

**Tangent Trading Limited**

Annual Report and Financial Statements

Year ended 31 December 2022

Registration Number 1900671



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**Tangent Trading Limited**  
**COMPANY INFORMATION**

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<b>Country of Incorporation</b>	England and Wales
<b>Legal Form</b>	Private limited company
<b>Directors</b>	R A Borland S J van den Born N G W Grace D H Leigh
<b>Company Secretary</b>	S Linsley
<b>Registered Office</b>	155 Bishopsgate, London, EC2M 3TQ
<b>Auditor</b>	Price Pearson, Finch House 28-30 Wolverhampton Street Dudley, West Midlands, DY1 1DB

The directors present the Strategic Report of Tangent Trading Limited (the 'Company' or the 'Firm') for the year ended 31 December 2022. References to the 'Group' or 'Marex' are to the group of companies headed by Marex Group plc, of which Tangent Trading Limited is a part.

**Review of the Financial performance**

The Company operates in the commodities segment in Europe where the primary focus is the Metal business. The 2022 revenues were generated by Physical scrap metal which increased by 24% from £221 million in 2021 to £275 million in 2022. The Company's turnover (and cost of sales) increased in the year as a result of higher commodity prices and transportation costs.

	2022 £'000	2021 £'000	% Change
Revenue	274,548	220,615	24%
Expenses	(271,710)	(218,577)	24%
<b>Operating profit</b>	<b>2,838</b>	<b>2,038</b>	<b>39%</b>

**Key Performance indicators**

The key performance indicator (KPI) that is the focus of senior management is operating profit before tax. The Company's operating profit before tax was £2.8 million (2021: £2.0 million).

**Overview of risk management**

Risk management is not performed at the company level, and instead places reliance on the overall risk management function of the Group.

The Group views risk management as a key consideration in delivering its strategic business aims and objectives, whilst ensuring the Group's long-term sustainability and effective corporate governance.

The Group's business strategy and risk appetite are linked to ensure risk taking remains within the defined boundaries to support business strategy, effective management of capital and efficient use of liquidity.

The Group's risk governance structure is articulated within its Enterprise Wide Risk Management ('EWRM') framework, which sets the foundations and organisational structure for implementing and reviewing risk management practices and activities across the Group.

The Group Board has overall responsibility for ensuring an appropriate governance framework for the Group. The Group Board maintains oversight over subsidiaries yet is cognisant of the local regulatory responsibilities applicable to Boards of local operations. Group subsidiaries may develop their own risk frameworks and policies tailored to their specific business; however, in the development and approval of such frameworks and policies, they should be consistent with and have regard for the principles of the Group EWRM framework and Group policies. This ensures that all separate legal entities are treated collectively for the purposes of risk identification, assessment and reporting, and that the Group has a holistic view of risk.

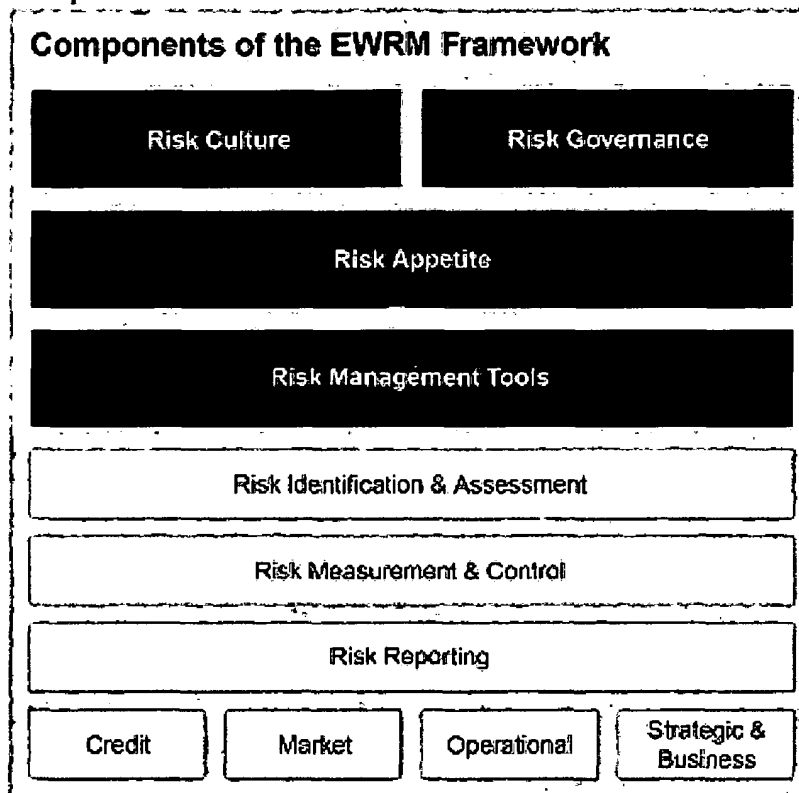
**EWRM FRAMEWORK**

The Group EWRM Framework is reviewed annually by Risk Management, or more frequently where material changes occur, and approved by the Board every three years. The framework is cascaded to relevant senior management to ensure business and risk strategies are formulated and reported consistently.

Its objectives are to:

- Ensure greater consistency in the strategies and approaches used to identify business risks.
- Ensure identified risks are appropriately and consistently measured to enable their evaluation, aggregation, comparison and control.
- Assess identified risks both at the specific risk and aggregate Group level to determine approach to control or mitigation. Assessment incorporates evaluations of potential relationships or interdependencies across different risk categories and businesses.
- Ensure appropriate governance and control structures are in place.

## Components of the EWRM Framework

**Risk Culture**

Risk culture describes the values and behaviours present throughout the organisation which shape risk decisions made by each employee. The risk culture is consistent with the Group's ethics and values, strategic and risk objectives.

