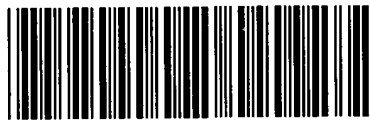


Company Registration No. 3958476

Interactive Brokers (U.K.) Limited

**Report and Financial Statements
For the Year Ended 31 December 2015**

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Interactive Brokers (U.K.) Limited

Report and financial statements 2015

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Interactive Brokers (U.K.) Limited

Officers and registered office

Directors

Thomas Peterffy
Yograj Aggarwal
Gerald Perez
Jonathan Chait

Secretary

Paul Brody

Registered office

Level 20
Heron Tower
110 Bishopsgate
London EC2N 4AY

Interactive Brokers (U.K.) Limited

Strategic report

Strategy and objectives

The directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006. Interactive Brokers (U.K.) Limited (the “Company”) offers execution and clearing broking services in equity and derivative products to private and institutional clients. It also operates as a client carrying broker dealer, offering unallocated spot gold and silver, contracts for differences, index futures and options to its carried clients and affiliates. The Company has been authorised to carry out investment business by the Financial Conduct Authority since February 2002.

The Company has undergone transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council (“FRC”). The financial statements have therefore been prepared in accordance with FRS 101 ‘Reduced Disclosure Framework’ as issued by the FRC. This transition is not considered to have had a material impact on the financial statements.

Future prospects

In 2016, the Company intends to further expand its product and market offerings.

Business performance

Overall, pre-tax profit increased to £18,353 thousand for the year ended 31 December 2015 from £12,822 thousand for the previous year. The Company is the carrying broker for 26,785 clients (2014: 20,546).

Principal risks and uncertainties

Operational risk

Management takes appropriate steps to minimise the impact of operational risks faced by the Company.

Market risk

Market risk is inherent to the investment in financial instruments. The scope of the Company’s market risk management procedures therefore includes all market risk sensitive financial instruments. The Company’s exposure to market risk is directly related to its role as a financial intermediary in client trading transactions.

Credit risk

The Company’s credit risk is primarily attributable to its trade receivables. Credit risk is mitigated through the rigorous assessment of all new clients and through an annual review of the creditworthiness of existing clients and real-time margining.

Liquidity and interest rate risk

The Company has established liquidity procedures for measuring funding requirements and identifying potential liquidity mismatches. The Company maintains a highly liquid balance sheet. The majority of its assets consist of cash and collateralised receivables, primarily being receivables from clearing houses for the settlement of securities and derivatives transactions.

Subsequent events

The Company has evaluated the period after the balance sheet date up through 26 April 2016, which is the date that the financial statements were issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements.

Interactive Brokers (U.K.) Limited

Key performance indicators

Overall, the number of carried customer accounts increased to 26,785 for the year ended 31 December 2015 from 20,546 for the previous year.

Net commissions also increased to £37,864 thousand for the year ended 31 December 2015 from £26,491 thousand for the previous year.

In 2016 the Company intends to further expand its product and market offerings.

Going concern

The Company is part of IBG LLC ("the Group"). Whilst the Company is not reliant on funding from the Group to provide sufficient capital resources and liquidity to meet its obligations as they fall due, it is currently reliant on the Group for operational support. After making inquiries about the continued availability of the Group operational support and considering the level of liquid capital within the Company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Approved by the Board of Directors
and signed on behalf of the Board



Gerald Perez
Director
26 April 2016

Interactive Brokers (U.K.) Limited

Directors' report

The directors present their annual report, together with the financial statements and auditor's report for the year ended 31 December 2015.

Results and dividends

The directors report a profit after taxation of £14,624 thousand for the year ended 31 December 2015 (2014: £10,132 thousand). No dividends are proposed (2014: £nil).

Directors

Thomas Peterffy, Gerald Perez, Yograj Aggarwal and Jonathan Chait have been directors of the Company throughout the year.

