Oslo

Annual Report and Financial Statements

31 March 2020



CMC Markets UK plc Filial Oslo

CONTENTS	Page
Management report	1
Independent auditors' report	3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the Financial Statements	8



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 2020.

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 2020 was 15,751,000 NOK (2019: 14,316,000 NOK). The profit for the year was 596,000 NOK (2019: 657,000 NOK).

The Company has net assets of 13,639,000 NOK as at 31 March 2020 (2019: 9,737,000 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 started conducting regulated activity in December 2019.

The risks associated with the rapid escalation of global Covid-19 diagnoses are being carefully considered by the Branch. At the date of this report, the situation is not impacting the Branch's ability to operate due to flexibility in internal information technology allowing all staff to work from home, as required. The Directors remain vigilant in their review of the crisis.

The performance of the Branch is not impacted due to the revenue model of the Branch, which is such that its income is entirely derived in accordance with its trading partner relationship with CMC Markets UK plc.



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.

The Branch is committed to managing our environmental impact by considering the environment in our decision making. The employees of the Branch use reusable cups to minimise paper cup consumption, there is a well-established waste management system and lights are switched off at the end of the day. The day-to-day operations within the Branch do not have a significant impact on the environment.

The average sick leave rate for the Branch was 0.63%.

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
30th September 2020

Registered office
Fridtjof Nansens Plass 6,
0160 Oslo
Norway



CMC Markets UK plc Filial Oslo
Independent auditors' report of CMC Markets UK plc Filial Oslo



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

For the year ended 31 March 2020

NOK 000	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue		15,751	14,316
Interest income	4	29	-
Total revenue		15,780	14,316
Operating Expense	5	(14,762)	(13,379)
Operating profit		1,018	937
Finance costs		(56)	-
Profit before taxation	7	962	937
Taxation	8	(366)	(280)
Profit for the financial year and total comprehensive income		596	657



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

As at 31 March 2020

NOK 000	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	9	2,082	377
Deferred tax assets	10	24	24
Trade and other receivables	11	540	-
Total non-current assets		2,646	401
Current assets			
Trade and other receivables	11	9,808	8,507
Cash and cash equivalents	12	1,185	829
Total current assets		10,993	9,336
Total assets		13,639	9,737
LIABILITIES			
Current liabilities			
Trade and other payables	13	3,730	2,040
Current tax payable		151	130
Lease Liabilities	16	897	-
Total current liabilities		4,778	2,170
Non-current liabilities			
Lease Liabilities	16	698	-
Total non-current liabilities		698	-
Total Liabilities		5,476	2,170
EQUITY			
Net assets attributable to owners of the Parent Company			
Retained earnings		8,163	7,567
Total equity		8,163	7,567
Total equity and liabilities		13,639	9,737

These Financial Statements on pages 5 to 19 were approved and authorised for issue by Management on 30th September 2020 and signed on its behalf by:


Henrik Sommerfelt
Head of Norway



CMC Markets UK plc Filial Oslo Statement of changes in equity

For the year ended 31 March 2020

NOK 000	Retained Earnings	Total Equity
At 1 April 2018	6,910	6,910
Total comprehensive income	657	657
At 31 March 2019	7,567	7,567
Total comprehensive income	596	596
At 31 March 2020	8,163	8,163



CMC Markets UK plc Filial Oslo Statement of cash flows

For the year ended 31 March 2020

NOK 000	Note	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities			
Cash generated from operations	14	1,536	398
Interest Income		29	-
Tax paid		(345)	(275)
Net cash generated from operating activities		1,220	123
Cash flow from investing activities			
Purchase of property, plant and equipment	9	-	(18)
Net cash used in investing activities		-	(18)
Cash flows from financing activities			
Principle elements of lease payments		(808)	-
Finance costs		(56)	-
Net cash generated (used in) financing activities		(864)	-
Net increase in cash and cash equivalents		356	105
Cash and cash equivalents at the beginning of the year		829	724
Cash and cash equivalents at the end of the year	12	1,185	829



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

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS), IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The Financial Statements have been prepared in accordance with the going concern basis, under the historical cost convention, except in the case of "financial instruments at fair value through profit or loss ("FVPL")" and "financial instruments at fair value through other comprehensive income ("FVOCI")". 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 the note below. These policies have been consistently applied to all years presented. The Financial Statements presented are at and for the years ended 31 March 2020 and 31 March 2019. Financial annual years are referred to as 2020 and 2019 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 Company changed its accounting policies as a result of adopting:

- IFRS 16 'Leases'

The Company adopted IFRS 16 'Leases' from 1 April 2019. IFRS16 replaces IAS 17 'Leases'. Whilst lessor accounting is similar to IAS 17, lessee accounting is significantly different under IFRS 16. In accordance with IFRS 16, the Company recognised within the statement of financial position a right-of-use asset and a lease liability for future lease payments in respect of qualifying leases, unless the underlying assets are of low value or the lease term is 12 months or less. Within the income statement, operating lease expense on the impacted leases is replaced with depreciation on the right-of-use asset and interest expense on the lease liability.