Responsibility for risk management resides at all levels within the Group, from the Group Board and the Group Executive Committee down through the organisation to each business manager, employee and risk specialist. Responsibility for effective review and challenge of risk policies resides with senior managers, risk oversight committees, internal audit, independent Group risk function, the Group Board and the Risk Committee.

All individuals within the Group should understand its risk and compliance rules, which is fostered through a risk-aware culture and the embedding of risk management throughout the organisation. The Group's risk culture objective is for every employee to take personal accountability for recognising current and potential risks and managing them effectively.

**Risk Governance**

The Group has adopted the 'Three Lines of Defence' model in conjunction with a strong risk culture, good communication and understanding. The approved risk governance model includes the Group Board, the Group Executive Committee and the Risk Committees that form the management of risk governance within the Group. Within the risk infrastructure, key risk governance personnel are aware of their key roles. Information flows and reporting lines are clearly communicated to the relevant personnel and are represented on the risk governance model. The model includes role and responsibility allocation between the organisation centre and business units.

### Ownership and management of risk

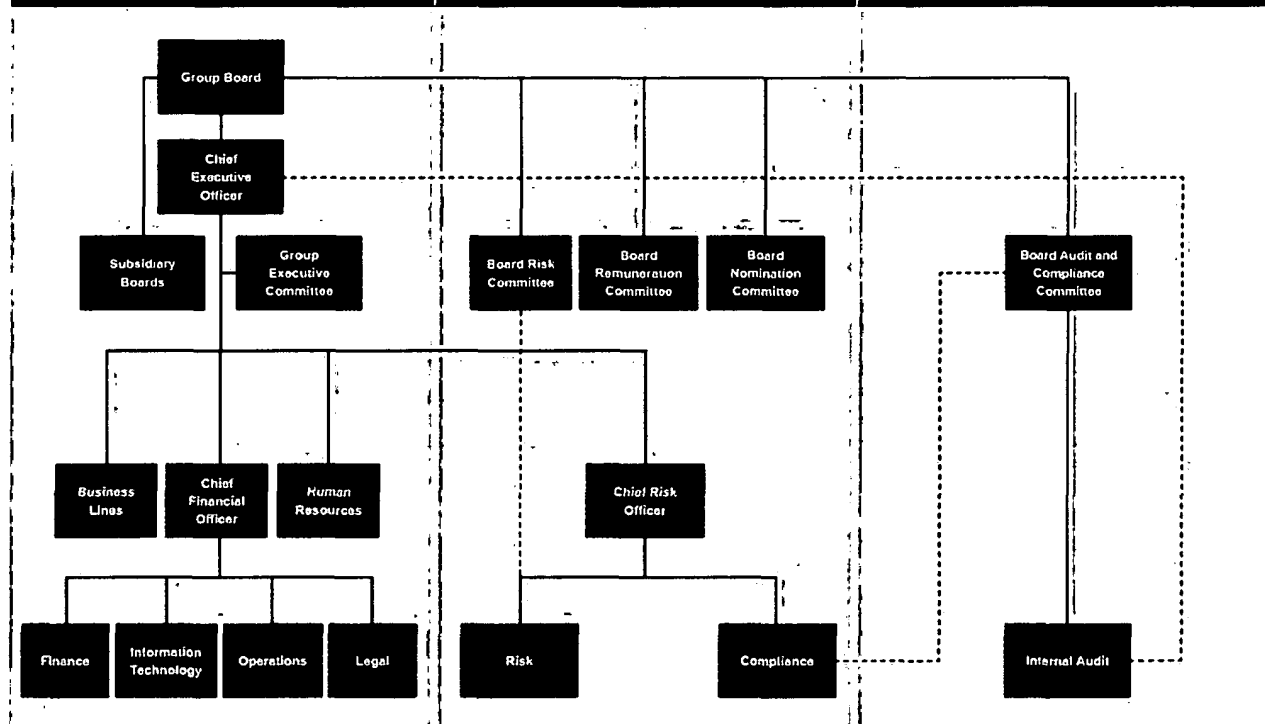
The first line of defence for day-to-day risk management is with the business units and support functions. They are responsible for understanding and adhering to the risk and control environment. Front line employees must consider the risk/reward trade-off in the short and long term and must ensure compliance with all risk policies and limits. The first line is responsible for the ongoing assessment, monitoring and reporting of risk exposures and events.

### Oversight of the management of risk

The second line of defence is the internal control function, which includes the Risk Management and Compliance functions. These teams provide independent risk oversight and challenge to the first line, and supervision of the operation of the risk control framework. Responsibilities also include the formulation and maintenance of risk frameworks, policies and risk reporting.

### Systems and control assurance

The third line of defence is the Group's Internal Audit function, which provides independent assurance of the first and second lines. Internal Audit carries out an annual programme of risk-based audits covering all aspects of first and second-line risk management and risk control activities. The conclusions of each risk-based audit are reported to all three lines of defence. Internal Audit action plans are tracked through the Audit and Compliance Committee to ensure that resolutions are reached within the indicated timescales.