Directors' indemnities

The Company has made no third party indemnity provisions for the benefit of its directors.

Political contributions

No charitable donations and political donations were made by the Company for the year ended 31 December 2015 (2014: £nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) So far as the director is aware there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- (2) The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself, aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 (2) of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Gerald Perez
Director
26 April 2016

Interactive Brokers (U.K.) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable U.K. Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Interactive Brokers (U.K.) Limited

Country by country reporting

Interactive Brokers (U.K.) Limited is required to comply with the provisions of Statutory Instrument 2013 No.3118 Capital Requirements (Country-by-Country Reporting, “CBCR”) Regulations 2013, which implements in the UK the requirements set out in Article 89 of the Capital Requirements Directive (Directive 2013/36/EU).

In order to comply with this requirement, the company is publishing the following information:

- The Company offers execution and clearing broking services in equity and derivative products to private and institutional clients. It also operates as a client carrying broker dealer, offering unallocated spot gold and silver, contracts for differences, index futures and options to its carried clients and affiliates. It is incorporated in the United Kingdom and based in London. The Company does not have branches, but has one subsidiary, Interactive Brokers (U.K.) Nominee Limited.
- Total turnover for 2015 was £37,864 thousand.
- During 2015, the average number of direct employees on a full-time equivalent basis was 16. Technology infrastructure and certain support functions are provided by the Group affiliates.
- Profit before tax was £18,353 thousand.
- Corporation tax paid was £4,370 thousand.
- The Company did not receive public subsidies in 2015.

Interactive Brokers (U.K.) Limited

Independent auditor's report to the members of Interactive Brokers (U.K.) Limited

We have audited the financial statements of Interactive Brokers (U.K.) Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statement

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Interactive Brokers (U.K.) Limited

Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in the CBCR report on page 6 for the financial year ended 31 December 2015 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Matters on which we are required to report by exception

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

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



James Polson (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
26 April 2016

Interactive Brokers (U.K.) Limited

Profit and loss account for the year ended 31 December 2015

	Notes	2015	2014
		£ (in thousands)	£ (in thousands)
			Restated
Turnover	2	37,864	26,491
Administrative expenses	3	(23,022)	(18,524)
Other operating income/(expense)	3	(711)	570
Operating profit		<u>14,131</u>	<u>8,537</u>
Interest receivable	6	9,782	7,348
Interest payable	7	(5,560)	(3,063)
Profit on ordinary activities		<u>18,353</u>	<u>12,822</u>
Taxation	8	(3,729)	(2,690)
Profit after taxation and profit for the financial year		<u><u>14,624</u></u>	<u><u>10,132</u></u>
Other Comprehensive Income:			
Items that can be reclassified to profit or loss:		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>14,624</u></u>	<u><u>10,132</u></u>

All activities are derived from continuing operations.

The notes on pages 12 to 28 form an integral part of the financial statements.

Interactive Brokers (U.K.) Limited

Balance sheet

As at 31 December 2015

	Notes	2015	2014
		£ (in thousands)	£ (in thousands)
Restated			
NON-CURRENT ASSETS			
Tangible assets	9	44	31
Investments - available for sale	10	145	176
Deferred taxation	11	292	223
		481	430
CURRENT ASSETS			
Cash at bank and in hand		22,957	15,167
Segregated client money	12	560,253	429,627
Debtors	13	366,420	311,768
Prepayments		298	135
		949,928	756,697
CREDITORS: amounts falling due within one year	14	(890,484)	(711,914)
NET CURRENT ASSETS		59,444	44,783
TOTAL ASSETS LESS CURRENT LIABILITIES		59,925	45,213
NET ASSETS		59,925	45,213
CAPITAL AND RESERVES			
Called up share capital	15	79	79
Capital contribution	16	14,221	14,221
Profit and loss account	16	45,489	30,864
Other reserves	16	136	49
		59,925	45,213
EQUITY SHAREHOLDERS' FUNDS	17	59,925	45,213

