

Registered number: 07216039

EQUITI CAPITAL UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

THURSDAY



A30 *ACCI24FV* 21/09/2023 #40
COMPANIES HOUSE

EQUITI CAPITAL UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS	PAGE
Company Information	1
Company Strategic Report	2 - 5
Directors' Report	6 - 7
Independent Auditor's Report	8 - 11
Statement of Profit or Loss and Other Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Cash Flow Statement	15
Notes to the Financial Statements	16 - 36

EQUITI CAPITAL UK LIMITED

COMPANY INFORMATION

Board of Directors: I A Najjar (appointed 20 September 2017)
P S Webb (appointed 21 February 2022)
S R Reeves (appointed 6 July 2022)
D J Meek (resigned 21 February 2022)
G Dehal (resigned 31 May 2022)
N L A Holmes (resigned 31 December 2022)
S N Chouhan (resigned 9 January 2023)
L R Conway (appointed 24 April 2023)

Independent Auditors: Grant Thornton UK LLP
Chartered Accountants
30 Finsbury Square,
London. EC2A 1AG

Registered office: 2 London Wall Place
London. EC2Y 5AU

Registration number: 07216039

EQUITI CAPITAL UK LIMITED

COMPANY STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors of Equiti Capital UK Limited ("the Company"), present the Company strategic report for the year ended 31 December 2022.

Business review

The Company completed its financial period for the year ended on 31 December 2022.

The Company observed an increase in annual revenue, increasing year on year (YoY) by \$7.1m to \$39.6m alongside a corresponding \$6m increase in cost of sales. Both increments are attributed to increased swap fees which rose in the second half of 2022 in line with the increase in market interest rates.

The Company balance sheet remains in a strong position, with net assets of \$37.8m, which showed a year-on-year increase of \$1.6m in relation to retained profits for the year.

The continued growth of the Company necessitated moving to larger premises and a significant investment has been made in a new lease, securing facilities to support the expanding team.

Fostering Equiti culture

Diversity and inclusion are central to the Company's culture and governance. The Company's Board & Executive Committee regularly review diversity and inclusion statistics. Additionally, the Company has an active social engagement committee whose activities extend to recognising global events such as Diversity Days and has been active in supporting carbon offsetting initiatives across the Company.

Financial results

Whilst the Company continues to have a significant proportion of its revenue driven by its risk management function, which is reliant on underlying market volatility, it continues to diversify and increase the number of services which the Company supplies to the overall Equiti Group to diversify its revenue model. There has been a significant investment in a Digital Marketing team which will lead to increases in expected customer numbers and transaction volumes both for the Company and the wider Group.

Continuing investment in product development, diversification into new contracts, technical expertise and focus on our customers will deliver sustainable results for years to come.

The Company continues to have a strong balance sheet and liquidity position.

EQUITI CAPITAL UK LIMITED

COMPANY STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The financial risks of the Company and policies for mitigating risk are defined below:

Credit and Counterparty Risk

These risks originate from the possibility of default by a customer or counterparty. The Company mitigates customer risk by limiting customer activity to those customers of good standing with suitably funded accounts. Customers can only open positions with free funds that are not being used for other trades. It is possible for customers to incur a deficit balance in fast moving markets. In order to mitigate this risk, the Company has automated systems and controls in place to electronically monitor customer accounts that will close customer exposures when their account value drops to near deficit levels. The Company mitigates counterparty risk as well as market risk by using multiple external counterparties for trading, depending on market conditions and best pricing.

Market Risk

This risk refers to the potential for the Company to be exposed to a trade in respect of an underlying customer, should the Company fail to hedge the customer trade. The Company acts as agent or matched principal on all trades. The Company has trading accounts with prime brokers and counterparties which simultaneously allow the Company the ability to hedge all trades executed in customer accounts with the Company. The Company has invested heavily in our in-house risk system, which provides automated counterparty reconciliations which run in parallel to the 24 hour a day, 5 days a week trading coverage.

Liquidity Risk

This risk is that that the Company does not have sufficient financial resources to fulfil its contractual obligations. The Company's liquidity requirements can be subdivided into two principal areas, customers' funds and Company's funds. To remain compliant with relevant regulatory requirements, customers' funds to be segregated are immediately placed into segregated accounts held in Trust with reputable banks and financial institutions that have been assessed by the Client Money Committee and have received the necessary approvals by the Board. These are created, maintained, and reconciled daily. If customers agree to opt out of the Client Money rules under a Title Transfer Collateral Arrangement, funds are placed into non segregated accounts. Furthermore, the Company did not onboard any retail clients in 2022. The Company has undertaken due diligence on the financial institutions in which the Company has deposits and is satisfied that with the internal controls in place those banks are prudent and of strong credit standing to maintain the balances of customers' and Company's funds.

For Company's Funds, the Company's senior management is responsible for constantly monitoring the Company's liquidity position. For day-to-day liquidity needs the Company forecasts revenue inflows against expected expense outflows in order to ensure that it has sufficient cash flow to meet its obligations as they fall due. While holding customer related accounts, the Company reviews its financial position on an ongoing basis to ensure it has the resources for a survival time of up to 6 months to unwind its affairs. The results of both the Company's capital and liquidity planning, and management are periodically brought to the Board of Directors' attention. The Risk Committee sets a range of monitoring and KRI thresholds to adequately review and stress various scenarios the Company could face.

Operational Risk

This is the risk that internal processes do not operate appropriately. It includes fraud, business practices, business disruption and resilience, process management and regulatory and compliance risk. The Company has developed systems and controls to help mitigate these risks.

a) Fraud

The Company produces monthly and quarterly reports of the Company's financial activity. The reporting ensures the Company maintains a documented account of all funds that flow into and out of both Company and customer accounts on a regular basis. These reports include an Income Statement and Balance Sheet for the Company, supported by detailed explanation of all transactions in both customer and Company bank accounts, which are directly available to senior management. Quarterly financials are presented to the Board of Directors for review; the management team reviews the monthly financial reports. The Company also performs, at a minimum, annual reviews to assess if the Company has met intended projections and if projections should be revised for the future.

EQUITI CAPITAL UK LIMITED

COMPANY STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

b) Business Disruption and Resilience.

This risk refers to system failures, data protection, cyber security, or malfunctions with technology and systems used for trading, data protection and record keeping. Overarching pillars have been implemented including Operational IT, Trading Infrastructure and Security Operations.