**STRATEGIC REPORT (CONTINUED)**

A high-level summary of the roles and responsibilities are included in the table below:

Function	Role and Responsibility
<b>Board of Directors</b>	The Board of Directors set the overarching risk culture of the Group.
<b>Group Executive Committee</b>	The Group Executive Committee is charged with the day to day conduct of the Group's business; developing and recommending Group objectives, strategy and budget to the Group Board; and executing the strategy approved by the Group Board.
<b>Chief Executive Officer (CEO)</b>	Management of risks within the parameters approved by the Group Board and changes to internal systems of control as recommended / required by Internal Audit and the Audit and Compliance Committee are appropriately implemented.
<b>Chief Financial Officer (CFO)</b>	The CFO is responsible for overseeing the operational and financial practices of the Group, therefore responsible for the implementation of internal controls to manage the risks identified, and responsible for the testing of these internal controls with Internal Audit. As a standing attendee of the Audit and Compliance Committee, Risk Committee and as a member of the Group Board, the CFO is able to ensure that the strategies and policies for the management of risk can be operationalised.
<b>Chief Risk Officer (CRO)</b>	The CRO is the senior executive accountable for enabling the efficient and effective governance of significant risks and related opportunities to our business and its various segments. He is a member of the Group Executive Committee and guides that committee and the Group Board on the formulation of risk appetite, strategies, policies, delegated authorities and limit structures for the management of risks.
<b>Audit and Compliance Committee (ACC)</b>	The role of the Audit and Compliance Committee is to assist the Board in ensuring the independence and effectiveness of the internal and external audit functions, the integrity of the financial and narrative statements, the effectiveness of internal financial controls, and regulatory compliance.
<b>Risk Committee</b>	<p>The role of the Risk Committee is to oversee and provide advice to the Board on the Group's current risk exposures and future risk strategies (including the strategy for capital and liquidity management), the embedding and maintenance throughout the Group of a supportive culture in relation to the management of risk and the establishment of prescriptive rules and procedures in relation to risk.</p> <p>The Risk Committee is responsible for the oversight of risk when approving and monitoring appropriate limits on risk exposures and concentrations across the business. The focus is on risks to which the Group is exposed considering the Group Board's overall appetite of risk along with its current financial situation and resources.</p>
<b>Remuneration Committee</b>	The role of the Remuneration Committee is to determine the remuneration policy and practices of the Group for executive directors and design and determine remuneration for the Chair of the Board, executive directors and senior management, having regard to statutory and regulatory requirements.
<b>Nomination Committee</b>	The role of the Nomination Committee is to ensure there is a formal, rigorous and transparent procedure for the appointment of new directors, to lead the process for board appointments making recommendations to the Board and ensuring plans are in place for succession to the Board and senior management positions, overseeing the development of a diverse pipeline for succession.
<b>Mergers and Acquisitions Committee</b>	The role of the Mergers and Acquisitions Committee is to review potential mergers, acquisitions, or disposals and if appropriate, recommend such merger, acquisition, or disposal to the Board for final approval; or to approve in accordance with the delegation of authority limits set out in the Board Terms of Reference.

**Risk Appetite**

Risk appetite is the level of risk the Group Board is willing to take now and over the future planning horizon, given the financial resources of the Firm to pursue the stated business and risk strategies. The risk appetite recognises a range of possible outcomes as business plans are implemented. It is set and implemented against the business and risk strategies from the 'top down', cascading from high level objectives set by the Group Board, down through the Group into the formulation of detailed risk measures by specific departments, trading desks, traders and where appropriate to individual risk exposures.

Qualitative Risk Appetite Statements ('RAS') for each risk category are approved by the Board and are supplemented by various qualitative and quantitative risk metrics. The statements underpin the risk appetite and are monitored monthly to three risk appetite levels (Trigger, Limit, and Capacity) across the following areas:

- Performance Based Measures such as People, Processes, Markets and Profitability;
- Risk Based Measures such as Systems, Capital, Liquidity and Volatility; and
- Compliance Based Measures such as Regulatory / Legal, Transformation and Client Money.

**Risk Appetite (continued)**

The Group's risk appetite is governed by its Risk Appetite Framework which includes measures that assess risks to ensure the successful delivery of the business and risk strategies. These measures are grounded against key balance sheet and profit and loss figures, as well as other specific measures and qualitative assessments. The framework is responsive to changes in the Group's business strategy and plans, which ensures that the Risk Appetite is aligned with changes in the Group's overall strategic goals

**Risk Management Tools**

Risk management tools and methodologies form part of the Group's risk management toolkit and assist in fulfilling the risk mandate in understanding the risks it is exposed to, the method to control such risks and the steps to mitigate risks and how to communicate those risks.

**Risk Identification and Assessments**

The Group's Risk Characterisation Model, ('RCM'), considers a range of risks the Group faces. This model forms an integral part of the EWRM Framework and serves as an effective linkage to risk appetite. The RCM is reviewed on an ongoing basis and formally on an annual basis.

