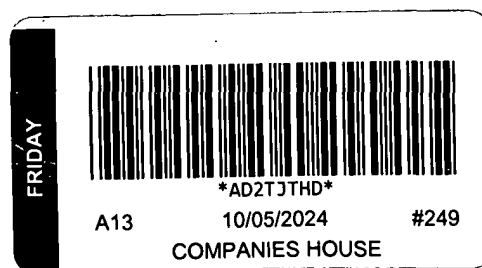


Registration number: 12300034

XTX Markets Technologies Limited

Annual report and financial statements

For the financial year ending 31 December 2023



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Directors and officers

Registration	XTX Markets Technologies Limited (the "Company") is incorporated in the UK as a private limited company with a registered number of 12300034.
Directors	Z Amrolia (resigned 31 March 2023) H Buehler (appointed 31 March 2023) B Denis III (appointed 31 March 2023) A Gerko (resigned 31 March 2023) J Nye (appointed 31 March 2023)
Registered office	R7 14-18 Handyside Street London N1C 4DN
Auditors	Ernst & Young LLP 25 Churchill Place London E14 5EY

Strategic report

For the year ended 31 December 2023

The directors present their strategic report for the Company for the year ending 31 December 2023.

Review of the Company's business

Background

The Company is a private limited company. The principal activity of the Company is the development, enhancement, protection and provision of intellectual property and associated services to affiliates. The Company is incorporated in the UK. The Company is part of the wider XTX Holdings group (the "Group") and is a wholly owned subsidiary of XTX Holdings Limited (incorporated in Cayman Islands and UK tax resident).

There was no change to the principal activity of the Company in the year ended 31 December 2023 and it is not expected to change in the foreseeable future.

Financial position and performance

The financial performance of the Company for the year ending 31 December 2023 is shown in the statement of comprehensive income on page 12; the financial position of the Company as at 31 December 2023 is shown in the statement of financial position on page 13; and the statement of cash flows is shown on page 15.

The key performance indicator of the Company is net revenue. The Company produced profits of £827m (2022: £1,076m) from net revenue of £1,354m (2022: £1,513m). Administrative expenses were £273m (2022: £183m). The net profit after tax margin for the year was 61% (2022: 71%).

For the year ended 31 December 2023, the return on opening net assets was 219% (2022: 321%).

Consideration of the interests of key stakeholders

The Board of Directors ("the Board") is committed to ethical business conduct and expects the highest standards of integrity to be followed by all staff. The Directors are satisfied that they have acted in accordance with their S.172(1) duty and have taken decisions likely to promote the success of the company for the benefit of its members as a whole, having regard (amongst other matters) to factors (a) to (f) of S.172(1) of the Companies Act. The Directors were made aware of their duty under S.172(1) and that it should be a consideration for any decisions that they take. Discussed below are some examples of how the Board have had regard to the matters set out in sections 172(1)(a)-(f) when discharging their section 172 duties.

The Board's primary objective is promoting the success of the Company in the interests of its key stakeholders, including but not limited to Shareholders, regulators and suppliers. The Board regularly assesses the effectiveness of the Company's governance arrangements and its long-term value creation strategies. The Board assesses the likely consequences of any decision in the long term, the need to foster the Company's business relationships with suppliers and other counterparties, the impact of the Company's operations on the broader community, the desirability of the Company maintaining a reputation for high standards of business conduct, and the need to act fairly between shareholders of the Company.

Strategic report

For the year ended 31 December 2023

Staff:

The Board promotes a positive and inclusive culture and believes in equal opportunities and people's development. The broader Company's policy is to appoint staff entirely on the basis of merit and in accordance with current legislation.

The Board encourages the senior management of the Company to implement key decisions with the focus on the interests of the employees. Training and development opportunities such as management training were provided throughout the year. In order to improve both physical and mental health and wellbeing of the employees, appropriate resources and access to relevant professional health experts continued to be provided at no cost to the employees.

Further, after the success of the employee engagement surveys in previous years, a further comprehensive employee survey was undertaken at the end of 2023 at the direction of the Board. The findings from the survey were considered in and informed subsequent decisions the Board took.

Shareholders:

The Board ensures that shareholder views are understood prior to decision-making. It therefore considers other companies in the Group to be important stakeholders and gives consideration to any operational or financial interaction between them. Considering the long-term success of the Group, the board approved paying £700m (2022: £1,034m) in interim dividends in line with the treasury policy of the Group which seeks to optimise the capital base of the Group entities.