We continued our investment and improvement in IT Risk areas such as data protection, GDPR, cybersecurity, governance and trading infrastructure. The Company has made a number of enhancements to our network structure as well as optimised our third-party platform setups.

c) Compliance and Legal Risk:

This is the risk the Company voluntarily or involuntarily does not comply with the laws, regulations, requirements or codes applicable specifically to the financial services industry and in the jurisdictions in which the Company operates. In order to mitigate this risk, the Company has instilled a compliance culture throughout all levels of the business and continually invests significant amounts of time and resource to implement appropriate systems and controls. To support this compliance culture further, reporting lines are in place up to Board level to ensure a thorough review of ideas and initiatives before any resources are committed. The Company engages in regular reviews of compliance policies and procedures and staff engage in up-to-date training on policies; the Company has created a solid framework requiring approval of these policies and procedures by the management team or the Board of Directors as appropriate.

d) Conduct Risk:

This risk relates the ability of management and staff to perform their job responsibilities and is a keen focus of the Board who promote a culture of ethical behaviour and positive conduct to its staff, customers and the regulator. Conduct risk is monitored by the Risk department in conjunction with Human Resources and Compliance and is presented to the management team via the Risk committee. The conduct strategy is managed through the staff appraisal process, annual conduct trainings, staff training programs, conflicts of interest declarations, the personal account dealing policy, the whistle blowing process as well through the remuneration code.

Stakeholder Engagement under Section 172 of Companies Act

The Board of Directors has overall responsibility for the long-term sustainable success of the Company to benefit all its stakeholders as a whole. In line with their duties under section 172 of the Companies Act 2006, the Directors act in good faith and in a way, they consider would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard for the interests of the principal stakeholders including customers, employees, regulators, suppliers, shareholders and communities.

The Board considers, amongst other matters, the following when fulfilling this responsibility:

The likely consequences of any decision in the long term.

This is demonstrated through the strategic decisions made by the Board and the business' day to day decisions making, which reference the Company's embedded risk management processes. These decisions focus on the long-term sustainability of the Company by ensuring adequate capital, liquidity and regulatory compliance.

The interests of the Company's employees.

We recognise that having a fully engaged workforce is of mutual benefit to both the Company and the employees. The Company encourages a collaborative working environment and provides additional benefits for all employees where the sharing of ideas and feedback is promoted. Employee surveys are held covering matters of concern to employees and considered by the Board as well as regular updates on remuneration and human resources initiatives. Senior management engage with employees through regular communication media and Board attendance includes participants from the leaders across the Company.

EQUITI CAPITAL UK LIMITED

COMPANY STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

The need to foster the Company's business relationships with customers, counterparties and others.

The customers are at the heart of everything we do. As indicated in the strategic report the Company aims to enhance its culture of delivering fair customer outcomes, to professional and eligible counterparty classified customers, by ensuring market leading execution and bespoke liquidity solutions. We regularly seek to engage with customers to develop solutions to problems they may have and we always strive to treat customers fairly.

We work closely with our liquidity counterparties and prime brokers to ensure that the Company can deliver the Company's strategic objectives and are adept at providing bespoke solutions. The Board is made aware of any significant liquidity and counterparty issues, to ensure the Company operates effectively and that all customers can be serviced appropriately.

We maintain an open and collaborative relationship with our regulators ensuring that we keep them informed about key strategic decisions and changes to the Company. The Board receives regular updates on financial services regulations via its internal compliance officer.

The desirability of the Company maintaining a reputation for high standards of business conduct.

This is demonstrated by the tone from the top and how the Directors implement and promote the right culture for a regulated business which it cascades to all employees. In making senior management decisions, the impact on culture and right behaviours are considered.

The need to act fairly as between members of the Company.

The Company is a wholly owned subsidiary of Equiti Group Limited, where there is a degree of overlap with the Board of Directors. This means that the information is readily shared between the shareholder and the Company's Board ensuring that the expectations of the ultimate shareholders of the Company are appropriately recognised. The Board is committed to listening and engaging with the Company's key stakeholders to ensure responsible and informed decisions are made.

Pillar 3 disclosures

The full IFPR disclosures will be included on the Company website.

This report was approved by the Board on 31st May 2023 and signed on its behalf.

Liam Conway

L R Conway
Director

EQUITI CAPITAL UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland in conformity with the requirements of the Companies Act 2006.

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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Principal activity

The Company's principal activity is to provide execution-only brokerage services for professional and institutional customers to trade CFD's in spot forex, metals, indices and commodities. The Company also provides marketing, risk management and other services to the overall Equiti Group.

Results and dividends

The profit for the year, after taxation amounted to \$1,610,357 (2021 - \$3,745,723).

Directors

The Directors who served during the year were:

I A Najjar (appointed 20 September 2022)
P S Webb (appointed 21 February 2022)
S R Reeves (appointed 6 July 2022)
D J Meek (resigned 21 February 2022)
G Dehal (resigned 31 May 2022)
N L A Holmes (resigned 31 December 2022)
S N Chouhan (resigned 9 January 2023)

EQUITI CAPITAL UK LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments

The Company, and the wider group, provide competitive offerings to both wholesale and retail brokerages, as well as individual investors. The wider Group is committed to growing its global footprint by continuing to invest in innovation, our people, our risk management capabilities and our trading infrastructure.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's, and the Group's auditors, are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's, and the Group's, auditors are aware of that information.

Principal risks and uncertainties

Information relating to the risks faced by the Company and how they are managed can be found in the Strategic Report.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 31st May 2023 and signed on its behalf.


L R Conway
Director

Independent Auditor's Report

To the Members of EQUITI CAPITAL UK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EQUITI CAPITAL UK LIMITED (the "Company"), for the year ended 31 December 2022 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of the company's profit for the year then ended;
- the company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the company's financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the high inflationary environment, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of Directors for the financial statements' section of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

To the Members of EQUITI CAPITAL UK LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements, or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, 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.

