Company Registration No. 3958476

Interactive Brokers (U.K.) Limited

Report and Financial Statements

31 December 2014

Interactive Brokers (U.K.) Limited

Report and financial statements 2014

Contents

Interactive Brokers (U.K.) Limited

Officers and professional advisers

Directors

Thomas Peterffy
Yograj Aggarwal
Gerald Perez
Jonathan Chait

Secretary

Paul Brody

Registered office

Fifth Floor
One Carey Lane
London EC2V 8AE

Bankers

Citibank International plc.
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Solicitors

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

Auditor

Deloitte LLP
London

Interactive Brokers (U.K.) Limited

Strategic report

ACTIVITIES AND REVIEW OF DEVELOPMENTS

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 and contracts for differences. In February 2013 the Company expanded its product and market offerings. The Company now offers 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.

FUTURE PROSPECTS

In 2015, the Company intends to further expand its product and market offerings.

BUSINESS REVIEW

Overall, pre-tax profit increased to £12.82 million for the year ended 31 December 2014 from £11.23 million for the previous year. The Company is the carrying broker for 20,546 clients (2013: 12,227).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

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 consisting of receivables from clearing houses for settlement of securities and derivatives transactions.

Strategic Report (continued)

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
24 April 2015

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 2014.

RESULTS AND DIVIDENDS

The directors report a profit after taxation of £10,088 thousand for the year ended 31 December 2014 (2013: £8,596 thousand). No dividends are proposed (2013: £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.

DONATIONS

No charitable donations and political donations were made by the Company for the year ended 31 December 2014 (2013: £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
24 April 2015

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). 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.

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) 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 and contracts for differences. 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 2014 was £26,491 thousand.
- During 2014, the average number of direct employees on a full-time equivalent basis was 12. Technology infrastructure and certain support functions are provided by the Group affiliates.

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 2014 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERACTIVE BROKERS (U.K.) LIMITED (CONTINUED)

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 31st December 2014 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

24th April 2015

Interactive Brokers (U.K.) Limited

Profit and loss account
Year ended 31 December 2014

	Notes	2014	2013
		£ (in thousands)	*£ (in thousands)*
Turnover		26,491	20,320
Administrative expenses		(18,524)	(14,614)
Other operating income/(expense)		570	(170)
Operating profit	2	8,537	5,536
Interest receivable	6	7,348	3,075
Interest payable	7	(3,063)	(1,550)
Profit on ordinary activities		12,822	7,061
Realised gain on investment		-	4,173
Profit before taxation		12,822	11,234
Taxation	8	(2,734)	(2,638)
Profit after taxation and profit for the financial year		10,088	8,596

All activities are derived from continuing operations.

The notes on pages 11 to 27 form an integral part of the financial statements.

Profit is the same as realised gain was for 2014, £10,088 thousand (2013: £8,596 thousand).

Interactive Brokers (U.K.) Limited

Balance sheet
As at 31 December 2014

	Notes	2014	2013
		£ *(in thousands)*	£ *(in thousands)*
FIXED ASSETS			
Tangible assets	9	31	48
Investments - available for sale	10	176	188
		207	236
CURRENT ASSETS			
Deferred taxation	13	141	143
Debtors	11	311,768	197,900
Prepayments		135	86
Cash at bank and in hand		15,167	3,021
Segregated client money	17	429,627	356,548
		756,838	557,698
CREDITORS: amounts falling due within one year	12	(711,925)	(522,902)
NET CURRENT ASSETS		44,913	34,795
TOTAL ASSETS LESS CURRENT LIABILITIES		45,120	35,032
NET ASSETS		45,120	35,032
CAPITAL AND RESERVES			
Called up share capital	14	79	79
Capital contribution	16	14,221	14,221
Profit and loss account	16	30,820	20,732
EQUITY SHAREHOLDERS' FUNDS	15	45,120	35,032

The notes on pages 11 to 27 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 24 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

Notes to the accounts
As at 31 December 2014

1. Accounting policies

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 (United Kingdom Generally Accepted Accounting Practice).

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 19.

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 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.