The notes on pages 12 to 28 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2015. They were signed on behalf of the Board of Directors by:



Gerald Perez

Director

Company Registration No. 3958476

Interactive Brokers (U.K.) Limited

Statement of changes in equity For the year ended 31 December 2015

	Share Capital	Revaluation Reserves	Cash Flow Hedge Reserve	Retained Earnings	Other Reserves *	Total
<i>£ (in thousands)</i>	£	£	£	£	£	£
Balance at 1 January 2014	14,300	-	-	20,732	25	35,057
Profit for the period	-	-	-	10,132	-	10,132
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period						
Issue of share capital	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Capital contribution for equity-settled share-based payments	-	-	-	-	-	-
Deferred tax on share-based payment transactions	-	-	-	-	24	24
Balance at 31 December 2014	14,300	-	-	30,864	49	45,213
Profit for the period	-	-	-	14,625	-	14,625
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period						
Issue of share capital	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Capital contribution for equity-settled share-based payments	-	-	-	-	-	-
Deferred tax on share-based payment transactions	-	-	-	-	87	87
Balance at 31 December 2015	14,300	-	-	45,489	136	59,925

* Shareholders' funds as at 1 January 2014 has been restated following the adoption of FRS101. See note 23 for an explanation.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2015

1. Accounting policies

Basis of accounting

The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the Financial Reporting Council ("FRC") in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, in the year ended 31 December 2015 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the FRC. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the FRC.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

The financial statements are prepared under the historical cost convention as modified by the valuation of current asset investments at market value and in accordance with applicable law and United Kingdom Accounting Standards (FRS 101).

The financial statements have been prepared on a going concern basis as set out on the Strategic Report on page 3.

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and the preceding years.

Tangible fixed assets

Tangible assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life as follows:

Leasehold improvements	over the lease period
Fixtures and fittings	7 years
Computer equipment	3 years

Financial assets

Financial assets are classified into financial assets at fair value through profit or loss, available for sale investments or loans and receivables.

Financial assets at fair value through profit or loss – financial assets that the Company designates on initial recognition as being at fair value through profit or loss are recognised at fair value, with transaction costs being recognised in the profit and loss account and are subsequently measured at fair value. Gains and losses on financial assets that are designated as at fair value through profit or loss are recognised in the profit and loss account as they arise. The net gain or loss recognised in profit or loss incorporates the interest earned on the financial asset. Fair value is determined in the manner described in Note 18.

Gains and losses on available for sale assets arising from changes in fair value are recognised directly in the investment revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit and loss accounts for the period.

Loans and receivables – non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2015

interest method less any impairment losses. Interest is recognised by applying the effective interest rate, except for short-term receivables when recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been reduced. Impairment losses are charged to the profit and loss account.

For investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

The carrying amount of the financial asset is reduced by the impairment loss with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the profit and loss. Changes in the carrying amount of the allowance account are recognised in the profit and loss account.

Debt and equity

Debt and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The Company does not have any financial liabilities at fair value through profit or loss.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to its initial carrying value.

Share-based payments

The Company operates equity-settled share-based payments schemes to certain employees whereby the employees are awarded stock units in the parent company. Under FRS 101: Share-based Payments, the equity-settled share-based payments are measured at fair value at the date of the grant. Grants, which are denominated in U.S. dollars, are communicated to employees in the year of grant, thereby establishing the fair value of each grant. The fair value of awards granted to employees are generally expensed as follows: 50% in the year of grant in recognition of plan forfeiture provisions (described below) and the remaining 50% over the related vesting period utilizing a

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2015

“graded vesting” method. In the case of “retirement eligible” employees (those employees older than 59), 100% of awards are expensed when granted.