Responsibilities of Directors for the financial statements

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report

To the Members of EQUITI CAPITAL UK LIMITED

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management and Directors. We determined that the most significant laws and regulations applicable were relevant provisions within Financial Services and Markets Act 2000 (FSMA 2000) legislation and those that relate to the financial reporting framework, being United Kingdom adopted international accounting standards, including the Companies Act 2006.
- We enquired of the Directors and management to obtain an understanding of how the company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of the Company's Board meetings, inspection of the complaints register, inspection of legal and regulatory correspondence with the regulator, the FCA.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
 - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
 - testing journal entries, including manual journal entries processed at the year-end for financials statement preparation and journals with unusual accounting combinations; and
 - challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- As the company is FCA regulated, our assessment of risks of material misstatement also involved an understanding of the control environment, including the entity's procedures for complying with regulatory requirements. Our communication of identified laws and regulations risks was made throughout our team and we remained alert to any indications of non-compliance throughout the audit.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Company's operations, including the nature of its revenue sources, and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the rules and interpretative guidance issued by the Financial Conduct Authority; and
 - the Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report**To the Members of EQUITI CAPITAL UK LIMITED**

Use of our report

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.



Mirza Ahmad
Senior statutory auditor

for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
30 Finsbury Square
London,
EC2A 1AG
United Kingdom

31 May 2023

EQUITI CAPITAL UK LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 US\$	2021 US\$
Revenue	5	39,552,098	32,533,874
Cost of sales		<u>(18,054,086)</u>	<u>(12,116,277)</u>
Gross profit		21,498,012	20,417,597
Administrative expenses	6	<u>(19,969,375)</u>	<u>(16,673,498)</u>
Operating profit		<u>1,528,637</u>	<u>3,744,099</u>
Finance income	9	303,999	16,009
Finance costs	9	(9,907)	(25,856)
Gain on disposal of subsidiary undertaking	14	-	<u>11,471</u>
Net finance income		<u>294,092</u>	<u>1,624</u>
Profit before tax		1,822,729	3,745,723
Tax expense	10	<u>(212,372)</u>	-
Profit after tax		1,610,357	3,745,723
Other comprehensive income		-	-
Total comprehensive income for the year		<u>1,610,357</u>	<u>3,745,723</u>

The notes on pages 16 to 36 form an integral part of these financial statements.

EQUITI CAPITAL UK LIMITED**STATEMENT OF FINANCIAL POSITION**
31 DECEMBER 2022

ASSETS	Note	2022 US\$	2021 US\$
Non-current assets			
Property, plant and equipment	12	5,025,662	167,779
Intangible assets	13	85,376	23,497
Investments in subsidiaries	14	-	-
		<u>5,111,038</u>	<u>191,276</u>
Current assets			
Derivative financial assets	15	11,956,820	7,826,569
Trade and other receivables	16	12,706,296	9,845,808
Cash and cash equivalents	17	173,785,840	144,224,115
		<u>198,448,956</u>	<u>161,896,492</u>
Total assets		<u>203,559,994</u>	<u>162,087,768</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities	20	3,989,716	-
Provisions	21	165,000	-
		<u>4,154,716</u>	<u>-</u>
Current liabilities			
Trade and other payables	22	150,190,991	119,340,272
Lease liabilities	20	-	79,668
Provisions	21	84,105	94,591
Derivative financial liabilities	15	11,140,037	6,405,821
Corporation tax	10	212,372	-
		<u>161,627,505</u>	<u>125,920,352</u>
Total liabilities		<u>165,782,221</u>	<u>125,920,352</u>
Equity			
Share capital	18	2,355,344	2,355,344
Share premium	19	28,618,286	28,618,286
Reserves	19	897,993	897,993
Retained earnings	19	5,906,150	4,295,793
Total equity		<u>37,777,773</u>	<u>36,167,416</u>
Total equity and liabilities		<u>203,559,994</u>	<u>162,087,768</u>

The financial statements were approved by the board on the 31st May 2023 and signed on their behalf by:

Paul Webb
.....
P S Webb
Director

Liam Conway
.....
L R Conway
Director

The notes on pages 16 to 36 form an integral part of these financial statements.

EQUITI CAPITAL UK LIMITED**STATEMENT OF CHANGES IN EQUITY**
31 DECEMBER 2022

	<u>Share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Total</u>
	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2021	1,841,133	19,132,497	897,993	549,945	22,421,568
Total comprehensive income for the year	-	-	-	3,745,723	3,745,723
Shares issued during the year	514,211	9,485,789	-	-	10,000,000
Currency translation differences	-	-	-	125	125
Balance at 31 December 2021	<u>2,355,344</u>	<u>28,618,286</u>	<u>897,993</u>	<u>4,295,793</u>	<u>36,167,416</u>
Total comprehensive income for the year	-	-	-	1,610,357	1,610,357
Balance at 31 December 2022	<u><u>2,355,344</u></u>	<u><u>28,618,286</u></u>	<u><u>897,993</u></u>	<u><u>5,906,150</u></u>	<u><u>37,777,773</u></u>

EQUITI CAPITAL UK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 US\$	2021 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,610,357	3,745,723
Adjustments for:			
Depreciation of property, plant and equipment	12	329,212	390,727
Amortisation of computer software	13	33,533	29,317
Finance income		(303,999)	(16,009)
Finance costs		9,907	25,856
Foreign currency translation		<u>(10,483)</u>	<u>(815)</u>
		1,668,527	4,174,799
Changes in working capital:			
(Increase) / Decrease in trade and other receivables		(6,990,744)	1,519,242
Increase in trade and other payables		<u>35,962,309</u>	<u>26,800,798</u>
Net cash generated from operating activities		<u>30,640,092</u>	<u>32,494,839</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	13	(95,413)	-
Payment for purchase of property, plant & equipment	12	(992,587)	(154,536)
Interest received		303,999	16,009
Proceeds from disposal of subsidiary	14	-	<u>689,931</u>
Net cash generated from investing activities		<u>(784,001)</u>	<u>551,405</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	10,000,000
Payments of lease liabilities		<u>(294,366)</u>	<u>(340,289)</u>
Net cash generated from financing activities		<u>(294,366)</u>	<u>9,685,567</u>
Net increase in cash and cash equivalents		29,561,725	42,705,954
Cash and cash equivalents at beginning of the year		144,224,115	101,518,161
Cash and cash equivalents at end of the year	17	<u>173,785,840</u>	<u>144,224,115</u>

The notes on pages 16 to 36 form an integral part of these financial statements.

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Incorporation and principal activities

Reporting entity

Equiti Capital UK Limited (the 'Company') is a private company limited by shares incorporated in the United Kingdom. The Company's registered office is at 2 London Wall Place, London, EC2Y 5AU. The Company is primarily involved in trading of CFD's in spot forex, metals, indices and commodities.

Going Concern

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of the financial statements).