<b>Risk Type</b>	<b>Description</b>
<b>Strategic/ Business Risk</b>	Represents the risk from changes in the business model, including the risk that the Group may not be able to carry out its business plan and desired strategy. It also includes risks arising from the Group's remuneration policy.
<b>Credit Risk</b>	Potential loss incurred where a counterparty fails to perform its contractual obligations in a timely manner. The Group controls credit risk using a robust framework for the creation, use and monitoring of credit risk models. Additionally, Risk Management supports business decision-making and proactive identification of new risks.
<b>Market Risk</b>	Potential loss arising from fluctuations in the values of traded positions due to changes in the value of price, volatility or interest rates within the financial markets. There are robust procedures to measure and set position limits to control market risk with growth facilitated in a controlled and transparent risk management framework.
<b>Operational Risk</b>	Potential loss from inadequate or failed internal processes, personnel, systems or external events. This category includes Conduct Risk, Legal Risk but excludes Strategic/ Reputational risks. Operational risk is captured, assessed and reported to minimise the frequency and impact of risk events on a cost-benefit basis.
<b>Liquidity Risk</b>	Represents the risk that the Group, although solvent, has insufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. The Group operates extensive liquidity management processes and procedures that involve scenario stress testing.
<b>Concentration Risk</b>	Concentration risk can be defined as any single (direct and/or indirect) exposure or group of exposures with the potential to produce losses large enough to threaten the Group's ability to maintain its core business. Concentration risk can arise from credit concentration to a specific country, or to specific counterparty, revenue concentration, exposure concentration to a specific product or concentrations from specific suppliers. To counter such risk, the Group imposes various concentration limits, specifically within credit and market risk exposures.
<b>Settlement Risk</b>	Settlement risk is the risk that arises when payments are not exchanged simultaneously. It is a type of counterparty risk associated with default risk as well as timing differences between parties. Robust policies and procedures ensure that Group settlement risk is kept to a minimum.
<b>Compliance/ Legal Risk</b>	Represents the risk to the Group arising from violations of, or non-compliance with, laws, rules and regulations. A key responsibility of the Compliance and Legal departments is to monitor and deal with such risks.
<b>Financial Crime Risk</b>	Financial Crime Risk encompasses five key risk areas: 'Sanctions', 'Money Laundering and Terrorist Financing', 'Bribery and Corruption', 'Tax Evasion' and 'Fraud' risks. Marex has adopted a holistic approach to financial crime and has one group-wide Financial Crime Policy that sets the minimum control requirement in the five key risk areas. This combined approach allows us to identify and manage connections between the key risk areas. Entity-level policies formally adopt the Group Financial Crime Policy and define any local regulatory requirements that apply to specific entities across the Group. Methodologies and Standards underpin the Group and Entity-Level policies. Methodologies identify, select, process, and analyse Financial Crime Risk. Standards provide detailed guidance on how to comply with the financial crime policies. Procedures provide instructions to ensure routine and complex operations are undertaken in alignment with policies and standards. For each Financial Crime typology an overarching risk appetite statement has been produced, which is supported by qualitative statements and quantitative thresholds and limits. A set of Key Risk Indicators and Key Performance Indicators measure the quantitative thresholds and limits. These are produced on a quarterly basis in order to assess compliance standards and highlight areas of potential weaknesses. Financial Crime management information is presented to the Financial Crime Committee and Audit and Compliance Committee for review and challenge as part of their oversight responsibilities.



**STRATEGIC REPORT (CONTINUED)****Risk Identification and Assessments (continued)**

<b>Risk Type</b>	<b>Description</b>
<b>Technology Risk</b>	Technology risk, or information technology risk, is the potential for any technology to disrupt the business. Risk management includes the strategies, processes, systems and people aimed at effectively managing potential technology risks. The goal of cybersecurity risk management is to identify potential technology risks before they occur and have a plan to address those technology risks. Risk management looks at internal and external technology risk that could have an effect on the Group.
<b>Group Risk</b>	Group risk is the risk that the financial position of a firm may be adversely affected by its relationships (financial or non-financial) with other entities in the same group or by risks which may affect the financial position of the whole Group. For Marex, this risk is small because over 90% of the market risk and credit risk faced by the group sits within Marex Financial, the main trading entity.
<b>Reputational Risk</b>	Reputational risk is viewed as a secondary risk by the Group, one resulting from the impact of other risks, such as operational risk or compliance risk. It is important to note, that all departments have their own control processes and procedures in place to limit the impact of all relevant risks.

Multiple methods and tools are utilised to identify existing and emerging risks within the market, the businesses and individual instruments traded.

**Risk Measurement & Control**

The Group's key risks are consistently analysed and measured in accordance with approved policies and processes. Key business controls and procedures are implemented to mitigate the risks highlighted by the risk assessment. The Group uses the measures below to varying degrees.

<b>Limit Type</b>	<b>Description</b>
<b>Sensitivity Limits</b>	Effective and direct method for restricting the size of certain risks. It is easily implemented, simple to understand and enables management of highly granular exposure metrics such as Vega, Delta, etc.
<b>Concentration Limits</b>	Used where exposure to a specific segment of the market is desirable, e.g. country specific credit risk limits.
<b>Value at Risk</b>	The Group Board VaR limit sets the overall risk appetite in order to meet the Group's business strategy. The CRO has the delegated authority to allocate this limit across business lines (Metals, Agriculture, CSC Commodities, etc.) taking into account historic diversification of markets. Desk heads have the autonomy to allocate this VaR to their traders, allowing for diversification. VaR is immediately responsive to increases in market volatility or decreases in diversification and this will force the reduction of positions in times of stress.
<b>Stress Testing Limits</b>	Discussion triggers for risk personnel to engage with senior management on risk concentrations which may cause Profit and Loss events. Examines market stress events and as such have a lower probability than the risk captured by VaR. Such a limit breach (or near miss) would prompt discussion around size of actual or potential exposure, and management's view on business strategy and risk appetite.
<b>Non-Limit Control Measures</b>	Used to restrict undesirable risk concentrations or mitigate risk e.g. increasing margin rates required to hold exposures to a certain underlying, in times of volatility; reducing credit lines (overall / specific); exiting certain types of business or increasing capital to support a desired increase in exposure for a market segment deemed attractive.

**Risk Reporting**

An important part of the risk management remit is regular and appropriate reporting and communication of risk. In line with the governance structure in place, periodic reporting and risk analysis is presented to the relevant governing bodies as well as the relevant risk takers, including the Board; Risk Committee; the Group Executive Committee; and senior management. The escalation procedures for raising significant issues with managers and supervisors are clear and well embedded across the Group and are detailed within relevant policies and procedures for the business area.

The flow of information and communication across the Group relating to the management of risk and the effectiveness of the control framework within the risk governance structure is an important component of the framework. There is regular reporting on the performance and effectiveness of KRIs and formal management information relating to the risks inherent in the business. The escalation procedures for raising significant issues with managers and supervisors are clear and well embedded across the Group.

Reporting requirements include monitoring the on-going adequacy and effectiveness of the control framework, taking account of the trends and frequency of breaches of the control framework recorded on the Risk Register. Inherent risks and mitigating controls are assessed during the RCSA.