Awards granted under the stock-based compensation plans are subject to forfeiture in the event an employee ceases employment with the Company. The plans provide that employees who discontinue employment with the Company without cause and continue to meet the terms of the plans’ post-employment provisions will forfeit 50% of unvested previously granted awards unless the employee is over the age of 59, in which case the employee would be eligible to receive 100% of unvested awards previously granted.

Turnover

Commission earned from agency trades is taken to income when the service is provided.

Interest receivable and payable

Interest income on financial assets and interest expense on financial liabilities are determined using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows to the initial carrying amount.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Sterling is the Company’s functional and presentational currency. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the dates of the transactions. Exchange differences are included in the profit and loss account.

Taxation

Current taxation is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed, at the balance sheet date, where transactions or events that resulted in an obligation to pay more tax in the future or a right to pay less in the future have occurred at the balance sheet date. Timing differences are differences between the Company’s taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Client money

Client money for clients held directly by Interactive Brokers (U.K.) Limited is held in client money bank accounts segregated from the Company’s own funds in accordance with the rules of the Financial Conduct Authority. Segregated cash balances and corresponding liabilities are on balance sheet.

Pension cost

For defined contribution pension schemes the profit and loss account is charged with the contributions payable for the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2015

Group accounts

Interactive Brokers (U.K.) Limited is exempt from the obligation to prepare and deliver group accounts under s400 of the company Act 2006. It is a wholly-owned subsidiary of IBG LLC.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2. Revenue

An analysis of the Company's revenue is as follows:

	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Continuing operations		
Commissions	37,864	26,491
	<u>37,864</u>	<u>26,491</u>
	<u><u>37,864</u></u>	<u><u>26,491</u></u>
	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Revenue by geographical location		
United Kingdom	37,864	26,491
	<u>37,864</u>	<u>26,491</u>
	<u><u>37,864</u></u>	<u><u>26,491</u></u>

Interactive Brokers (U.K.) Limited

Notes to the accounts For the year ended 31 December 2015

3. Operating profit

	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Operating profit is stated after charging/(crediting):		
Brokerage charges payable	4,000	1,642
Clearing fees payable	2,588	1,932
Exchange fees payable	9,693	8,565
Depreciation	23	23
Foreign exchange gain / (loss)	899	216
Data lines	152	167
Regulatory fees	737	475
Wages and salary (See Note 4)	1,342	1,477
Social security (See Note 4)	184	206
Intercompany administrative fees	1,231	1,189
Intercompany consulting fees	145	268
Intercompany service fees	1,214	1,682
Other	1,525	112
	<u>23,733</u>	<u>17,954</u>
	2015	2014
Auditor's remuneration	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Audit of the Company's annual accounts	22	21
Regulatory audit	39	30
Group audit fees allocated to the Company	67	39
Tax preparation fees	60	17
Consulting services	21	21
	<u>209</u>	<u>128</u>

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2015

4. Employee information including directors

	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Employee costs (including directors' emoluments)		
Wages and salary	1,342	1,477
Social security costs	184	206
Pension contribution	10	20
	<u>1,536</u>	<u>1,703</u>
	<u><u>1,536</u></u>	<u><u>1,703</u></u>
	2015	2014
Average number of persons (including directors) employed	No.	No.
Customer Service	6	5
Compliance	5	4
Sales	2	2
Administration	3	1
	<u>16</u>	<u>12</u>
	<u><u>16</u></u>	<u><u>12</u></u>

5. Directors' emoluments

	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Emoluments		
Emoluments	495	481
Stock incentive compensation	237	141
Pension contribution	6	5
	<u>738</u>	<u>627</u>
	<u><u>738</u></u>	<u><u>627</u></u>
	2015	2014
Remuneration of the highest paid director	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Emoluments	254	245
Stock incentive compensation	137	83
Pension contributions	6	5
	<u>397</u>	<u>333</u>
	<u><u>397</u></u>	<u><u>333</u></u>