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

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

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 28.

Apart from IFRS 16, several other amendments and interpretations, as listed below, applied for the first time, but do not have an impact on the financial statements of the Company.

- IFRIC 23 'Uncertainty Over Income Tax Treatments';
- Annual Improvements to IFRS 2015 – 2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23).]

New accounting standards in issue but not yet effective



CMC Markets UK plc Filial Oslo

Notes to the Financial Statements

At the date of authorisation of the Financial Statements, the following new standards and interpretations which may have relevance to the Company were in issue but not yet effective and have not been applied to the Financial Statements:

IFRS 17	Insurance Contracts
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the Financial Statements of the Company in future periods.

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 Company'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 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.

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 profit and loss and comprehensive income with a corresponding liability with the statement of financial position.

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.

Right-of-use assets

From 1 April 2019, the Branch recognises right-of-use assets at the commencement date of a qualifying lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are presented within PPE in the statement of financial position and are subject to impairment

Borrowings and Lease liabilities

From 1 April 2019, at the commencement date of a qualifying lease, the Branch recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Branch uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

The Branch would apply the short-term lease recognition exemption to any short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date, and which do not include an automatic extension clause). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

Operating Leases

Until 31 March 2019, leases in which substantially all the risks and rewards of ownership are retained by the lessor were classified as operating leases. The rentals payable under operating leases were charged to the income statement 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 income statement so as to spread the benefit on a straight-line basis over the lease term.

Where a leasehold property became surplus to the Company's foreseeable business requirements, provision was made for the expected future net cost of the property taking account of the duration of the lease and any potential 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 on the statement of financial position date. Gains and losses arising on retranslation are included in the income statement for the year.

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 lives and residual values of the assets are assessed annually and may be adjusted 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, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the 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 income statement.

Premises in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets, determined on the same basis as other leasehold assets, commences when the assets are ready for their intended use.



CMC Markets UK plc Filial Oslo

Notes to the Financial Statements

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 cost to sell and value in use. Fair value less cost to sell is the estimated amount at which an asset can be disposed of, less any direct selling costs. Value in use is the summation of the estimated discounted future cash flows generated from the asset's continued use, including those from its ultimate disposal. For the purpose of assessing value in use, assets are grouped at the lowest levels 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. For assets other than goodwill, 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 income statement within other operating costs. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating costs in the income statement.

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 2020	Year ended 31 March 2019
Net Interest Income comprises the following:		
Bank and broker interest	29	-
Total	29	-



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

5. Operating expenses

NOK 000	Year ended 31 March 2020	Year ended 31 March 2019
Operating expenses comprise the following:		
Staff costs	6,405	5,452
IT costs	246	272
Sales and marketing	4,843	4,264
Premises costs	166	1,022
Legal and professional fees	607	610
Regulatory fees	203	303
Depreciation	968	99
Other costs	1,324	1,357
Total	14,762	13,379

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 2020	Year ended 31 March 2019
Wages and salaries	4,783	4,312
Social security costs	999	919
Other pension costs	220	200
Share based payments	58	21
Contract staff costs	345	-
Total	6,405	5,452

The monthly average number of employees of the Branch during the year was 6 (2019: 5), with an average sick leave rate of 0.63%.



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

Remuneration to Head of Norway

NOK 000	Year ended 31 March 2020	Year ended 31 March 2019
Salaries	1,199	1,099
Pension expenses	190	76
Bonus	-	529
Other remuneration	-	32

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 2020	Year ended 31 March 2019
Profit before taxation is stated after charging / (crediting)		
Depreciation (note 9)	968	99
Net foreign exchange gain / (loss)	20	(4)
Operating lease rentals (note 16)	-	856

Auditors' remuneration costs for audit services in respect of the current year are 144,000 NOK (2019: 145,000 NOK).

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

NOK 000	Year ended 31 March 2020	Year ended 31 March 2019
Analysis of the charge for the year		
<i>Current tax</i>		
Current tax on profits for the year	282	262
Adjustment in respect of prior periods	84	-
Total current tax charge	366	262
<i>Deferred tax</i>		
Origination and reversal of temporary differences	8	15
Adjustment in respect of prior periods	(8)	3
Total deferred tax (credit) / charge	366	18
Total Tax	366	280

The effective tax rate of 38.0% (Year ended 31 March 2019: 29.9%) differs from the standard rate of Norway of 25% (Year ended 31 March 2019: 25%). The differences are explained below:

NOK 000	Year ended 31 March 2020	Year ended 31 March 2019
Profit before taxation	962	937
Profit before taxation multiplied by the standard rate of corp. tax in Norway of 25% (2019: 25%)	241	234
Expenses not deductible for tax purposes	32	43
Adjustments in respect of prior periods	76	3
Other	17	-
Total taxation charge	366	280