**GENERAL RISKS****Market Price Volatility**

The level of volatility in the markets in which we operate is a key driver for our business. High volatility does not automatically result in enhanced performance for our business, as a high degree of skill and expertise is required in order to ensure that this volatility is converted into positive revenue for the Firm; however, it does provide a favourable environment for this to happen.

There is a risk to the downside for the Firm if volatilities across all asset classes decline and remain at historic lows.

**Pricing pressure**

Pricing pressure is a potential risk to any business. We mitigate this risk by aiming to provide best in class services to our clients, as well as by enhancing our offering to ensure we are providing more than just price discovery. Our investment in technology and our Neon platform are evidence of this.

**Market prices**

Whilst our market making and broking activities are driven by volatility rather than price direction, a decline in commodity prices typically results in a flow of capital out of markets we're involved in, thereby reducing transaction numbers and volumes. As such, this potentially presents a risk to our revenues and income.

**Exchange rules**

Changes enforced by the exchanges are outside of our control and have the potential to impact our business are outside of our control and have the potential to impact our business.

**SPECIFIC RISKS****Cyber**

Information security, data confidentiality, integrity and availability of information are of critical importance to our continued effectiveness. Technology risk is inherent not only to the Group's information technology assets, but also in people and processes inherent with them. In common with other businesses, the Group is continuing to track the cyber threat "universe" and is aware of risks from cyber-attacks seeking to undermine businesses, governments and utilities. This extends to third parties, which also poses a source threat leading to an increase in security of such relationships. The Group maintains active links with peer associations and government agencies to keep abreast of developments as well as having timely access to cyber threat intelligence.

**Climate change**

With growing concerns over the climate crisis, we are aware of the importance of understanding the potential impacts of climate change on our business. The Group recognises climate change as both a risk and an opportunity for the business. It fully supports the implementation of the recommendations of the Taskforce on Climate-related Financial Disclosures ('TCFD'). The Firm is voluntarily aligning ahead of the UK's requirement as a Large Company. Climate change poses both challenges and upsides to the Group's business model and products, as well as to employees and customers, and as such the Group has begun to address this across the four pillars of TCFD: Governance, Strategy, Risk Management and Metrics and Targets. Detail of how this is being addressed is outlined in the Group's Annual Report.

**Geopolitical**

There are many uncertainties in the geopolitical and societal environment due to the impact of political activities. These include the Ukraine situation, Brexit, the wider economic climate (which remains impacted by the Coronavirus Covid-19), digital disruption and societal change.

**Terrorism**

The current terror threat in the UK is substantial meaning "an attack is likely". Attacks by lone wolves and small groups against soft targets have become more common. Our London office is situated in a targeted location and in the event of such an act, and if deemed necessary, the Group would engage its Business Continuity Plan while ensuring staff welfare at all times.

**Regulation**

Regulation continues to add cost to the Firm both for compliance as well as capital. The new IFPR regime began in January 2022, and the Group submitted its first ICARA risk capital assessment in September 2022 (for the 2021 financial year). This 'living' document, finalised jointly with our internal audit function, now forms the centrepiece of the Group's risk framework, anchoring the Group's three lines of defence to the identification, remediation and optimisation of harms that the Group faces itself, to clients and to the market at large. This approach has focused efforts to ensure potential harm to clients and the wider market is well understood and then avoided, remediated, or minimised. Where residual potential harm does remain, capital is assessed, apportioned and ring-fenced to ensure the Group is conservatively capitalised for all corresponding scenarios.

**Movement to screens**

There is a risk that more volume moves from voice to screens in the most liquid products, or entire exchanges, (e.g., the LME proposal to close the ring). To mitigate this, we continually evolve our business entering new markets, enabling capacity on less liquid segments and investing further in technology.

**Section 172 - Companies Act 2006 statement**

The directors of a company must act in the way they consider, in good faith, 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 (amongst other matters) to the requirements of Section 172 (1) (a) to (f) of the Companies Act 2006 as set out below. The Directors recognise the importance of stakeholder engagement and its contribution to the success of the Company and their interests are taken into consideration by the Directors during Board discussions and decision-making. This report sets out how the Directors have met these responsibilities during the financial year.

*(a) the likely consequences of any decision in the long term*

Strategy, risk and financial and operational resilience of the Company are managed at a Group level. The Group Board held its annual 'Strategy Day' in February 2022. At this meeting, the overarching strategy of the Group (including the Company) was reviewed and the 2022 budget, three-year plan and capital plan were approved. The discussions on strategy included planned growth in the Americas and Asia-Pacific regions, particularly to provide existing clients with a further diversified product set, access to an increased number of markets, and to strengthen local culture, expertise and support. The meeting also focused on the Group's continued expansion into renewable energy, potentially involving all of the Group's service segments but initially focusing on the hiring plans for environmental product market-makers in voluntary carbon markets, renewable energy certificates, and guarantees of origin. The Group Board also discussed 2021 financial performance, potential further acquisitions for the Group and other areas for increased diversification by both product and geography. The Directors continue to identify opportunities, innovation, creativity and ambition, and to evolve and diversify the Group in line with agreed risk appetite and long-term strategy. This was particularly evidenced in 2022 by the acquisition of ED&F Man Capital Markets division which has expanded the size of the Group, its employees and locations, and has both added to, and enhanced, its product set.

*(b) the interests of the Company's employees*

The Directors continued to support the annual employee engagement survey, which was undertaken in July. The number of respondents increased year-on-year by approximately 50%, reflecting the growth of the Group, and results showed an increase in overall scores and an improvement in all measures, with the largest increases in areas identified as focus areas following the 2021 survey: environment, organisational fit, collaboration and diversity. The results evidenced progress in many dimensions, including elimination of the rating gap between men and women, and closing of the rating gap between Control & Support staff and Front Office staff. Management, supported by the Group Board, will continue to focus on building a strong Group with increasingly satisfied employees, and on maintaining high levels of engagement following the recent acquisitions. Further details of the Group Board's approach to remuneration, to leadership and how this cascades through the business to the workforce and employee engagement, can be found in the Group's Corporate Governance report in the Group Annual Report.