The Company has prepared a detailed budget with cash flow forecasts for the next 12 months alongside the wider Group. The Group has performed a going concern assessment and has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. The Directors have considered budgets and cash flow forecasts for the Company and the Going Concern assessment for the group and have, accordingly, continue to adopt the going concern basis in preparing these financial statements.

2. Basis of preparation

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are carried at fair value through profit and loss ("FVTPL").

Details of the Company's accounting policies, including changes during the year, are included in Accounting Policies note.

Subsidiary disposals in prior year

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the previous carrying amount of the assets, including goodwill, less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities are disposed of.

Judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Derivative financial instruments	Fair value

The fair values of quoted financial instruments are based on current bid prices. If the market for a financial asset is not active, fair value is established by using valuation techniques such as the use of recent arm's length transactions, reference to other instruments that are substantially the same or discounted cash flow analysis.

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 January 2022

The following new and revised Standards and Interpretations are effective from 1 January 2022, but they do not have a material effect on the Company's Financial Statements:

- Amendment to IAS 16 - prohibition against deducting sales proceeds from the costs of property;
- Amendments to IAS 37 – cost inclusion specification on contracts;
- Amendments to IFRS 1 – subsidiary first time adopter;
- Amendments to IFRS 9 – fee recognition for 10% derecognition test;
- Amendment to IFRS 16 (IE) – for lease incentives;
- Amendments for IAS 41 – tax in fair valuation measurements.
- Amendments to IFRS 3 – conceptual framework update for financial reporting;

ii) IASB published amendment to extend date of practical expedient from 30 June 2021 to 30 June 2022.

- Amendments to IFRS 16 – Covid-19 related rent concessions.

The Directors of the Company conclude that the coming into effect of these Standards do not have a significant impact on the Company in the current or future reporting periods or on foreseeable future transactions.

3. Functional and presentation currency

The financial statements are presented in US dollars ("USD"), which is the Company's functional and presentation currency.

Transactions in other currencies are initially recorded in the functional currency by applying spot exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are revalued at the Company's functional currency rate of exchange prevailing at the balance sheet date. Gains and losses arising on revaluation are taken to the profit and loss.

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. Accounting policies

4.1 Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured, the Company has established a right to the revenue and there is no unfulfilled obligation that would affect the amount of revenue recognised.

Trading revenue represents amounts earned on individual customer transactions and on transactions entered into for customers in foreign currency, equities and financial derivatives. This can be comprised of commission on trades, or captured through the spread where prices are marked up directly or through swap charges where positions are held overnight. Open positions are carried at fair value and any gains and losses on this valuation are recognised in revenue, along with gains and losses resulting from positions that have closed, including commissions earned on individual transactions. Introductory broker commissions or any fees paid relating to individual transactions are recorded as an expense in determining gross operating profit or loss.

The Company has entered into "Profit Share Arrangements" (PSA) with certain brokers which entitle the Company a proportion of gains on trades referred to the brokers by the Company. Revenue under PSA is recognised based on management's best estimate of revenue to be received at the measurement date. Informing the revenue estimate, management performs detailed calculations measuring the performance of the portfolio and determining the expected amount due to the Company.

The Company provides services to other Group entities on an arm's length basis, the respective services are detailed in the related parties note.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

4.2 Administrative expenses

Administrative expenses are recognised as an expense in the statement of profit or loss in the year in which they are incurred on an accrual's basis.

4.3 Foreign currency

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4.4 Leasing

The Company accounts for leases in accordance with International Financial Reporting Standards No.16 "Leases" ("IFRS 16"). For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets the following criteria:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use.

At the lease commencement date, the Company recognises the lease as a right-of-use asset and a corresponding liability on the statement of financial position. The right-of-use asset has been included in property, plant and equipment.

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4.4 Leasing (continued)

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the Company incremental borrowing rate which is currently 8%. For the assumptions underlying the lease taken out in the year, refer to note 4.15 below.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The liability is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments. When the liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or the income statement if the right-of-use asset is already reduced to zero.

The Company has elected to account for short term leases and leases of low-value assets using the practical expedients. Payments associated with short term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short term leases are leases with a term of 12 months or less. Low-value assets comprise IT and copying equipment with a value of less than £5,000.

4.4 Employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

Employees' pension

The Company operates a defined contribution plan for its employees in the United Kingdom. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of profit or loss and other comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

4.5 Taxation

The Company provides for income taxes in accordance with IAS 12.

4.6 Value added tax (VAT)

The Company is registered for, and is subject to, VAT on taxable supplies in the United Kingdom. It is a partially exempt business and consequently recovers input tax in accordance with its Partial Exemption Calculation methodology. The Company reports revenue and expense net of value added tax for all the VAT reporting periods presented in the financial statements.

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4.7 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

4.8 Property, plant and equipment

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Long-term leasehold property	Straight line over the life of lease
Fixtures and fittings	5 years
Office equipment	3 years

4.9 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Development expenditure	3 years
Computer software	3 years

4.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

4.11 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

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.

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4.12 Financial assets

4.12.1 Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into following categories upon initial recognition:

- Loans and receivables
- Financial assets at fair value through profit and loss

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method if the time value of money is significant, less provision for impairment. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

The Company holds money on behalf of customers in accordance with the Customer Assets (CASS) rules of the FCA. This money is held in segregated customer money bank accounts held under a statutory trust restricting the Company's ability to use the monies and accordingly these amounts are not recognised in the Company's statement of financial position.

Title transfer funds are held by the Company under a Title Transfer Collateral Arrangement (TTCA) by which a customer agrees that full ownership of such monies is unconditionally transferred to the Company. Title transfers funds are accordingly held on the Company's statement of financial position with a corresponding liability to customers within trade payables.

Trade receivables

Trade receivables represent balances with counterparties and customers where the combination of cash held on account and the valuation of open positions results in an amount payable to the Company. Trade receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with the terms of agreement. Any impairment loss is recognised in the statement of profit or loss. The Company uses its historical experience, external indicators and forward-looking information to calculate expected credit losses.

Customer liabilities

The Company maintains a corresponding liability for funds held under a TTCA, which is included in Trade Payables in the balance sheet. The Company utilises cash balances collected from customers to fund the collateral that it places with counterparties.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative instruments fall into this category and are measured at fair value with gains and losses recognised in profit or loss account. The fair values of financial assets in this category are determined by reference to active market transactions.

4.12.2 Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire, or the Company has either transferred the contractual right to receive the cash flows from that asset, or has assumed an obligation to pay those cash flows to one or more recipients.