Suppliers:

The Board promotes a policy of paying the suppliers of the Company with no undue delays in order to foster the Company's business relationships with suppliers. Management have implemented operational improvements to the accounts payable process during 2023 which will ensure greater reliability, efficiency and transparency of the Company's payment processes. The Company's standard payment terms are 30 days from the date the invoice was received. According to the published payment practices data for 2023, the average time taken to pay third party suppliers of the Company was 12 days (2022: 23 days)

The wider community

The Board is also keen to support the wider communities in which the Group operates. The Group has donated £56.6m to charities and good causes in the year ending 31 December 2023 (2022: £44.0m), establishing the Group as a major donor in the UK and globally. This includes an on-going philanthropy programme, plus a series of fast grants during times of crisis, such as the Covid pandemic and the Ukraine war, where the Group donated over £24m to causes including £15m to establish an 'Academic Sanctuaries Fund' which is supporting displaced students and researchers alongside some universities.

One of the philanthropic priorities is maths and science education and the Group aim to support more students to progress to degrees, PhDs and highly-skilled careers, especially those from disadvantaged backgrounds. In 2023, the Group set-up a £7m 'Maths Excellence Fund' focused on supporting attainment and progression in maths from ages 11 to 18 in the UK and increasing the number of students on track to succeed in A-level maths and beyond.

The Board is also focused on the Group's environmental impact and has introduced a carbon removal programme for employees as well as pledging to remove our CO₂ emissions and avoid energy usage from fossil fuels.

Strategic report
For the year ended 31 December 2023

Future outlook

The Board remains focused on ensuring the business delivers on managing risks, building sustainability and developing an appropriate framework for growth.

The Company is expected to continue to be profitable to support organic growth. The Company is continually assessing the changing market landscape to ensure it can evolve and adapt to changes in counterparty and operational demands. The directors do not anticipate any changes in the Company's core activities for the foreseeable future.

Principal risks and uncertainties

The Board regularly considers the Company's risk appetites across the risks facing the Company. A description of the Company's principal operational and financial risks and the Company's risk and capital management policies is set out in note 14 to the financial statements.

Approved by the board on 27 March 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Hans Buehler', with a stylized flourish at the end.

Hans Buehler
Director

Directors' report

For the year ending 31 December 2023

The directors present their annual report and the financial statements for the year ended 31 December 2023.

Directors' of the company

The directors of the Company who were each in office during the year and up to the date of signing the financial statements (unless stated below) were:

Z Amrolia (resigned 31 March 2023)

H Buehler (appointed 31 March 2023)

B Denis III (appointed 31 March 2023)

A Gerko (resigned 31 March 2023)

J Nye (appointed 31 March 2023)

Dividend

Interim ordinary dividends of £700m (2022: £1,034m) were paid during the year. The directors do not recommend the payment of a final ordinary dividend in respect of the year ended 31 December 2023

Going concern

The financial statements have been prepared on the going concern basis of accounting. The directors have a reasonable expectation that the Company has adequate resources to implement its growth plans, continue in operational existence and meet its liabilities as they fall due for the period extending to at least 31 July 2025.

In reaching this conclusion the directors have prepared a detailed financial forecast which shows profitability and an excess of liquid resources to meet the Company's liabilities as they fall due. Additionally, as part of the Company's business planning process, financial projections have been prepared extending to at least 31 July 2025. Further, an extreme stress scenario of all Group entities trading activities being suspended causing a loss of all revenues for the Company has been considered and a stress test has been applied to the projections which demonstrate the Company's ability to remain profitable even under a severe stress scenario.

Financial risk management

The Company's activities may expose it to certain financial risks including interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk. The Group's overall risk management policies focus on the unpredictability of financial markets and seeks to minimise the potential adverse effects of the risks outlined in note 15

Directors' report

For the year ending 31 December 2023

Future outlook

Please refer to the relevant section in the strategic report.

Political contributions

The Company made no political donations and did not incur any political expenditure during the period. (2022: nil).

Fostering the business relationships with stakeholders

The Board is satisfied that they have acted in accordance with the Companies (miscellaneous reporting) Regulations 2018 schedule 7.11B(1) requirements and have taken decisions having regard to the need to foster the Company's business relationships with key stakeholders. For the details under this requirement please refer to "Consideration of the interests of key stakeholders" section in the strategic report.

Professional indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Streamlined energy and carbon reporting

According to the requirements of the UK government's Streamlined Energy and Carbon Reporting ("SECR") policy, the Company's SECR disclosures for the period are shown below.

	FY 2023	FY 2022
Total energy consumption used to calculate emissions (kWh)	842,073	535,305
Emissions from combustion of gas tCO ₂ e	Nil	nil
Emissions from purchased electricity in tCO ₂ e (scope 2)	Nil	nil
Total gross tCO ₂ e emissions	76	96
Intensity ratio tCO ₂ e per net revenue £mil	Nil	0.01

The directors are keen to promote the consumption of resources in a manner that fosters the long-term sustainability of the business and the environment in which it operates. In particular, we have pledged to work continually to reduce our carbon emissions wherever possible and to remove any excess carbon through high-quality carbon removal credits.