1. Accounting policies (continued)

Impairment of financial assets (continued)

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 20: 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 "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.

1. **Accounting policies (continued)**

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.

Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under paragraph 5 (a) of Financial Reporting Standard No. 1.

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.

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.

2. Operating profit

Operating profit is stated after charging/(crediting):	2014 *£ (in thousands)*	2013 *£ (in thousands)*
Brokerage charges payable	1,642	846
Clearing fees payable	1,932	1,501
Exchange fees payable	8,565	7,497
Depreciation	23	21
Foreign exchange gain / (loss)	216	297
Data lines	167	171
Regulatory fees	475	126
Wages and salary (See Note 3)	1,477	1,307
Social security (See Note 3)	206	187
Intercompany administrative fees	1,189	828
Intercompany consulting fees	268	200
Intercompany service fees	1,682	1,280
Auditors remuneration (see below)	128	117
Other	(16)	406
	17,954	14,784

Auditors remuneration	2014 *£ (in thousands)*	2013 *£ (in thousands)*
Audit of the Company's annual accounts	21	20
Regulatory audit	30	21
Group audit fees allocated to the Company	39	30
Tax preparation fees	17	15
Consulting services	21	31
	128	117

3. Employee information including directors

	2014	2013
Employee costs (including directors' emoluments)	*£ (in thousands)*	*£ (in thousands)*
Wages and salary	1,477	1,307
Social security costs	206	187
Pension contribution	20	23
	1,703	1,517

Average number of persons (including directors) employed *	**No.**	**No.**
Customer Service	5	3
Compliance	4	4
Sales	2	2
Administration	1	1
	12	10

*The Company reclassified certain amounts in 2013 to show comparable year-over-year figures.

4. Directors' emoluments

	2014	2013
	£ (in thousands)	*£ (in thousands)*
Emoluments	481	492
Stock incentive compensation	141	113
Pension contribution	5	5
	627	610

	2014	2013
Remuneration of the highest paid director	*£ (in thousands)*	*£ (in thousands)*
Emoluments	245	252
Stock incentive compensation	83	73
Pension contributions	5	5
	333	330

5. Share-based payments

The Company has a stock compensation plan which was a scheme introduced in 2007 to increase the emphasis on stock based incentive compensation and align the compensation of its key employees with the long-term interest of shareholders. Under the terms of this plan, IBG, Inc. stock was granted and issued to directors, officers, employees, contractors and consultants of IBG, Inc. and its subsidiaries.

The Stock Incentive Plan ("SIP Plan") and 2007 ROI Unit Stock Plan provided for a portion of certain key employee compensation to be granted in the form of stock units. Under the SIP Plan and 2007 ROI Unit Stock Incentive Plan, stock units granted to employees had various vesting provisions and generally converted to common stock within seven years. Such units are restricted from sale, transfer or assignment until the end of the restriction period. The number of stock units credited was a function of the amount awarded to each participant and the closing fair market value of the parent company common stock on grant date. During the years ended 31 December 2014 and 2013, the Company recognised compensation expenses of £198 thousand and £153 thousand, respectively, related to these plans. As at 31 December 2014 there is £194 thousand of total unrecognised compensation costs related to stock based compensation granted under the SIP Plan which is expected to be recognised over a weighted average period of approximately seven years.

For the year ended 31 December 2014 and 2013, Company employees were granted awards of 13,364 (2013, 16,087) shares of Common Stock with a fair value at the date of grant of £243 thousand (2013, £237) based upon the December 2014 Volume Weighted Average Price ("VWAP") ($28.30, (2013, $24.41)) of IBG, Inc.'s Common Stock. No shares were granted under the 2007 ROI Unit Stock Incentive Plan during 2014 or 2013.

	The Stock Incentive Plan Shares
	(In thousands)
	No.
Balance as at 31 December 2013	82
Granted to employees	13
Forfeited by employees	(1)
Distributed to employees*	(16)
Balance as at 31 December 2014	78

*Number of forfeited Stock Incentive Plan shares related to prior years was adjusted by 2,240 shares during the period.