*(c) the need to foster the Company's business relationships with suppliers, customers and others*

The Directors support promotion of the Group's cultural values, ensuring they are understood by all and embedded into the fabric of the Group, its actions, how it conducts business, and how it supports appropriate behaviours. This ensures that good business relationships are maintained. The Directors are committed to ensuring high standards are met when it comes to supplier relationships; as such, all suppliers are required to meet the Marex Supplier Code of Conduct and abide by both relevant national and international standards, including those set out by the International Labour Organization, the UK Bribery Act 2010 and the UK Equality Act 2010. The Group's Modern Slavery and Human Trafficking Statement sets out the commitment of the Directors to their corporate responsibility and to maintaining a culture within which ethical behaviour is promoted, in addition to setting out the steps taken to minimise the risk of modern slavery existing in the Group's business or supply chains. The Group Board recognises its financial regulators across the globe as key relationships and Directors are committed to ensuring regular open dialogue and compliance with regulatory requirements.

**Section 172 - Companies Act 2006 statement (continued)**

*d) the impact of the Company's operations on the community and the environment*

The Company acknowledges its responsibility to minimise the impact of the business on the community and the environment. The Directors continue to support the Group's focus on ESG, which includes activities in biofuels, renewable energy certificates, emissions futures and options, environmental consulting services and the launch of a bespoke renewables desk. The Directors also remain committed to the Group's carbon sequestration project with Oxford University spin-off OxCarbon and the Global Mangrove Trust; and the Group was able to achieve carbon neutral status by the end of 2022. Further details of the Group's approach can be found in the ESG report in the Group Annual Report. In addition, supported by the Directors, the Group's approach to taxation is one of transparency and disclosure, paying its fair share of tax, ensuring a cooperative approach to working with tax authorities, no aggressive tax planning and alignment with best market practices.

*e) the desirability of the Company maintaining a reputation for high standards of business conduct*

The Directors understand the importance of promoting the Group's cultural values, ensuring they are understood by all and embedded into the fabric of the Group, its actions, how it conducts business, and how it supports appropriate behaviours. These are as follows:

- Integrity: We pride ourselves on our honesty and high ethical standards. We apply these values when working with all clients, colleagues and other stakeholders.
- Respect: Our people and clients are at the heart of our business. We strive to provide impeccable service and results combined with fair treatment and respect.
- Developing our people: Our people are the basis of our competitive advantage. We look to 'grow our own' and make Marex the place ambitious, hardworking and talented people choose to build their career.
- Adaptable and nimble: We are proactive. We embrace change as markets evolve to constantly increase our efficiency and create innovative solutions for our clients.
- Collaborative: By working together across the organisation, we foster teamwork, can better respond to challenges and successfully deliver for our clients.

*(f) the need to act fairly as between members of the Company.*

The Company is a wholly owned subsidiary of Marex Group plc and therefore only has one member.



N G W Grace  
Director  
26 September 2023

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

### Principal activities

The principal activity of the Company continued to be that of trading in non-ferrous metals.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

	Appointed	Resigned
R Borland		
S J van den Born		
N G W Grace		
D H Leigh		
P R Tonucci		22 June 2023

### Indemnity of directors

Each Director is indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by them in the proper exercise of their duties. Directors who have resigned during the year also benefit from the same indemnity arrangement. In addition, the Directors are covered by an insurance policy.

### Directors' statement as to disclosure of information to the Auditor

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

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Foreign exchange

The following foreign exchange rates have been used in the preparation of these financial statements:

	2022		2021	
	Average Rate	Year-end Rate	Average Rate	Year-end Rate
GBP / USD	1.2372	1.2099	1.3317	1.3531
EUR / USD	1.0538	1.0704	1.1307	1.1370

### Going concern

After reviewing the Company's annual budget; liquidity requirements; plans and financial arrangements as well as the economic situation in the context of the invasion of Ukraine discussed in note 3(b) of the accounting policies, the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and for at least 12 months from the date of signing of the balance sheet and confirm that the Company is a going concern. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

### Events after the reporting period

Events since the statement of financial position date are disclosed in note 25.

### Dividends

No dividends were paid during the year ended 31 December 2022 (2021: nil).

### Financial risk management

Financial risk management objectives are included in the Strategic Report.

### Future developments

Future developments are included in the Strategic Report.

**Research and development**

The Company produces commodity research for Ferrous Metals markets and has developed key partnerships in this field.

**Engagement with Employees**

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Group website. Further statements regarding actions taken by the Company during the financial year are set out in the Strategic Report.

**Disabled Persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

**Suppliers, customers and others**

In accordance with the Reporting on Payment Practices and Performance Regulations 2017, the Company submits biannual reports on payment practices and performance to the Department for Business, Energy and Industrial Strategy. The average time taken to make payments from the Company under qualifying contracts was 23.5 days (2021: 23.5 days). Relationships with suppliers, customers and others are not managed at company level, as the directors of the Company's immediate parent manage the operations of Marex on a Group-wide basis. Further statements regarding how the Group's relationships with suppliers, customers and others are managed, are contained in the Marex Group plc Annual Report (which does not form part of this report and is available on the Group's website).

**Streamlined Energy Carbon Reporting (SECR)**

Greenhouse gas emission estimates are produced for the Group as a whole and are contained in the Annual Report of Marex Group plc, which does not form part of this report.