Directors' report
For the year ending 31 December 2023

The Group adopted a carbon policy in 2020 of voluntarily buying carbon removal credits in order to reduce its net carbon footprint to zero. The Group's net zero strategy is to focus on purchasing credits that remove atmospheric carbon and store it durably (eg for 1,000+ years). The Group does not purchase 'avoidance' credits or other low-quality credits.

In the 2023 financial year the total UK energy consumption of the Company was up 57%. All UK energy consumption came from renewable sources, so the total gross tCO₂e emissions for the period are nil (2022: nil).

The Company used the UK government published greenhouse gas reporting conversion factors for 2022 and 2023.

Carbon credits are expensed to the statement of comprehensive income. Where appropriate, the total energy consumption within the Group has been apportioned on a share of headcount basis.

Approved by the board on 27 March 2024 and signed on its behalf by:



Hans Buehler
Director

Statement of directors' responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with UK-adopted International Financial Reporting Standards (IFRSs) in conformity with 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the Members of XTX Markets Technologies Limited

Opinion

We have audited the financial statements of XTX Markets Technologies Limited (the "Company") for the year ended 31 December 2023, which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows, and the related notes 1 to 18, including a summary of material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- 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 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

In auditing the financial statements, we have concluded that the director's 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 to 31 July 2025, which is at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

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.

Independent Auditor's Report to the Members of XTX Markets Technologies Limited

We have nothing to report in this regard.

Opinions on other matter 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 8, 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent Auditor's Report to the Members of XTX Markets Technologies Limited

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards) and relevant tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the relevant Financial Conduct Authority ("FCA") rules and regulations.
- We understood how the Company is complying with those frameworks by making enquiries of senior management, including the Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer and the Chairman of the Audit Committee. We corroborated our understanding through our review of board and committee meeting minutes and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their potential influence on efforts made by management to manage or influence the results. We considered the controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud, including in a remote-working environment; and how senior management monitors these controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on manual journals, journals posted around year end and journals indicating large or unusual transactions based on our understanding of the business; enquiries of senior management, and focused testing.

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

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.



James Hitchings (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

29 March 2024

Date:.....

Statement of comprehensive income
for the year ended 31 December 2023

		Year ended 31 December 2023 £ 000	Year ended 31 December 2022 £ 000
	Note		
Net revenue	3	1,353,875	1,512,563
Administrative expenses		(272,534)	(182,701)
Finance and other income	5	5,775	1,017
Finance and other expense	5	<u>(75)</u>	<u>(112)</u>
Profit before tax		1,087,041	1,330,767
Taxation	6	(260,129)	(255,185)
Profit for the year		<u>826,912</u>	<u>1,075,582</u>

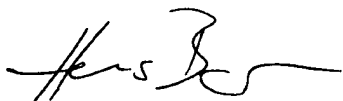
The above results were derived from continuing operations.

The notes on pages 16 to 33 form an integral part of these financial statements.

Statement of financial position
as at 31 December 2023

	Note	31 December 2023 £ 000	31 December 2022 £ 000
Assets			
Non-current assets			
Property, plant and equipment	8	2,203	993
Right of use assets	13	73	108
Trade and other receivables	11	1,053	-
Deferred tax assets	9	-	464
		<u>3,329</u>	<u>1,565</u>
Current assets			
Cash and cash equivalents	10	339,098	340,415
Trade and other receivables	11	368,624	225,786
Corporate tax receivable		7,214	24,201
		<u>714,936</u>	<u>590,402</u>
Total assets		<u>718,265</u>	<u>591,967</u>
Non-current liabilities			
Lease liabilities	13	43	85
Deferred tax liabilities	9	78	-
Trade and other payables	12	2,875	2,349
		<u>2,996</u>	<u>2,434</u>
Current liabilities			
Trade and other payables	12	210,511	210,912
Tax payable		-	900
Lease liabilities	13	19	20
		<u>210,530</u>	<u>211,832</u>
Total liabilities		<u>213,526</u>	<u>214,266</u>
Net assets		<u>504,739</u>	<u>377,701</u>
Equity			
Share capital	14	-	-
Retained earnings		<u>504,739</u>	<u>377,701</u>
Total equity		<u>504,739</u>	<u>377,701</u>

Approved by the board on 27 March 2024 and signed on its behalf by:



Hans Buehler
Director

The notes on pages 16 to 33 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2023

	Share capital	Retained	Total
	£ 000	earnings	£ 000
At 1 January 2023	-	377,701	377,701
Dividends paid	-	(700,380)	(700,380)
Share capital issued	-	-	-
Equity reserve movements	-	506	506
Profit for the year	-	826,912	826,912
At 31 December 2023	-	504,739	504,739