The Company derecognises a transferred financial asset if it transfers substantially all the risks and rewards of ownership.

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4.13 Financial liabilities

4.13.1 Classification and subsequent measurement

The Company's financial liabilities include trade and other payables, including the liability for the right-of-use asset. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains and losses recognised in profit or loss. If the due date of the liability is less than one year, discounting is omitted.

Payables includes balances with counterparties and customers where the combination of cash held on account and the valuation of open positions results in an amount payable by the Company. Other payables and non-trading financial liabilities are recognised at fair value and carried at amortised cost.

4.13.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.14 Derivative financial instruments

The Company does not apply hedge accounting. It enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 15.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period with prices obtained from the relevant counterparties, as these are the rates at which the derivatives will be settled. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured at either amortised cost or FVTPL as appropriate.

4.15 Accounting estimates and judgements

4.15.1 Estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no judgements (apart from those involving estimates) that have been made in the process of applying the above accounting policies. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in detail below.

Lease accounting – incremental borrowing rate IFRS 16 “Leases” requires lease payments to be discounted using the lessee's incremental borrowing rate. The Company has used the incremental borrowing rate at 8% in discounting the lease payments as at the date of adoption of IFRS 16.

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5 The possible effects of a change in the incremental borrowing rate are an increase or decrease in the lease liability, right-of-use asset and depreciation and financing expenses recognised. Revenue

The following is the analysis of the Company's revenue from continuing activity which is all derived from United Kingdom:

	2022 US\$	2021 US\$
Trade and commission revenue	<u>39,552,098</u>	<u>32,533,874</u>

6 Administration expenses

	2022 US\$	2021 US\$
Employment costs	7,729,520	8,404,448
Premises	577,477	507,607
Other costs	3,969,541	725,965
Legal and professional	1,881,196	1,004,810
Regulatory fees	361,479	224,274
IT and communications	3,981,357	4,570,346
Sales and marketing	1,106,062	816,004
Depreciation and amortisation	<u>362,743</u>	<u>420,044</u>
	<u>19,969,375</u>	<u>16,673,498</u>

7 Auditor's remuneration

	2022 US\$	2021 US\$
Audit fee		
Fees payable to the auditors for the audit of the Company	115,116	101,787
Non-audit fees		
Tax compliance services for the Company	13,581	24,742
Other advisory services	6,000	107,449
	<u>134,697</u>	<u>239,978</u>

8 Employee benefit expenses

	2022 US\$	2021 US\$
Wages and salaries	6,539,985	7,154,098
National insurance	958,235	1,021,818
Defined contribution pension cost	<u>231,300</u>	<u>228,532</u>
	<u>7,729,520</u>	<u>8,404,448</u>

Number of employees	61	62
---------------------	----	----

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

8. Employee benefit expenses (continued)

Key management personnel compensation

Key management personnel, who constitute the Company's Directors, are those persons having authority and responsibility of planning, directing and controlling the activities of the Company listed on page 1.

	2022 US\$	2021 US\$
Remuneration*	872,426	766,645
Defined contribution scheme costs	19,137	14,267
	<u>891,563</u>	<u>780,912</u>

The highest paid Director received remuneration* of \$386,762 (2021: \$408,295). The change in key management personnel, that occurred throughout the year, are detailed in the Directors' report.

Two directors (2021: three) were members of a defined benefit scheme. The value of the company's contribution paid to a defined contribution pension scheme in respect of the highest paid Director amounted to \$9,840 (2021: \$12,376).

* Includes employer's National Insurance contributions

9. Finance income / (costs)

	2022 US\$	2021 US\$
Finance income		
Interest income	303,999	16,009
Finance costs		
Interest expense	(9,907)	(25,856)
Net finance income / (costs)	<u>294,092</u>	<u>(9,847)</u>

EQUITI CAPITAL UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****10. Taxation**

	2022 US\$	2021 US\$
Current tax		
Corporation tax at 19% (2021: 19%)	<u>152,978</u>	<u>-</u>
Total current tax	152,978	-
Prior periods adjustment	<u>59,394</u>	<u>-</u>
Total tax charge	<u><u>212,372</u></u>	<u><u>-</u></u>
	2022 US\$	2021 US\$
Profit for the year	<u>1,822,729</u>	<u>3,745,723</u>
Theoretical tax at UK Corporation tax rate of 19% (2021: 19%)	346,318	711,687
Effect of:		
Fixed asset differences	(18,948)	(5,828)
Expenses not deductible for tax purposes	2,363	5,873
Adjustments in respect of prior years	59,394	-
Remeasurement of deferred tax for changes in tax rates	(1,449)	737
Movement in deferred tax not recognised	2,914	12,797
Group relief (claimed)	<u>(178,220)</u>	<u>(725,266)</u>
Tax charge for the year	<u><u>212,372</u></u>	<u><u>-</u></u>

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. Financial instruments - fair values and risk management

11.1 Accounting classifications and fair values

The table below shows the carrying amounts and fair values of financial and non-financial assets and liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2022

Trade & Other Receivables

	<u>Mandatorily at</u> <u>FVTPL</u> US\$	<u>Amortised</u> <u>costs</u> US\$	<u>Total</u> US\$
Financial Assets			
Amounts due from Group undertakings	-	11,033,688	11,033,688
Other receivables	-	513,477	513,477
Cash and cash equivalents	-	173,785,840	173,785,840
Derivative financial assets	11,956,820	-	11,956,820
	<u>11,956,820</u>	<u>185,333,006</u>	<u>197,289,825</u>
Non-financial Assets			
Prepayments and accrued income	-	756,616	756,616
Value added tax receivable	-	402,515	402,515
	<u>-</u>	<u>1,159,131</u>	<u>1,159,131</u>
Total Assets	<u>11,956,820</u>	<u>186,492,136</u>	<u>198,448,956</u>

Trade & Other Payables

	<u>Mandatorily at</u> <u>FVTPL</u> US\$	<u>Amortised</u> <u>costs</u> US\$	<u>Total</u> US\$
Financial Liabilities			
Trade and other payables	-	1,310,543	1,310,543
Customer liabilities	-	39,664,328	39,664,328
Accrued expenses	-	3,137,610	3,137,610
Other creditors	-	282,055	282,054
Derivative financial liabilities	11,140,037	-	11,140,037
Amounts owed to Group undertakings	-	105,530,845	105,530,845
	<u>11,140,037</u>	<u>149,925,381</u>	<u>161,065,419</u>
Non-financial Liabilities			
Payroll tax payable	-	265,611	265,611
Corporation tax	-	212,372	212,372
	<u>-</u>	<u>477,983</u>	<u>477,982</u>
Other Liabilities			
Lease liabilities	-	3,989,716	3,989,716
Dilapidation provision	-	249,105	249,105
	<u>-</u>	<u>4,238,821</u>	<u>4,238,821</u>
Total Liabilities	<u>11,140,037</u>	<u>154,642,184</u>	<u>165,782,221</u>