Interactive Brokers (U.K.) Limited

Notes to the accounts For the year ended 31 December 2015

6. Interest receivable

	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Interest receivable from clearing houses	83	67
Interest receivable from banks and market counterparties	340	400
Interest receivable on intercompany balances	4,160	2,768
Interest receivable from clients	5,199	4,113
	<u>9,782</u>	<u>7,348</u>

7. Interest payable

	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Interest payable to clearing houses	209	9
Interest payable to banks and market counterparties	1,149	1,119
Interest payable on intercompany balances	4,158	1,776
Interest payable to clients	44	159
	<u>5,560</u>	<u>3,063</u>

8. Tax charge on profit on ordinary activities

	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Analysis of tax charge on ordinary activities		
Current Tax		
U.K. Corporation tax at 20.25% (2014: 21.50%)*	3,721	2,751
Prior year adjustment	32	(16)
FRS101 adjustment on transition		10
	<u>3,753</u>	<u>2,745</u>
Deferred Tax (see also note 11)		
Current year	(30)	(54)
Prior year adjustment	6	(1)
	<u>3,729</u>	<u>2,690</u>

Interactive Brokers (U.K.) Limited

Notes to the accounts For the year ended 31 December 2015

	2015	2014
Factors affecting total tax charge	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Profit before taxation	18,353	12,822
Tax at 20.25% (2014: 21.50%)* thereon:	3,716	2,757
Expenses not deductible for tax purposes**	12	0
Change in prior year adjustments	38	(17)
Effect of tax rate differences between current and deferred tax	(6)	(10)
Share based payments reconciling items	(31)	(40)
Total tax expense for the year	3,729	2,690

*Tax rate reduced from 23% to 21% on 1 April 2014 and from 21% to 20% on 1 April 2015. Rate shown is weighted average for the periods.

**2014 Restated to reflect change from UK GAAP presentation to FRS101 presentation.

9. Tangible fixed assets

	Leasehold Improvements	Fixtures and Fittings	Computer Equipment	Total
Cost £ (in thousands)				
As at 1 January 2015	105	4	37	145
Additions	1	14	26	41
Retired assets	(105)	(4)	(14)	(122)
As at 31 December 2015	1	14	49	64
Depreciation £ (in thousands)				
As at 1 January 2015	(93)	(3)	(19)	(115)
Charge for the year	(8)	(0)	(14)	(22)
Retired assets	101	3	13	117
As at 31 December 2015	-	-	(20)	(20)
Net book value £ (in thousands)				
As at 31 December 2015	1	14	29	44
As at 31 December 2014	12	1	18	31

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For the year ended 31 December 2015

10. Fixed asset investments – available for sale

	2015	2014
	£ (in thousands)	£ (in thousands)
As at 1 January	176	188
Revaluation	(31)	(12)
As at 31 December	145	176

The revaluation relates to the change in number shares as well as FX rates.

11. Deferred taxation

	2015	2014
	£ (in thousands)	£ (in thousands)
Balance at 31 December 2013		143
FRS101 adjustment on transition		40
Restated balance under FRS101 on 1 January 2014		183
As at 1 January	223	183
Deferred tax movement	69	40
As at 31 December	292	223

	2015	2014
	£ (in thousands)	£ (in thousands)
Analysis of deferred taxation balance		
Depreciation in excess of capital allowances	(5)	(1)
Short term timing differences	297	224
Deferred tax assets / (liabilities) recognised	292	223

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

12. Client money

The Company segregates all money held by it on behalf of its clients in accordance with the Financial Conduct Authority's CASS rules. All segregated client money is held in dedicated accounts at banks, clearing houses and brokers as required by those rules, and is segregated from the Company's own funds. As at 31 December 2015 £560,253 thousand of client money was held by the Company (2014: £429,627 thousand).

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For the year ended 31 December 2015

The protection of client money is of fundamental importance to the Company. It has comprehensive client money processes and procedures to ensure client money is identified and protected at the earliest point after receipt as well as governance structures in place which ensure such activities are subject to ongoing review and are effective in providing the greatest possible protection.