	Share capital	Retained	Total
	£ 000	earnings	£ 000
At 1 January 2022	-	335,230	335,230
Dividends paid	-	(1,033,472)	(1,033,472)
Share capital issued	-	-	-
Equity reserve movements	-	361	361
Profit for the year	-	1,075,582	1,075,582
At 31 December 2022	-	377,701	377,701

The notes on pages 16 to 33 form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2023

		Year ended 31 December 2023 £ 000	Year ended 31 December 2022 £ 000
	Note		
Cash flows from operating activities			
Profit before tax		1,087,041	1,330,767
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	554	280
Net finance income	5	(5,700)	(905)
Net right of use assets		(8)	(3)
Reserve gain / loss		506	-
		<u>1,082,393</u>	<u>1,330,139</u>
Taxation			
Tax paid	6	(243,500)	(275,549)
<i>Changes in working capital:</i>			
Increase in trade receivables	11	(143,891)	79,759
Increase in trade and other payables	12	125	20,353
		(143,766)	100,112
Net cash flow from operating activities		<u>695,127</u>	<u>1,154,702</u>
Cash flows from investing activities			
Interest and dividends received	5	5,775	1,017
Acquisition of property plant and equipment		(1,764)	(1,124)
Interest and dividends paid		(75)	(112)
Net cash paid for investment in money market funds		-	-
Net cash flows from investing activities		<u>3,936</u>	<u>(219)</u>
Cash flows from financing activities			
Dividends paid		(700,380)	(1,033,111)
Net cash from financing activities		<u>(700,380)</u>	<u>(1,033,111)</u>
Net (decrease)/increase in cash and cash equivalents		(1,317)	121,372
Cash and cash equivalents at 1 January		340,415	219,043
Cash and cash equivalents at 31 December		<u>339,098</u>	<u>340,415</u>

The notes on pages 16 to 33 form an integral part of these financial statements.

Notes to the financial statements

1 Corporate information

The Company is a private company limited by share capital, incorporated in the UK.

The address of its registered office is: R7, 14-18 Handyside Street, London, N1C 4DN

The principal activity of the Company is the development, enhancement, protection and provision of intellectual property to affiliates.

2 Accounting policies

2.1 Basis of preparation

The Company's financial statements have been prepared on a going concern basis under the historical cost convention in accordance with UK adopted International Financial Reporting Standards and the Companies Act 2006. The accounting policies set out below have, unless otherwise stated, been applied consistently for each period presented in these financial statements.

The preparation of the Company's financial statements has not required management to make any significant judgements, estimates or assumptions that affect the reported amounts of revenues, expenses, assets or liabilities, or the accompanying disclosures.

At the date of authorisation of these financial statements, the Company has adopted the following standards effective for annual periods beginning on or after 1 January 2023. The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective. There are no material impacts relating to effective or future amendments to standards.

Descriptions	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024
Lease Liability in a Sale and Leaseback	1 January 2024
Classification of Liabilities as Current or Noncurrent - Amendments to IAS 1	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 January 2023
International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12	1 January 2023

2.2 Measurement convention

The financial statements are prepared on the historical cost basis except for those financial assets and financial liabilities that have been measured at fair value. Items included in the financial statements are measured in pounds sterling, the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's presentational currency is pounds sterling. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£'000).

Notes to the financial statements

2.3 Going concern

The financial statements have been prepared using the going concern basis of accounting. In the opinion of the directors the Company has sufficient liquidity and capital resources to implement its growth plans, continue in operational existence and meet its liabilities as they fall due for the period extending to at least 31 July 2025.

In reaching this conclusion the directors have prepared a detailed financial forecast which shows profitability and an excess of liquid resources to meet the Company's liabilities as they fall due. Additionally, as part of the Company's business planning process, financial projections have been prepared extending to at least 31 July 2025. Further, an extreme stress scenario of all Group entities trading activities being suspended causing a loss of all revenues for the Company has been considered and a stress test has been applied to the projections which demonstrate the Company's ability to remain profitable even under a severe stress scenario.

2.4 Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

2.5 Financial instruments

Financial instruments comprise investments in equity and debt securities, derivatives, trade and other receivables, cash and cash equivalents and trade and other payables.

Initial recognition and measurement of financial assets and liabilities:

Financial assets are classified at initial recognition and subsequently measured at amortised cost or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Notes to the financial statements

Financial assets and liabilities at fair value through profit or loss:

Financial assets and liabilities at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Comprehensive Income. Financial assets and liabilities held at fair value through profit or loss are recognised and de-recognised on the trade date for the transaction which is deemed to be the point at which the Company transfers the rights or obligations of ownership from a third party.