6. Interest receivable

	2014	2013
	£ (in thousands)	*£ (in thousands)*
Interest receivable from clearing houses	67	58
Interest receivable from banks and market counterparties	400	173
Interest receivable on intercompany balances	2,768	311
Interest receivable from clients	4,113	2,533
	7,348	3,075

7. Interest payable

	2014	2013
	£ (in thousands)	*£ (in thousands)*
Interest payable to clearing houses	9	2
Interest payable to banks and market counterparties	1,119	539
Interest payable on intercompany balances	1,776	847
Interest payable to clients	159	162
	3,063	1,550

8. Tax charge on profit on ordinary activities

	2014	2013
Analysis of tax charge on ordinary activities	*£ (in thousands)*	*£ (in thousands)*
Current Tax		
U.K. Corporation tax at 21.50% (2012: 23.25%)*	2,751	2,613
Prior year adjustment	(16)	(2)
	2,735	2,611
Deferred Tax		
Current year	(1)	27
Total tax charge for period	2,734	2,638

8. Tax charge on profit on ordinary activities (continued)

	2014	2013
Factors affecting tax charge for the current period	*£ (in thousands)*	*£ (in thousands)*
Profit before taxation	12,822	11,234
Tax at 21.50% (2013: 23.25%)* thereon:	2,757	2,612
Expenses not deductible for tax purposes	(3)	6
Depreciation in excess of capital allowances	1	(2)
Other short-term timing differences	(4)	(3)
Adjustment in respect of prior years	(16)	(2)
Current tax charge for period	2,735	2,611

*Tax rate reduced from 24% to 23% on 1 April 2013 and from 23% to 21% on 1 April 2014. Rate shown is weighted average for the periods.

9. Tangible fixed assets

	Leasehold Improvements	Fixtures and Fittings	Computer Equipment	Total
Cost £ *(in thousands)*				
As at 1 January 2014	105	4	37	145
Additions	-	-	6	6
Retired assets	-	-	(6)	(6)
As at 31 December 2014	105	4	37	145
Depreciation £ *(in thousands)*				
As at 1 January 2014	83	2	13	98
Charge for the year	10	1	12	23
Retired assets	-	-	(6)	(6)
As at 31 December 2014	93	3	19	115
Net book value £ *(in thousands)*				
As at 31 December 2014	12	1	18	31
As at 31 December 2013	22	2	24	48

10. Fixed asset investments – available for sale

	2014	2013
	£ (in thousands)	*£ (in thousands)*
As at 1 January	188	2,368
Revaluation	(12)	2,141
Proceeds from sale of investment	-	(4,321)
As at 31 December	176	188

11. Debtors

	2014	2013
	£ (in thousands)	*£ (in thousands)*
Trade debtors	181,371	150,224
Amounts owed from group undertakings	130,133	47,424
Other debtors	264	252
	311,768	197,900

Trade debtors primarily comprises margin held with external counterparties and client margin lending based on collateral held with the Company, which is more fully described in Note 19.

12. Creditors: amounts falling due within one year

	2014	2013
Other financial liabilities	*£ (in thousands)*	*£ (in thousands)*
Bank overdraft	-	298
Trade creditors	562,446	470,106
Amounts owed to group undertakings	146,891	50,442
UK Corporation Tax	1,638	1,382
Accruals and deferred income	949	674
Deferred tax liability	1	-
	711,925	522,902

12. Creditors: amounts falling due within one year (continued)

Collateral	2014		2013	
	Permitted to repledge	Sold or repledged	Permitted to repledge	Sold or repledged
	£ (in thousands)	*£ (in thousands)*	*£ (in thousands)*	*£ (in thousands)*
Client margin asset	27,751	27,751	46,180	38,656

In the normal course of business, the Company engages in financing transactions with and for clients through margin lending. Amounts relating to collateralised transactions at December 31, 2014 and 2013, respectively, are summarised per above.