**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	Right of Use Asset	Total
Cost					
At 1 April 2018	143	516	893	-	1,552
Additions	18	-	-	-	18
At 31 March 2019	161	516	893	-	1,570
Change in accounting policy	-	-	-	879	879
As at 1 April 2019	161	516	893	879	2,449
Modification of lease	-	-	-	1,574	1,574
Disposals	-	(183)	(825)	-	(1,008)
At 31 March 2020	161	333	68	2,453	3,015
Accumulated depreciation					
At 1 April 2018	(2)	(219)	(873)	-	(1,094)
Charge for the year	(10)	(75)	(14)	-	(99)
Disposals	-	-	-	-	-
At 31 March 2019	(12)	(294)	(887)	-	(1,193)
Charge for the year	(11)	(66)	(6)	(885)	(968)
Disposals	-	183	825	-	1,008
Modification of lease	-	-	-	220	220
At 31 March 2020	(23)	(177)	(68)	(665)	(933)
Net book value					
At 1 April 2018	141	297	20	-	458
At 31 March 2019	149	222	6	-	377
At 31 March 2020	138	156	0	1,788	2,082

10. Deferred tax**Analysis for financial reporting purposes**

NOK 000	As at 31 March 2020	As at 31 March 2019
Deferred tax assets to be recovered within 12 months	10	10
Deferred tax assets to be recovered after 12 months	14	14
Net deferred tax asset	24	24



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% (2019 25%). The gross movement on deferred tax is as follows:

NOK 000	As at 31 March 2020	As at 31 March 2019
As at 1 April	24	42
Credit to income related to prior year	(8)	-
Charge/(Credit) to income for the year	8	(18)
As at 31 March	24	24

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.

11. Trade and other receivables

NOK 000	As at 31 March 2020	As at 31 March 2019
Current		
Amounts due from Group companies	9,677	7,480
Prepayments and accrued income	131	407
Other debtors	-	620
Total current trade and other receivables	9,808	8,507
Non-current		
Other debtors	540	-
Total trade and other receivables	10,348	8,507

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 current to non-current as it is not due within one year.

12. Cash and cash equivalents

Cash and cash equivalents of 1,185,000 NOK (2019: 829,000 NOK) comprise cash at bank. Cash at bank earns interest at floating rates, based on daily bank deposit rates. There is restricted cash of 94,340 NOK (2019: 254,829 NOK).



CMC Markets UK plc Filial Oslo

Notes to the Financial Statements

13. Trade and other payables

NOK 000	As at 31 March 2020	As at 31 March 2019
Trade payables	55	2
Social security and other tax	(44)	130
Accruals and deferred income	3,719	1,908
Total trade and other payables	3,730	2,040

14. Cash generated from operations

NOK 000	Year ended 31 March 2020	Year ended 31 March 2019
Profit before taxation	962	937
Adjustments for:		
Net interest income	(29)	-
Finance costs	56	-
Depreciation	968	99
Changes in working capital		
(Increase)/ decrease in trade and other receivables	(2,068)	350
Increase/ (decrease) in trade and other payables	1,647	(988)
Cash generated from operations	1,536	398

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 58,000 NOK (year ended 31 March 2019: 21,000 NOK).

No shares were gifted to employees during the year (year ended 31 March 2019: nil).

Current Schemes

SIP Awards

Eligible employees were also invited to subscribe for up to £1,800 of partnership shares relating to the tax year to 5 April 2017, 5 April 2018 and 5 April 2019 with the Branch matching on a one-for-one basis. All matching shares vest after three years should the employee remain employed by the Group for the term of the award. Cash settled awards were granted on 5 April 2017 vesting 5 April 2020, on 5 April 2018 vesting 5 April 2021 and on 5 April 2019 vesting 5 April 2022. A balance of 4,998 shares remained at the end of the period.

The fair value of SIP awards are determined to be the share price at 31 March 2020.



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

16. Lease Liabilities

The movements in lease liabilities during the year were as follows:

	NOK 000
Lease liabilities recognised on adoption of IFRS 16 on 1 April 2019	609
Additions and modifications of leases during the year	1,794
Interest expense	56
Lease payments made during the year	(864)
At 31 March 2020	1,595

NOK 000	31 March 2020
Analysis of lease liabilities	
Non-current	698
Current	897
Total	1,595

Operating lease commitments

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

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
Within one year	848
Between two and five years	-
	848

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 2020	Year ended 31 March 2019
Recharges in respect of services provided	15,751	14,316



CMC Markets UK plc Filial Oslo Notes to the Financial Statements

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

NOK 000	Year ended 31 March 2020	Year ended 31 March 2019
Amounts due from Parent	9,677	7,480

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.