**Corporate governance arrangements**

For the year ended 31 December 2022, in accordance with the guidance provided in the Wates Corporate Governance Principles for Large Private Companies (the 'Wates Principles'), the application of such principles is set out in Marex Group plc's Annual Report, covering the governance procedures of the Group as a whole, including the Company.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the annual report and 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). In accordance with 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, International Accounting Standard ('IAS') 1 requires Directors to:

- properly select and apply accounting policies;
- 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 are 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
- make an assessment of the Company's ability to continue as a going concern.

**DIRECTORS' RESPONSIBILITIES STATEMENT (CONTINUED)**

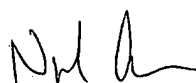
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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.

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

**Auditor**

The auditor, Price Pearson, has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor pursuant to sections 485 – 488 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



N G W Grace  
Director  
26 September 2023

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of Tangent Trading Limited (the 'Company') for the year ended 31 December 2022 which comprise the statement of profit and loss, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and have;
- 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**

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
TANGENT TRADING LIMITED**

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**Matters on which we are required to report by exception**

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 and 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the company's industry and its control environment, and obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the requirements under IFRS, the UK Companies Act 2006 and tax legislation; and
- Laws and regulations that do not have a direct effect on the determination of material amounts and disclosures in the financial statements but where non-compliance may be fundamental to the company's abilities to operate, continue in business or avoid material penalties.

We discussed among the audit team and any internal specialists the risk of fraud within the financial statements and where it is most likely to occur.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

**Revenue recognition – we performed the following procedures:**

- Performing various cut off tests at the end of the financial year and beginning of the new financial year to confirm that revenue has been recorded in the correct period.
- Performing analytical procedures and ratios to identify any unusual or unexpected variances that may indicate potential misstatement.
- Performing sales walkthrough tests on completed contracts at every stage of the sale process and testing the methodologies used, including Day 1 profit recognition, to ensure revenue is recorded accurately and in the correct period.
- Tested a sample of Day 1 profit and loss, including testing the input of the relevant data, testing the formulae, judgements made and measurable market data used to establish fair value to ensure revenue is fairly stated in the financial statements.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
TANGENT TRADING LIMITED**

**Auditor's responsibilities for the audit of the financial statements (continued)**

We also considered the risk of fraud through management override and in response we incorporated testing of manual journal entries into our audit approach. As well as assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of the business.

In addition to the above, our procedures to respond to the risks also included:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Examining legal expenses codes during the financial year and post year end to identify any none compliance with laws and regulations or ongoing disputes.  
Reviewing various correspondence with key customers, HMRC and internal reports at both company and group level.

A further description of our responsibilities is available 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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



**Christopher Cooper, FCA (Senior statutory auditor)  
For and on behalf of Price Pearson**

**Chartered Accountants  
Statutory Auditor**

Date: 27/09/23

Finch House  
28-30 Wolverhampton Street  
Dudley  
West Midlands  
DY1 1DB

**Tangent Trading Limited****STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £'000	2021 £'000
Revenue	5	274,548	220,615
Operating expenses	6	(271,710)	(218,577)
<b>Operating profit</b>		<b>2,838</b>	<b>2,038</b>
Finance income	9	13	—
Finance expense	9	(8)	(3)
Other income	10	9	—
<b>Profit before taxation</b>		<b>2,852</b>	<b>2,035</b>
Tax	11	(353)	(390)
<b>Profit after taxation</b>		<b>2,499</b>	<b>1,645</b>

**STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £'000	2021 £'000
Profit after taxation	2,499	1,645
Other comprehensive income	—	—
<b>Total comprehensive income</b>	<b>2,499</b>	<b>1,645</b>

All operations are continuing for the current and prior years.

The notes on pages 24 to 54 form part of these financial statements.

**Tangent Trading Limited****STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

			<b>As at 1 January</b>	
		<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Right-of-use asset	22	147	197	—
Intangible assets	13	1	3	—
Property, plant and equipment	14	65	72	21
Deferred tax asset	18	—	1	—
<b>Total non-current assets</b>		<b>213</b>	<b>273</b>	<b>21</b>
<b>Current assets</b>				
Inventory	15	6,850	15,702	6,416
Derivative instruments	19	—	666	—
Trade and other receivables	16	23,578	16,246	15,496
Corporation tax	11	333	20	—
Cash and cash equivalents		8,879	5,108	1,825
<b>Total current assets</b>		<b>39,640</b>	<b>37,742</b>	<b>23,737</b>
<b>Total assets</b>		<b>39,853</b>	<b>38,015</b>	<b>23,758</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Derivative instruments	19	74	—	1,558
Trade and other payables	17	28,693	29,397	15,375
Lease liability	22	44	—	—
Corporation tax	11	—	—	66
<b>Total current liabilities</b>		<b>28,811</b>	<b>29,397</b>	<b>16,999</b>
Deferred tax	18	13	—	—
Lease liability	22	126	214	—
<b>Total non-current liabilities</b>		<b>139</b>	<b>214</b>	<b>—</b>
<b>Total liabilities</b>		<b>28,950</b>	<b>29,611</b>	<b>16,999</b>
<b>Total net assets</b>		<b>10,903</b>	<b>8,404</b>	<b>6,759</b>

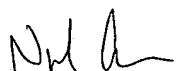
The notes on pages 24 to 54 form part of these financial statements.

**Tangent Trading Limited****STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022 (CONTINUED)**

		2022	2021	As at 1 January 2021
	Notes	£'000	£'000	£'000
<b>Equity</b>				
Share capital	20	11	11	11
Retained earnings	21	10,883	8,384	6,739
Capital redemption reserve		9	9	9
<b>Total equity</b>		<b>10,903</b>	<b>8,404</b>	<b>6,759</b>

The notes on pages 24 to 54 form part of these financial statements.