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. Financial instruments - fair values and risk management (continued)

31 December 2021

Trade & Other Receivables

	Mandatorily at FVTPL US\$	Amortised costs US\$	Total US\$
Financial Assets			
Trade Receivable	-	820,330	820,330
Amounts due from Group undertakings	-	8,066,962	8,066,962
Cash and cash equivalents	-	144,224,115	144,224,115
Derivative financial assets	7,826,569	-	7,826,569
	<u>7,826,569</u>	<u>153,111,407</u>	<u>160,937,976</u>
Non-financial Assets			
Prepayments	-	371,683	371,683
Value added tax receivable	-	476,035	476,035
Income tax refundable	-	110,797	110,797
	<u>-</u>	<u>958,515</u>	<u>958,515</u>
Total Assets	<u>7,826,569</u>	<u>154,069,922</u>	<u>161,896,491</u>

Trade & Other Payables

	Mandatorily at FVTPL US\$	Amortised costs US\$	Total US\$
Financial Liabilities			
Trade payables	-	2,573,951	2,573,951
Customer liabilities	-	65,535,203	65,535,203
Accrued expenses	-	3,879,426	3,879,426
Other creditors	-	44,845	44,845
Derivative financial liabilities	6,405,821	-	6,405,821
Amounts owed to Group undertakings	-	46,880,590	46,880,590
	<u>6,405,821</u>	<u>118,914,015</u>	<u>125,319,836</u>
Non-financial Liabilities			
Provision for leave salary	-	182,786	182,786
Payroll tax payable	-	243,471	243,471
	<u>-</u>	<u>426,257</u>	<u>426,257</u>
Other Liabilities			
Lease liabilities	-	79,668	79,668
Dilapidation provision	-	94,591	94,591
	<u>-</u>	<u>174,259</u>	<u>174,259</u>
Total Liabilities	<u>6,405,821</u>	<u>119,514,531</u>	<u>125,920,352</u>

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11.2 Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior managers are responsible for developing and monitoring the Company's risk management policies and report regularly to the Board of Directors on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in others. The Company's risk management policies (both formal and informal) are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed to reflect changes in conditions and the Company's activities.

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities are summarised in Note 11.1 above. The main types of risks are market risk, credit risk, liquidity risk, interest rate risk and foreign currency risk.

11.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices such as currency risk and interest risk whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, which result from both its operating and investing activities.

11.4 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company does not use any derivative financial instruments to hedge currency exchange rate risk exposure. Exchange rate exposures are managed by continuously monitoring exposures in foreign currencies, matching the exposure of foreign currency receivable and payables and corrective measures initiated wherever required.

The carrying amounts of the Company's currency denominated monetary assets and monetary liabilities denominated in US\$, at the end of the reporting year, are as follows:

	2022		2021	
	Assets US\$	Liabilities US\$	Assets US\$	Liabilities US\$
USD	181,068,550	(158,844,686)	154,851,300	(120,700,332)
GBP	9,463,371	(6,455,212)	5,069,673	(4,237,377)
EUR	7,271,034	(465,056)	1,344,661	(952,944)
Others	646,001	(17,267)	630,857	(29,696)
	<u>198,448,956</u>	<u>(165,782,221)</u>	<u>161,896,491</u>	<u>(125,920,349)</u>

Foreign currency sensitivity analysis

The Company is mainly exposed to the GBP and the Euros.

The following table details the Company's sensitivity to a 10% increase and decrease in the US dollars against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their revaluation at the year-end for a 10% change in foreign currency rates. We assume a 10% movement against the US dollars of the relevant currency, that will correspond to a negative impact on the profitability of that movement, so it is irrespective of whether we have a net monetary asset or liability in each other currency.

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11.4 Foreign currency risk management (continued)

Net loss impact

	2022 US\$	2021 US\$
GBP	304,459	(38,580)
EUR	680,598	(27,857)
Others	62,873	(54,651)
	<u>1,047,930</u>	<u>(121,088)</u>

11.5 Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company is not significantly exposed to interest rate sensitivity since the Company has no significant interest-bearing assets and liabilities.

11.6 Other price risks

The Company is not exposed to market risk with respect to financial instruments as it does not hold any marketable securities.

11.7 Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is exposed to this risk for various financial instruments, for example trade receivables from customers, derivative financial assets and placing deposits, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2022 US\$	2021 US\$
Derivative financial assets	11,956,820	7,826,569
Cash at bank	173,785,840	144,244,115
Trade and other receivables	1,672,608	1,778,846
Amounts due from Group companies	11,033,688	8,066,962
	<u>198,448,956</u>	<u>161,916,492</u>

The policies and procedures implemented by the Company to mitigate credit risk are as follows:

Derivative financial assets

The Company has relationships with a number of counterparties that provide prime brokerage and/or banking services (e.g., cash accounts, foreign exchange trading, etc.). Counterparty credit risk is managed through maintaining a range of relationships to reduce over-reliance on a single broker and monitoring the credit worthiness of the counterparties at least annually.

Trade and other receivables

The Company seeks to limit its credit risk with respect to trade and other receivables by setting credit limits for individual parties and monitoring outstanding receivables.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Company also considers the historical credit loss experience, adjusted for factors that are specific to the trade receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company also liaises with

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11.7 Credit risk management (continued)

the customer's management team before concluding on whether a provision is required. On that basis, no loss allowance as of 31 December 2022 was determined (2021: nil).

Cash at bank

Credit risks from balances with banks and liquidity providers is managed by the Company in accordance with the Company's policy. The Company limits its exposure to credit risk by only placing balances with international banks and local banks and financial institution of good repute.