Trade and other receivables

Trade and other receivables are recognised initially at cost which reflects the amount expected to be received on settlement. Subsequent to initial recognition they are measured at amortised cost using effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at cost which reflects the amount expected to be paid to settle the obligation. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank as defined above, net of any outstanding bank overdrafts as they are considered an integral part of the Company's cash management. Money markets funds that are short-term, highly liquid, readily convertible into known amounts of cash, and subject to insignificant risk of changes in value are classified as cash equivalents.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives and different depreciation methods, they are accounted for as separate items of property, plant and equipment. The initial cost of an asset includes all expenditure that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged to the statement of comprehensive income over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation methods and estimated useful lives are as follows:

- Fixtures & fittings - straight-line basis over 7 years.
- IT office equipment - straight-line basis over 3 years.

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Notes to the financial statements

2.7 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

(a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The Company depreciates these assets on a straight-line basis over the period of the lease. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

(b) Lease Liabilities

At the commencement of lease date, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

(c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.8 Employee benefits

Defined contribution plans

Under the terms of the Company's defined contribution plan the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised on an accruals basis as an expense in the statement of comprehensive income in the year during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed on an accruals basis as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the financial statements

Deferred bonus

Certain employees are eligible to receive discretionary bonuses that vest over a period of up to 4 years. These deferred awards are contingent on the employee remaining employed by the Company during the designated deferral period. These awards are recognised in the statement of comprehensive income on a straight-line basis over the period to which they relate. These awards can also be used to purchase shares in the Group.

2.9 Net revenue

Net revenue comprises income received from related companies for the provision of services to affiliates within the Group. Revenue is recognised at the point when the related services are provided. Costs that are directly associated with the provision of services include the cost of providing research services by an affiliate.

2.10 Other income and expenses

Administrative expenses

All administrative expenses are recognised on an accruals basis. These expenses include amounts payable under intercompany service arrangements for services provided to the Company by other entities within the Group.

2.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.12 Impairment of financial assets

Under IFRS 9, the Company assesses whether an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL is required. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the financial statements

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("12mECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (the lifetime expected credit loss or "LTECL").

The Company considers a financial asset in default when the relevant counterparty has failed to settle the contractual payments by the contractual due date. The contractual due date varies depending on the nature of the financial asset. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. In such cases, the Company will treat these financial assets as being credit impaired if the credit enhancements are unlikely to recover the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	Year ended 31 December 2023 £ 000	Year ended 31 December 2022 £ 000
Service fee income	1,353,875	1,512,563
	<u>1,353,875</u>	<u>1,512,563</u>

Service fee income is disclosed net of the direct costs of receiving research services from an affiliate. These costs totalled £764.9m for the year ended 31 December 2023 (year ended 31 December 2022 : £784.0m)

4 Operating profit

Included in profit before tax are the following amounts:

	Year ended 31 December 2023 £ 000	Year ended 31 December 2022 £ 000
Depreciation expense	554	280
Losses / (gains) on foreign exchange	16,124	(28,434)
Amounts payable to the company's auditor in respect of:		
Audit of the financial statements	45	41

Notes to the financial statements

5 Finance income and expense

	Year ended 31 December 2023 £ 000	Year ended 31 December 2022 £ 000
Finance income		
Interest income on money market funds	1,729	-
Interest income on bank deposits	4,045	25
Other interest income	1	992
Total finance income	5,775	1,017
	Year ended 31 December 2023 £ 000	Year ended 31 December 2022 £ 000
Finance expense		
Interest expense	75	112
Total finance expense	75	112
Finance income	5,775	1,017
Finance expense	(75)	(112)
Net finance income/(expense)	5,700	905

Notes to the financial statements

6 Taxation

(a) Analysis of the tax expense for the year

	31 December 2023 £ 000	31 December 2022 £ 000
Current UK tax charge	258,292	252,904
Overseas tax	2,651	7,026
Prior year adjustment-current tax	1,538	1,277
Double tax relief	(2,894)	(6,106)
Deferred tax charge/(credit)	542	292
Prior year adjustment-DT	-	(208)
	<u>260,129</u>	<u>255,185</u>

(b) Factors affecting the tax charge for the year

The UK standard effective rate of corporation tax for 2023 was 23.5% (2022 : 19%). The tax charge for the year is higher than the applicable UK standard rate of corporation tax for the period of 23.5%. The differences are explained below:

	31 December 2023 £ 000	31 December 2022 £ 000
Profit before tax	<u>1,087,041</u>	<u>1,330,767</u>
Tax using the applicable UK corporation effective tax rate of 23.5% (2022: 19%)	255,678	252,844
Rate difference	32	-
Non-deductible expenses	243	-
Excess overseas tax	(244)	-
Group relief	(3,280)	-
Prior year adjustment	1,538	1,070
Income not reflected in accounts	6,099	-
Income not taxable	(56)	1,271
Share schemes	119	-
Total tax expense	<u>260,129</u>	<u>255,185</u>