13. Debtors

	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Trade debtors	307,339	181,371
Amounts owed from group undertakings	58,824	130,133
Other debtors	257	264
	<u>366,420</u>	<u>311,768</u>

Trade debtors primarily comprises margin held with external counterparties and client margin lending based on collateral held with the Company, which is described in Note 14.

14. Creditors

	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Other financial liabilities		
Trade creditors	796,886	562,446
Amounts owed to group undertakings	91,400	146,891
UK Corporation Tax	968	1,627
Accruals and deferred income	1,225	949
Deferred tax liability	5	1
	<u>890,484</u>	<u>711,914</u>

Collateral	2015		2014	
	Permitted to repledge	Sold or repledged	Permitted to repledge	Sold or repledged
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Client margin asset	<u>37,480</u>	<u>37,480</u>	<u>27,751</u>	<u>27,751</u>

In the normal course of business, the Company engages in financing transactions with and for clients through margin financing. Amounts relating to collateralised transactions at 31 December 2015 are summarised per above.

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15. Called up share capital

	2015	2014
Authorised	No.	No.
A ordinary shares of £1 each	700	700
B ordinary shares of €1 each	125,000	125,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid	£	£
700 A ordinary shares of £1 each	700	700
125,000 B ordinary shares of €1 each	78,632	78,632
	<u> </u>	<u> </u>
As at 31 December	<u> </u>	<u> </u>
	79,332	79,332

Class A and B shares rank pari passu and have one vote per share, no preferential dividend rights, no redemption rights and an unlimited right to share in any surplus remaining on the winding up of the Company.

16. Statement of movements on reserves

	Capital contribution and other reserves	Profit and loss account	Total
	£ (in thousands)	£ (in thousands)	£ (in thousands)
Balance as at 1 January 2015	14,349	30,865	45,213
Profit for the financial year	-	14,624	14,624
Movement in other reserves	88	-	88
	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 December 2015	<u> </u>	<u> </u>	<u> </u>
	14,437	45,489	59,925

17. Reconciliation of movements in shareholders' funds

	2015	2014
	£ (in thousands)	£ (in thousands)
Shareholders' funds as at 1 January *	45,213	35,057
Profit for the financial year	14,624	10,132
Movement in other reserves	88	24
	<u> </u>	<u> </u>
Shareholders' funds as at 31 December	<u> </u>	<u> </u>
	59,925	45,213

* Shareholders' funds at 1 January 2014 has been restated following the adoption of FRS101. See note 23 for an explanation.

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For the year ended 31 December 2015

18. Financial instruments and risk management

Overall

The Company's principal business activities result in exposure to market and credit risks. In addition, the Company is subject to liquidity and interest rate risks. Effective identification, assessment and management of these risks is critical to the success and stability of the Company. As a result, comprehensive risk management procedures have been established to identify, monitor and control each of these major risks.

At the parent company level, various management committees have been established that have responsibilities for monitoring and oversight of its activities and risk exposures of the companies within the Group.

Market risk

Market risk generally represents the risk of loss that may result from the potential change in the value of a financial instrument as a result of fluctuations in market prices. Market risk can be exacerbated in times of illiquidity where market participants refrain from transacting in normal quantities and/or at normal bid-offer spreads. Market risk is inherent to the investment in financial instruments. The scope of the Company's market risk management procedures therefore includes all market risk sensitive financial instruments.

The Company's exposure to market risk is directly related to its role as a financial intermediary in client trading transactions. Its market risk policy incorporates the hedging of all trades from its clients. Exposure to market price fluctuations is generally limited to residual currency balances different to the Company's functional currency, derived from operational activities. This is monitored and cleared on a regular basis.