11.8 Liquidity risk management

Liquidity and interest risk tables

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing the liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage the Company's reputation.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Total US\$	Within 1-3 months US\$	Within 3-12 months US\$	Within 1-2 years US\$	Within 2-5 years US\$	After more than 5 years US\$
At 31 December 2022						
Trade and other payables	150,190,991	150,190,991	-	-	-	-
Corporation tax Provision	212,372	159,280	53,092	-	-	-
	249,105	-	-	-	-	249,105
Lease liabilities	5,802,922	-	214,923	644,769	1,934,307	3,008,923
	156,455,390	150,350,271	268,015	644,769	1,934,307	3,258,028
At 31 December 2021						
Trade and other payables	119,340,272	119,340,272	-	-	-	-
Finance lease & provision	174,259	174,259	-	-	-	-
	119,514,531	119,514,531	-	-	-	-

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11.8 Liquidity risk management (continued)

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Carrying amount	1-3 months
31 December 2022	US\$	US\$
Trade and other receivables	12,706,296	12,706,296
Cash at bank	<u>173,785,840</u>	<u>173,785,840</u>
	<u>186,492,136</u>	<u>186,492,136</u>
	Carrying amount	1-3 months
31 December 2021	US\$	US\$
Trade and other receivables	9,845,808	9,845,808
Cash at bank	<u>144,224,115</u>	<u>144,224,115</u>
	<u>154,069,923</u>	<u>154,069,923</u>

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

	2022	2021
	US\$	US\$
	1-3 months	1-3 months
Net settled:		
Derivative financial assets	11,956,820	7,826,569
Derivative financial liabilities	<u>(11,140,037)</u>	<u>(6,405,821)</u>
	<u>816,783</u>	<u>1,420,748</u>

11.9 Fair value measurements

Financial instruments measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Property, plant and equipment

	Leasehold property US\$	Furniture and fixture US\$	Office equipment US\$	Total US\$
Gross carrying amount				
Balance at 1 January 2021	904,031	67,468	376,686	1,348,185
Additions	<u>77,033</u>	<u>5,672</u>	<u>71,829</u>	<u>154,534</u>
Balance at 31 December 2021	981,064	73,140	448,515	1,502,719
Additions	5,037,613	94,009	55,476	5,187,098
Disposals	<u>(1,182,901)</u>	<u>-</u>	<u>-</u>	<u>(1,182,901)</u>
Balance at 31 December 2022	4,835,776	167,149	503,991	5,506,916
Accumulated depreciation				
Balance at 1 January 2021	603,919	65,688	274,607	944,214
Charge for the period	<u>322,687</u>	<u>2,226</u>	<u>65,816</u>	<u>390,729</u>
Balance at 31 December 2021	926,606	67,914	340,423	1,334,943
Charge for the period	256,295	1,919	70,998	329,212
Disposals	<u>(1,182,901)</u>	<u>-</u>	<u>-</u>	<u>(1,182,901)</u>
Balance at 31 December 2022	-	69,833	411,421	481,254
Net carrying amounts at 31 December 2022	<u>4,835,776</u>	<u>97,316</u>	<u>92,570</u>	<u>5,025,662</u>
Net carrying amounts at 31 December 2021	<u>54,458</u>	<u>5,227</u>	<u>108,092</u>	<u>167,779</u>

13. Intangible assets

	Computer software US\$	Total US\$
Gross carrying amount		
Balance at 1 January 2021	<u>268,555</u>	<u>268,555</u>
Balance at 31 December 2021	268,555	268,555
Additions	<u>95,413</u>	<u>95,413</u>
Balance at 31 December 2022	363,967	363,967
Accumulated depreciation		
Balance at 1 January 2021	215,741	215,741
Charge for the year	<u>29,317</u>	<u>29,317</u>
Balance at 31 December 2021	245,058	245,058
Charge for the year	<u>33,533</u>	<u>33,533</u>
Balance at 31 December 2022	278,591	278,591
Net carrying amounts at 31 December 2022	<u>85,376</u>	<u>85,376</u>
Net carrying amounts at 31 December 2021	<u>23,497</u>	<u>23,497</u>

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Investments in subsidiaries

During the prior year, the Company disposed of its interest held in Equiti Capital LLC, Equiti Armenia CJSC and Algorithmic Laboratories Limited to Equiti Group Limited (Parent Company) at a consideration of \$701,402. At the date of disposal, the carrying amount of subsidiaries net assets were \$689,931. This resulted in a gain on disposal of \$11,471 recognised in the statement of profit or loss.

15. Derivative financial instruments

	2022	2021
	US\$	US\$
Assets		
Derivative financial assets held at fair value	<u>11,956,820</u>	<u>7,826,569</u>
Liabilities		
Derivative financial liabilities held at fair value	<u>11,140,037</u>	<u>6,405,821</u>

The fair value of derivative financial instruments are determined using prices obtained from the relevant counterparties, as these are the rates at which the derivatives will be settled.

16. Trade and other receivables

	2022	2021
	US\$	US\$
Trade receivables	-	550,273
Other debtors	915,992	856,890
Amounts owed by Group undertakings	11,033,688	8,066,962
Prepayments and accrued income	<u>756,616</u>	<u>371,683</u>
	<u>12,706,296</u>	<u>9,845,808</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

17. Cash and cash equivalents

Cash balances are analysed as follows:

	2022	2021
	US\$	US\$
Cash at bank and in hand	<u>173,785,840</u>	<u>144,224,115</u>

Included within the above figures are amounts of \$132.8m (2021: \$106.9m) deposited with liquidity providers as collateral for trades. Deposits with liquidity providers are available on demand and therefore classified as cash. An amount totaling to \$5.2m (2021: \$7.1m) of segregated client money held by the Company have not been reflected in the Company's financial statements.

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18. Share capital

	2022		2021	
	No. of shares	US\$	No. of shares	US\$
Authorised				
Ordinary shares of \$1 each				
Issued and fully paid	<u>2,355,344</u>	<u>2,355,344</u>	<u>2,355,344</u>	<u>2,355,344</u>
	<u>2,355,344</u>	<u>2,355,344</u>	<u>2,355,344</u>	<u>2,355,344</u>

19. Reserves

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Reserves

Consists of capital contribution made by the parent company.

Retained earnings

Includes cumulative net gains and losses recognised in the Statement of Comprehensive Income.

20. Leases

Leases as a lessee

The adoption of IFRS 16 has resulted in the Company recognising a right-of-use asset and related liability in connection with its operating leases relating to the business premises at 2 London Wall Place.