Notes to the financial statements

7 Staff costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	Year ended 31 December 2023 No.	Year ended 31 December 2022 No.
Directors	3	2
Other departments	95	82
	<u>98</u>	<u>84</u>

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ended 31 December 2023 £ 000	Year ended 31 December 2022 £ 000
Wages and salaries	32,020	37,163
Social security costs	4,048	5,519
Cost of defined contribution plans	1,283	959
	<u>37,351</u>	<u>43,641</u>

8 Property, plant and equipment

	IT equipment £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2023	1,274	3	1,277
Additions	849	915	1,764
At 31 December 2023	<u>2,123</u>	<u>918</u>	<u>3,041</u>
Depreciation			
At 1 January 2023	(284)	-	(284)
Charge for the year	(510)	(44)	(554)
At 31 December 2023	<u>794</u>	<u>44</u>	<u>838</u>
Net book value at 31 December 2023	<u>1,329</u>	<u>874</u>	<u>2,203</u>
Net book value at 31 December 2022	<u>990</u>	<u>3</u>	<u>993</u>
Cost or valuation			
At 1 January 2022	150	3	153
Additions	1,124	-	1,124
At 31 December 2022	<u>1,274</u>	<u>3</u>	<u>1,277</u>

Notes to the financial statements

	IT equipment £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Depreciation			
At 1 January 2022	(4)	-	(4)
Charge for year	(280)	-	(280)
At 31 December 2022	284	-	284
Net book value at 31 December 2022	<u>990</u>	<u>3</u>	<u>993</u>

9 Deferred tax

Deferred tax assets and liabilities

	2023 Net deferred tax £ 000	2022 Net deferred tax £ 000
Timing differences in respect of deferred compensation	<u>(78)</u>	<u>464</u>

Deferred tax movement during the year:

	At 1 January 2023 £ 000	Recognised in other comprehensive income £ 000	At 31 December 2023 £ 000
Timing differences in respect of deferred compensation	<u>464</u>	<u>(542)</u>	<u>(78)</u>

10 Cash and cash equivalents

	31 December 2023 £ 000	31 December 2022 £ 000
Cash at bank	52,070	340,415
Money market funds	<u>287,028</u>	<u>-</u>
	<u>339,098</u>	<u>340,415</u>

Notes to the financial statements

11 Trade and other receivables

	31 December 2023 £ 000	31 December 2022 £ 000
Current assets		
Receivables from related parties	223,025	120,824
Prepayments and accrued income	137,126	100,054
Other receivables	8,473	4,908
	<u>368,624</u>	<u>225,786</u>
Non current assets		
Prepayments and accrued income	<u>1,053</u>	<u>-</u>

All current amounts included within trade and other receivables are expected to be recovered within 12 months as they are short term in nature. No amounts are considered to be past due or impaired. The carrying value of all trade and other receivables approximates to fair value.

Trade receivables were assessed to have no significant increase in credit risk since initial recognition and the relevant contracts are entered into with counterparties of an investment grade. These financial assets are not credit-impaired as at origination and as of year end and there was no modification of contractual cash flows on these financial assets that resulted in a derecognition during the year. There were no transfers in ECL staging during the year and the loss allowance of these financial assets is measured at an amount equal to a 12 month ECL, which is not material.

12 Trade and other payables

	31 December 2023 £ 000	31 December 2022 £ 000
Current		
Amounts due to related parties	186,631	184,897
Trade and other payables	3,114	1,231
Accrued expenses	20,766	24,784
	<u>210,511</u>	<u>210,912</u>
Non-current		
Accrued expenses	2,875	2,349

The carrying value of all current trade and other payables approximates to fair value as they are short term in nature.

13 Leases

The Company has lease contracts for vehicles which generally have lease terms of 4 years.

Notes to the financial statements

Amounts recognised in the statement of comprehensive income

	31 December 2023 £ 000	31 December 2022 £ 000
Depreciation expense of right-of-use assets	35	3
Interest expense on lease liabilities	75	-
	<u>110</u>	<u>3</u>

Carrying amounts

Below are the carrying amounts of right-of-use assets recognised and the movements:

	31 December 2023 £ 000	31 December 2022 £ 000
As at 1 January	108	82
Additions	-	32
Depreciation expense	(35)	(6)
As at 31 December	<u>73</u>	<u>108</u>

Below are the carrying amounts of lease liabilities and the movements:

	31 December 2023 £ 000	31 December 2022 £ 000
As at 1 January	105	82
Additions	-	32
Payments	(43)	(9)
As at 31 December	<u>62</u>	<u>105</u>

	2023 £ 000	2022 £ 000
Current	19	20
Non-current	43	85
As at 31 December	<u>62</u>	<u>105</u>

14 Share capital and capital contribution

	2023 £	2022 £
Ordinary shares issued and fully paid		
Issued and fully paid at the beginning of the period	1	1
At 31 December	<u>1</u>	<u>1</u>

Notes to the financial statements

The Ordinary shares shall rank pari passu in respect of voting rights, dividend rights and rights upon a distribution of assets by the Company upon its liquidation and winding up.