The directors consider that the Company has no significant exposure to market risk. The Company's exposure to foreign exchange risk was as follows:

	2015	2014
	£ (in thousands)	£ (in thousands)
Swedish Krona	(214)	(297)
Swiss Francs	223	917
Japanese Yen	268	598
US Dollars	296	(5,686)
Other	184	17,130

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Credit risk

Brokerage activities expose the Company to credit risks. These risks are managed in accordance with established risk management policies and procedures. To accomplish this, management has established a risk management process that includes:

- Regular review of the risk management process by the executive management as part of their oversight role;
- Defined risk management policies and procedures supported by a rigorous analytic framework; and
- Articulated risk tolerance levels as defined by executive management that are regularly reviewed to ensure that the Company's risk-taking is consistent with its business strategy, capital structure and current and anticipated market conditions.

The Company is exposed to risk of loss if a counterparty or issuer fails to perform its obligations under contractual terms ("default risk"). The Company has established policies and procedures for reviewing and establishing limits for credit exposure, maintaining collateral, and continually assessing the creditworthiness of counterparties.

Financial institutional counterparties are subject to a credit review when a new relationship is entered into and this is updated on a regular basis. Maximum exposure limits for the Group are established for each counterparty.

The Company manages the credit exposure to each of its market counterparties typically by keeping the minimum required balances at each counterparty.

In the normal course of business the Company executes, settles and finances various client securities transactions. Execution of these transactions includes the purchase and sale of securities by the Company that exposes the Company to default risk arising from the potential that clients or counterparties may fail to satisfy their obligations. In these situations, the Company may be required to purchase or sell financial instruments at unfavourable market prices to satisfy obligations to other clients or counterparties. The Company seeks to control the risks associated with its client margin activities by requiring clients to maintain collateral in compliance with regulatory and internal guidelines.

The Company operates a real time mark-to-market trading platform with clients' profits and losses being credited and debited automatically to their account. Client credit risk can arise where there are significant, sudden movements in the underlying market for the product they are trading. Credit loss mitigation is achieved by ensuring clients collateralise their accounts at an appropriate level and by the utilisation of an automated close out facility which liquidates a client's risk positions appropriately if liquidation thresholds are broken.

Margin loans are extended to clients on a demand basis and are not committed facilities. Factors considered in the acceptance or rejection of margin loans are the amount of the loan, the degree of leverage being employed in the customer account and an overall evaluation of the client's portfolio to ensure proper diversification or, in the case of concentrated positions, appropriate liquidity of the underlying collateral. Additionally, transactions relating to concentrated or restricted positions are limited or prohibited by raising the level of required margin collateral (to 100% in the extreme case). Underlying collateral for margin loans is evaluated with respect to the liquidity of the collateral positions, valuation of securities, volatility analysis and an evaluation of industry concentrations. Adherence to the Company's collateral policies significantly limits the Company's credit exposure to margin loans in the event of a client's default. Under margin lending agreements, the Company may request additional margin collateral from clients and may sell assets that have not been paid for or purchase assets sold but not delivered from clients, if necessary.

As at 31 December 2015 and 2014, the Company did not have past due or impaired receivables. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Concentrations of credit risk

The Company's exposure to credit risk associated with its brokerage and other activities is measured on an individual counterparty basis, as well as by groups of counterparties that share similar attributes. Concentrations of credit risk can be affected by changes in political, industry, or economic factors. To reduce the potential for

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For the year ended 31 December 2015

risk concentration, credit limits are established and monitored in light of changing counterparty and market conditions. As at 31 December 2015 and 2014, the Company did not have any material concentrations of credit risk.

Liquidity and interest rate risk

Liquidity risk is the risk that an entity may encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. The Company has established procedures for measuring funding requirements and identifying potential liquidity mismatches.

The Company maintains a highly liquid balance sheet. The majority of assets consist of margin deposits with clearing houses. The Company's exposure to interest rate risk is considered by the Board to be immaterial.

The following table details the Company's expected maturity for its non-derivative financial assets and remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets and financial liabilities including interest that will be earned on or accrue to those assets and liabilities.