13. Deferred taxation

	2014	2013
	£ (in thousands)	*£ (in thousands)*
As at 1 January	143	(295)
(Debit) / credit to the profit and loss account	(2)	(27)
Credit / (debit) to the fair value reserve	-	465
As at 31 December	141	143

	2014	2013
Analysis of deferred taxation balance	*£ (in thousands)*	*£ (in thousands)*
Depreciation in excess of capital allowances	(1)	(2)
Short term timing differences	142	145
Deferred tax assets / (liabilities) recognised	141	143

14. Share capital

	2014	2013
Authorised	**No.**	**No.**
A ordinary shares of £1 each	700	700
B ordinary shares of €1 each	125,000	125,000
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
As at 31 December	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.

15. Reconciliation of movements in shareholders' funds

	2014	2013
	£ (in thousands)	*£ (in thousands)*
Shareholders' funds as at 1 January	35,032	27,856
Profit for the financial year	10,088	8,597
(Reversal) / Revaluation of fair value gain on investment	-	(1,421)
Shareholders' funds as at 31 December	45,120	35,032

16. Statement of movements on reserves

	Capital contribution	Profit and loss account	Total
	£ (in thousands)	*£ (in thousands)*	*£ (in thousands)*
Balance as at 1 January 2014	14,221	20,732	34,953
Profit for the financial year	-	10,088	10,088
Reversal of realised gain	-	-	-
Balance as at 31 December 2014	14,221	30,820	45,041

17. Client money

The Company is responsible for the stewardship of client monies. These responsibilities are defined in the Company's Client Money Policy and include the appointment and periodic review of the institutions with which client money is deposited. The policy is that all financial institutional counterparties holding client money on deposit should have at least a minimum credit agency rating of AA-. In some operating jurisdictions, where accounts are maintained to provide local banking facilities for clients, it may be difficult to find a counterparty meeting these requirements. If this were the case, balances held with such counterparties would be minimised in accordance with the rules of the Financial Conduct Authority.

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 the balance sheet. As at 31 December 2014, £429,627 thousand of client money was held by the Company (2013: £356,548 thousand).

18. Immediate and ultimate controlling company and related party disclosures

The Company's immediate and ultimate controlling party is IBG LLC, a company incorporated in the USA. This is the largest group in which the results of the Company are consolidated. IBG LLC controls directly 100% of the issued share capital of the Company.

The Company has taken advantage of the exemption from reporting related party transactions with group undertakings under paragraph 3(d) of Financial Reporting Standard No. 8. The parent undertaking of the smallest and largest group, which includes the Company and for which group accounts are prepared, is IBG LLC.

19. 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.

Market risk (continued)

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

	2014	**2013**
	£ (in thousands)	***£ (in thousands)***
US Dollars	(5,686)	(3,007)
Euros	9,069	2,616
Korean Won	5,923	3,073
Hong Kong Dollars	2,133	596
Other	1,222	75

19. Financial instruments and risk management (continued)

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.

Credit risk (continued)

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 2014 and 2013, 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 risk concentration, credit limits are established and monitored in light of changing counterparty and market conditions. As at 31 December 2014 and 2013, 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 (continued)

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
Fixed interest rate instruments	0.31%	-	-	-	-	-
Financial Liabilities ***(in thousands)***						
Non interest bearing	-	-	27,824	-	-	27,824
Variable interest rate instruments	0.54%	684,101	-	-	-	684,101

2013	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	-	6,563	-	-	188	6,751
Variable interest rate instruments	0.83%	512,135	-	-	-	512,135
Fixed interest rate instruments	0.26%	38,771	-	-	-	38,771
Financial Liabilities ***(in thousands)***						
Non interest bearing	-	-	(637)	-	-	(637)
Variable interest rate instruments	0.42%	523,539	-	-	-	523,539

19. Financial instruments and risk management (continued)

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 1 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 2014, was £254,912 thousand (2013: £430,637 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.

	2014	2013
	£ (in thousands)	*£ (in thousands)*
Financial Assets		
Cash	444,794	359,569
Available for sale	176	188
Loans and receivables	311,768	197,900
Financial Liabilities		
Amortised Cost	711,925	522,902

20. 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 14 and 15.

21. Acquisition of Subsidiary Undertaking

Subsidiary Undertakings	Country of incorporation	Prncipal 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 1 ordinary share of £1 each in the Company.