Ordinary interim dividends of £700.4m (2022: £1,033.4m) were declared and paid in 2023.

15 Financial instruments and risk management

15.1 Overview

The Risk Management Framework of the Group has been designed and implemented in such a way that it aids the Company's performance whilst monitoring risks against key indicators.

Key Risk Indicators ("KRI's") are used to monitor the Company's potential risk exposure. Where possible, these are monitored in real time. Where this is not possible, these are monitored on at least a monthly basis (in the case of some subsets of operational risk), or more frequently if possible (such as credit exposures to counterparties, which is monitored on a daily basis).

The Risk Management Framework includes the strategies, policies, tools, governance arrangements, processes and reporting procedures to manage its risks. This framework outlines the risk strategy and approach to managing risk, including how it identifies, measures, manages, monitors and reports on the risks to which it is exposed.

Further information on the types and management of specific risk types is given below.

15.2 Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is impacted by market risk principally arising from:

- Foreign currency risk: re translation of assets and liabilities denominated in currencies other than GBP.
- Interest rate risk: a low level of risk associated with adverse interest rate movements impacting cash deposits and money market funds.

Market risk - Foreign currency risk

The Company manages its exposure to foreign currencies in accordance with the Group's Treasury Policy, which aims to minimise foreign currency risk within trading operations to an appropriate level, whilst ensuring that exposures do not exceed established limits, and hold surplus group capital in a diversified basket of currencies.

The Company's overall exposure to foreign currency risk based on cash and cash equivalents at the statement of financial position date is as follows:

Notes to the financial statements

	Year ended 31 December 2023 £ 000	Year ended 31 December 2022 £ 000
US Dollar	250,970	123,840
Euro	54,289	13,449
Singapore Dollar	759	21,570
Others	4,939	2,947
Net FX exposure	310,957	161,806

Sensitivity analysis

The Company's exposure to movements in foreign currency is illustrated in the table below. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

For 2023, a 10% change in GBP to USD, GBP to EUR, GBP to SDG would have had the following impact on the company:

	10% increase in USD rate 2023 £ 000	10% decrease in USD rate 2023 £ 000	10% increase in EUR rate 2023 £ 000	10% decrease in EUR rate 2023 £ 000	10% increase in SDG rate 2023 £ 000	10% decrease in SDG rate 2023 £ 000
Increase/(decrease) in net assets as at 31 December 2023	(25,097)	25,097	(5,428)	5,428	(75)	75
Increase/(decrease) in net profit as at 31 December 2023	(25,097)	25,097	(5,428)	5,428	(75)	75
	10% increase in USD rate 2022 £ 000	10% decrease in USD rate 2022 £ 000	10% increase in EUR rate 2022 £ 000	10% decrease in EUR rate 2022 £ 000	10% increase in SDG rate 2022 £ 000	10% decrease in SDG rate 2022 £ 000
Increase/(decrease) in net profit as at 31 December 2022	(12,384)	12,384	(1,344)	1,344	(2,157)	2,157
Increase/(decrease) in net assets as at 31 December 2022	(12,384)	12,384	(1,344)	1,344	(2,157)	2,157

Market risk - Interest rate risk

The Company has low levels of sensitivity to changes in interest rates as it has no interest-bearing borrowings. The exposure arises primarily from cash on deposit at banks and money market funds.

At the Statement of Financial Position date, the Company had the following assets that were exposed to variable interest rate:

Notes to the financial statements

	2023 £ 000	2022 £ 000
Variable rate instruments		
Cash and cash equivalents	339,098	340,415
	<u>339,098</u>	<u>340,415</u>

Sensitivity analysis

A change of 200 basis points (bps) in interest rates at the Statement of Financial Position date would cause an annualised increase/(decrease) in net assets and profit by the amounts shown below. This calculation assumes that the change occurred at the Statement of Financial Position date and had been applied to risk exposures existing at that date. Management believes that the 200 bps sensitivity reflects the potential impact of interest rate changes on the company's financial position and performance, considering the current market conditions and interest rate outlook.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates.

	Increase by 200bps £ 000	Decrease by 200bps £ 000
Increase/(decrease) in net assets as at 31 December 2023	6,782	(6,782)
Profit exposure at 31 December 2023	6,782	(6,782)

	Increase by 200bps £ 000	Decrease by 200bps £ 000
Increase/(decrease) in net assets as at 31 December 2022	6,808	(6,808)
Profit exposure at 31 December 2022	6,808	(6,808)

15.3 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and consists of the Company's cash held at bank, trade and other receivables.