Liquidity and interest rate risk

2015	Weighted avg. effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
	%	£	£	£	£	£
Financial Assets (in thousands)						
Non interest bearing	-	23,054	-	-	145	23,199
Variable interest rate instruments	1.14%	926,578	-	-	-	926,578
Financial Liabilities (in thousands)						
Non interest bearing	-	47,768	-	-	-	47,768
Variable interest rate instruments	0.74%	842,717	-	-	-	842,717
2014						
	Weighted avg. effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
	%	£	£	£	£	£
Financial Assets (in thousands)						
Non interest bearing	-	6,591	-	-	176	6,767
Variable interest rate instruments	1.23%	749,965	-	-	-	749,965
Financial Liabilities (in thousands)						
Non interest bearing	-	27,824	-	-	-	27,824
Variable interest rate instruments	0.54%	684,101	-	-	-	684,101

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For the year ended 31 December 2015

Fair value of financial instruments

The carrying amount of other financial assets and financial liabilities approximate fair value due to their maturities of less than one year.

Included within trade debtors and creditors are payables and receivables to clients and counterparties which relate to funds placed as margin to support trading in Contracts for Differences (CFDs). The notional value of the underlying CFD positions with clients, which the Company has fully hedged with its other clients or with its counterparties, as at 31 December 2015, was £324,205 thousand (2014: £254,912 thousand).

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the accounts.

	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Financial Assets		
Cash	583,210	444,788
Available for sale	145	176
Loans and receivables	366,420	311,768
	<u> </u>	<u> </u>
Financial Liabilities		
Amortised cost	890,494	711,925
	<u> </u>	<u> </u>

19. Subsidiary undertaking

Subsidiary undertakings	Country of incorporation	Principal activity	Holding*
Interactive Brokers (U.K.) Nominee Limited	United Kingdom	Nominee Company	100%

*On August 13, 2014 the Company acquired 100% of the issued share capital of Interactive Brokers (U.K.) Nominee Limited for consideration comprising the issue of one ordinary share of £1 in the Company. The Company has taken advantage of the exemption under s401 of CA2006 from the requirement to produce consolidated financial statements.

20. Operating lease arrangements

	2015	2014
	<i>£ (in thousands)</i>	<i>£ (in thousands)</i>
Lease payments under operating leases recognised as an expense in the year	197	94
	<u> </u>	<u> </u>

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

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	2015	2014
	£ (in thousands)	£ (in thousands)
Within one year	357	23
In the second to fifth years inclusive	4,568	-
After five years	1,160	-
	<u>6,085</u>	<u>23</u>

Operating lease payments represent rentals payable by the Company for certain of its office properties. Leases are negotiated for a term of two years with an option to extend for a further six years at the then prevailing market rate.

21. Controlling party

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is IBG, LLC, a company incorporated in the United States. Copies of the group financial statements of IBG, LLC are available from 1 Pickwick Plaza Greenwich, CT, 06830, USA.

22. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the equity balance. During the year and prior year the Company complied with the Financial Conduct Authority minimum capital requirements.

The capital structure of the Company consists of shareholders' equity comprising issued capital and retained earnings as disclosed in notes 15 and 17.

23. Transitioning from old UK GAAP to FRS 101

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101.

The prior year financial statements were restated for adjustments on adoption of FRS 101 in the current year. For more information see note below.

Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

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Reconciliation of equity

	At 31 December 2014	At 31 December 2013
	£ (in thousands)	£ (in thousands)
Equity reported under previous UK GAAP	45,120	35,032
Adjustments to equity on transition to FRS 101		
Adjustment to taxation charge	65	-
Adjustment to other reserves	28	25
Equity reported under FRS 101	<u>45,213</u>	<u>35,057</u>

Notes to the reconciliation of equity at 31 December 2014

The adjustment to taxation and other reserves arises due to required changes in the method of accounting for deferred share based payments to employees.