Lease liabilities are due as follows:

	2022	2021
	US\$	US\$
Contractual undiscounted cash flows due		
Not later than one year	-	79,668
Between one year and five years	<u>3,989,716</u>	<u>-</u>
	<u>3,989,716</u>	<u>79,668</u>
Lease liabilities included in the Statement of Financial Position		
Non-current	3,989,716	-
Current	-	79,668
	<u>3,989,716</u>	<u>79,668</u>

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

21. Dilapidation provision

	2022 US\$
Balance at 1 January	94,591
Additional provision	165,000
Foreign exchange movements	<u>(10,486)</u>
Balance at 31 December	<u>249,105</u>
	2022 US\$
Due not later than one year	84,105
Due in more than one year	<u>165,000</u>
	<u>249,105</u>

The dilapidation provision represents an estimated cost for dismantling the customisation of offices and restoring the leasehold premises to its original state at the end of the tenancy period.

22. Trade and other payables

	2022 US\$	2021 US\$
Trade payables	1,310,543	2,573,952
Client liabilities	39,664,328	65,535,203
Other payables	547,665	471,098
Amounts due to group undertakings	105,530,845	46,880,590
Accruals	<u>3,137,610</u>	<u>3,879,428</u>
	<u>150,190,991</u>	<u>119,340,272</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

23. Related party transactions

All related party transactions are conducted on an arm's length basis. Details of transactions between the Company and other related parties are disclosed below.

During the year, Equiti Group Limited Jordan (associated Group company) net paid the Company \$61m (December 2021: \$15m) in respect of trading activities. Total balance due to Equiti Group Limited Jordan, as at 31 December 2022, was \$101m (31 December 2021: \$40m).

During the year, the Company net paid \$4.4m (December 2021: \$11.3m) to Bloom Capital LP (associated Group company) in respect of trading activities. The total balance due to Bloom Capital LP, as at 31 December 2022, was \$2.1m (31 December 2021: \$6.5m).

During the year, Equiti Securities Currencies Broker LLC (associated Group company) net paid \$2.7m (December 2021: \$nil) to the Company in respect of trading activities. The total balance due to Equiti Securities Currencies Broker LLC,

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

as at 31 December 2022, was \$2.7m (31 December 2021: \$nil).

23. Related party transactions (continued)

During the year, Equiti Brokerage (Seychelles) Limited (associated Group company) net paid \$0.1m (December 2021: \$nil) to the Company in respect of trading activities. The total balance due from Equiti Brokerage (Seychelles) Limited, as at 31 December 2022, was \$0.8m (31 December 2021: \$0.9m).

During the year, EGM Securities Limited (associated Group company) net paid the Company \$0.2m (December 2021: \$2.8m) in respect of trading activities. Total balance due from EGM Securities Limited, as at 31 December 2022, was \$0.5m (31 December 2021: \$0.7m).

During the year, the Company loaned \$0.8m (December 2021: \$0.4m) to Algorithmic Laboratories Limited (associated Group company). In addition, the Company charged \$0.1m (December 2021: \$0.3m) in respect of an SLA for services provided. These services ceased in 2022. Total balance due from Algorithmic Laboratories Limited, as at 31 December 2022, was \$6.3m (31 December 2021: \$5.4m).

During the year, the Company loaned \$1.2m to Equiti Capital LLC (associated Group company). Total balance due from Equiti Capital LLC, as at 31 December 2022, was \$1.3m (31 December 2021 : \$0.1m).

During the year, the Company paid \$3.6m (December 2021: \$3.0m) to EGM Marketing Management LLC (associated Group company) in respect of service fees. Total balance due to EGM Marketing LLC, as at 31 December 2022, was \$0.3m (31 December 2021: \$0.3m).

During the year, the Company paid \$0.6m (December 2021: \$0.1m) to EGM Labs Limited (associated Group company) in respect of IT services. The Company also loaned \$0.5m to EGM Labs Limited (December 2021 ; \$nil). The Company also incurred \$1.2m (December 2021: \$0.0m) expenditure on behalf of EGM Labs Limited relating to intangible assets built. Total balance due from EGM Labs Limited, as at 31 December 2022, was \$1.8m (31 December 2021: \$0.1m).

During the year, the Company paid \$0.6m (December 2021: \$0.0m) to Equiti Global Markets Ltd (associated Group company) in respect of IT services. The Company also loaned \$0.6m to Equiti Global Markets Ltd (Cysec) (December 2021 ; \$nil). Total balance due from Equiti Global Markets Ltd (Cysec), as at 31 December 2022, was \$0.6m (31 December 2021: \$nil).

During the year, the Company paid \$0.2m (December 2021: received \$0.6m for sale of subsidiaries) for services charged from Equiti Group Limited (the Group parent company). Total balance due from Equiti Group Limited, as at 31 December 2022, was \$0.4m (31 December 2021: \$0.4m).

During the year, the Company paid \$nil (December 2021: \$2.7m) to EGM Futures DMCC (associated Group company) in respect of service fees. Total balance due to EGM Futures DMCC, as at 31 December 2022, was \$nil (31 December 2021: \$nil).

24. Capital management policies and procedures

The Company's objective when managing capital is to safeguard the Company's ability to continue as going concern in order to provide returns and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of equity as disclosed in the statement of financial position.

25. Contingent liabilities

The Company has entered into proceedings with a former employee during 2022. The likelihood of an adverse finding has been classified as remote and the ultimate resolution of these proceedings will not have a material impact on the

EQUITI CAPITAL UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

financial position or results of the Company.

26. Notes supporting statement of net cash flows

	2022 US\$	2021 US\$
Cash at bank available on demand	<u>173,785,840</u>	<u>144,224,115</u>
Cash and cash equivalents in the statement of financial position	<u>173,785,840</u>	<u>144,224,115</u>
Cash and cash equivalents in the statement of cash flows	<u><u>173,785,840</u></u>	<u><u>144,224,115</u></u>

Included within the above figures are amounts of \$132.8m (2021: \$106.9m) deposited with liquidity providers as a collateral for trades.

The Company holds certain customer funds in separately segregated accounts. This money is held in segregated customer money bank accounts held under a statutory trust restricting the Company's ability to use the monies and accordingly these amounts are not recognised in the statement of financial position. Amounts totaling \$5.2m (2021: \$7.1m) of segregated customer monies have not been reflected in the financial statements.

23. Ultimate controlling party

Equiti Capital UK Limited is wholly owned by Equiti Group Limited, a company incorporated in Jersey. The Company's ultimate controlling party is A R Waleed Al Bitar by virtue of his majority shareholding in Equiti Group Limited.

24. Events after the reporting year end

There are no events, after the reporting year end, that the Directors consider need additional disclosure.