The credit risk associated with banking and money market exposures is managed through adherence to approved risk appetites in terms of limits on maximum cash holdings per institution and minimum Standard and Poor's ("S&P") credit ratings assigned to institutions where cash will be deposited.

Credit risk in respect of the cash held at clearing brokers is managed in accordance with Company's credit risk policy. The Company has implemented the following three strategic measures to ensure that credit risk is properly managed:

- Diversification of corporate cash excess
- Diversification of clearing arrangements
- Periodic review of the composition of the Company's credit risk using regulatory and internal metrics

Notes to the financial statements

Exposure to credit risk

The maximum exposure to credit risk at the statement of financial position date by class of financial instrument was:

	Year ended 31 December 2023 £ 000	Year ended 31 December 2022 £ 000
Cash and cash equivalents	339,098	340,415
Amount due from related parties	223,025	120,824
Other receivables	8,473	4,908
Prepayments and accrued income	137,126	100,054
	<u>707,722</u>	<u>566,201</u>

The credit risk management practises relating to the recognition and measurement of ECLs as well as the definitions of default and credit impaired financial assets are disclosed in Note 2.12. As at 31 December 2023, there were no financial assets that are past due or impaired or would otherwise be past due or impaired.

15.4 Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Given the current nature of the Company's activities, the principal liabilities are financial liabilities held at fair value, taxation and other working capital obligations that primarily comprise occupancy and compensation payments and amounts due to related parties. All of these balances are considered to be repayable on demand and the anticipated cash outflows needed to settle these obligations are considered to approximate to the carrying amount shown in the Statement of Financial Position.

The Company seeks to ensure it maintains sufficient financial resources to meet its obligations as they fall due through the application of the Company's liquidity management framework. The framework determines a target level of liquidity to hold against forecasted net outflows and performs a range of plausible yet severe stresses to ensure that the Company's liquidity resources are adequate to ensure that its liabilities can be met at all times.

The Company's liquidity profile consists of matched assets and obligations in terms of timing. There are no material liquidity funding profile mismatches as materially all assets are either held in cash or convertible to cash in the short term and materially all liabilities are payable within 90 days.

15.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. These failures can arise from deliberate, accidental or natural events.

The Company assesses operational categories. A number of material scenarios are selected for each category and are assessed against certain criteria, such as reputational impact, likely level of capital losses, internal and external loss events and probability of occurrence, to validate and enhance the Group's operational risk control framework.

Notes to the financial statements

16 Related parties

The Company conducted transactions in the normal course of business with its related parties. Amounts due to such affiliate companies are interest free and repayable on demand. There have been no guarantees received from related parties or provided to related parties. During the year ended 31 December 2023, the Company has not recorded any impairment or receivables relating to amounts due to related parties.

	Revenue	Administrative expenses	Receivables outstanding	Payables outstanding
	2023 £ 000	2023 £ 000	2023 £ 000	2023 £ 000
Affiliates	1,353,875	849,766	221,871	186,631
Immediate holding company	-	-	1,154	-
	<u>1,353,875</u>	<u>849,766</u>	<u>223,025</u>	<u>186,631</u>

	Revenue	Administrative expenses	Receivables outstanding	Payables outstanding
	2022 £ 000	2022 £ 000	2022 £ 000	2022 £ 000
Affiliates	1,512,563	851,988	120,584	184,897
Immediate holding company	-	-	240	-
	<u>1,512,563</u>	<u>851,988</u>	<u>120,824</u>	<u>184,897</u>

The revenue to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 December 2023 there were no guarantees in place for any related party receivables or payables. For the year ended 31 December 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. For the year ended 31 December 2023 there was £764.9m (2022: £784.0m) included in administrative expenses in relation to the services from affiliates.

Key management personnel

The members of the Board of Directors are listed on page 1 and page 5 of these financial statements.

The directors are considered to be the Company's only key management personnel, as defined by IAS 24.

17 Directors' remuneration

The directors' remuneration for the year was as follows:

Notes to the financial statements

	Year ended 31 December 2023 £ 000	Year ended 31 December 2022 £ 000
Director's remuneration	683	80

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £0.4m (2022: £0.1m). Directors' pension contributions during the year ended 31 December 2023 were £0.02m (2022: nil)

18 Ultimate controlling party and parent company

The Company is a subsidiary undertaking of XTX Holdings Limited which is the immediate parent company incorporated in the Cayman Islands and tax resident in the UK. The Company's ultimate controlling party is Alex Gerko.

The Company's immediate and ultimate controlling parties have no requirement to produce statutory consolidated financial statements that incorporate the results of the Company.