The financial statements on pages 18 to 54 were approved and authorised for issue by the Board of Directors on 26 September 2023 and signed on its behalf by:



N G W Grace  
Director  
Registration Number: 1900671  
26 September 2023

**Tangent Trading Limited****STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2022**

	Notes	Share capital £'000	Retained earnings £'000	Capital redemption reserve £'000	Total £'000
At 1 January 2021		11	6,739	9	6,759
Profit for the period		—	1,645	—	1,645
<b>At 31 December 2021 and 1 January 2022</b>		<b>11</b>	<b>8,384</b>	<b>9</b>	<b>8,404</b>
Profit for the period		—	2,499	—	2,499
<b>At 31 December 2022</b>		<b>11</b>	<b>10,883</b>	<b>9</b>	<b>10,903</b>

The notes on pages 24 to 54 form part of these financial statements.

**Tangent Trading Limited**  
**STATEMENT OF CASH FLOW**  
**AS AT 31 DECEMBER 2022**

		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Profit before tax		2,852	2,035
<b>Adjustment to reconcile profit before tax to net cash flows:</b>			
Depreciation of property, plant and equipment	14	27	9
Amortisation of intangible assets	13	2	1
Depreciation of right-of-use assets	22	40	14
Finance income	9	(13)	—
Interest expense on lease liability	9	8	3
Loss on disposal of property, plant and equipment	14	10	11
<b>Operating cash flows before changes in working capital</b>		<b>2,926</b>	<b>2,073</b>
<b>Working capital adjustments:</b>			
Increase in trade and other receivables and prepayments		(7,332)	(812)
Increase / (decrease) in trade and other payables		(704)	14,084
Decrease / (increase) in derivative instruments – assets		666	(1,241)
Increase / (decrease) in derivative instruments – liabilities		74	(983)
Decrease / (increase) in inventory		8,852	(9,286)
<b>Cash inflow from operating activities</b>		<b>4,482</b>	<b>3,835</b>
Corporation tax paid		(652)	(477)
<b>Net cash inflow from operating activities</b>		<b>3,830</b>	<b>3,358</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	14	(30)	(71)
Purchase of intangibles		—	(4)
Interest received		13	—
<b>Net cash outflow from investing activities</b>		<b>(17)</b>	<b>(75)</b>
<b>Financing activities</b>			
Payment of lease liabilities	22	(42)	—
<b>Net cash outflow from financing activities</b>		<b>(42)</b>	<b>—</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,771</b>	<b>3,283</b>
<b>Cash and cash equivalents</b>			
Cash available on demand at 1 January		5,108	1,825
Increase in cash		3,771	3,283
<b>Cash and cash equivalents at 31 December</b>		<b>8,879</b>	<b>5,108</b>
Represented by:			
<b>Cash at bank available on demand</b>		<b>8,879</b>	<b>5,108</b>

The notes on pages 24 to 54 form part of these financial statements.

**Tangent Trading Limited**  
**STATEMENT OF CASH FLOW**  
**AS AT 31 DECEMBER 2022 (CONTINUED)**

<b>Prior year</b>		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Profit before tax		2,035	1,512
<b>Adjustment to reconcile profit before tax to net cash flows:</b>			
Depreciation of property, plant and equipment	14	9	7
Amortisation of intangible assets	13	1	—
Depreciation of right-of-use assets	22	14	—
Loss on disposal of investment	9	—	5
Interest expense on lease liability	9	3	—
Loss on disposal of property, plant and equipment	14	11	6
<b>Operating cash flows before changes in working capital</b>		<b>2,073</b>	<b>1,530</b>
<b>Working capital adjustments:</b>			
(Increase) / decrease in trade and other receivables and prepayments		(812)	19,766
(Decrease) / increase in trade and other payables		14,084	(1,258)
Increase in derivative instruments – assets		(666)	—
(Decrease) / increase in derivative instruments – liabilities		(1,558)	1,558
Increase in inventory		(9,286)	(6,416)
<b>Cash inflow from operating activities</b>		<b>3,835</b>	<b>15,180</b>
Corporation tax paid		(477)	(413)
<b>Net cash inflow from operating activities</b>		<b>3,358</b>	<b>14,767</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	14	(71)	(8)
Purchase of intangibles	13	(4)	—
<b>Net cash outflow from investing activities</b>		<b>(75)</b>	<b>(8)</b>
<b>Financing activities</b>			
Dividend payment		—	(15,900)
<b>Net cash outflow from financing activities</b>		<b>—</b>	<b>(15,900)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>3,283</b>	<b>(1,141)</b>
<b>Cash and cash equivalents</b>			
Cash available on demand at 1 January		1,825	2,966
Increase / (decrease) in cash		3,283	(1,141)
<b>Cash and cash equivalents at 31 December</b>		<b>5,108</b>	<b>1,825</b>
Represented by:			
<b>Cash at bank available on demand</b>		<b>5,108</b>	<b>1,825</b>

The notes on pages 24 to 54 form part of these financial statements.



**1 GENERAL INFORMATION**

Tangent Trading Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is 155 Bishopsgate, London, EC2M 3TQ. The principal activities of the Company and the nature of the Company's operations are set out in Note 5 and in the Strategic Report.

References to the 'Group' are to the group of companies headed by Marex Group plc, of which Tangent Trading Limited is a part.

The Company financial statements are presented in Great British Pounds ('GBP') which is also the currency of the primary economic environment in which the Company operates.

**2 ADOPTION OF NEW AND REVISED STANDARDS**

**(a) Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit and loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the Statement of Comprehensive Income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)****(a) Amendments to IFRSs that are mandatorily effective for the current year (continued)**IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

**(b) New and revised IFRSs in issue, but not yet effective**

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued, but are not yet effective and, in some cases, had not yet been adopted:

Amendment to IAS 1	Clarification in the definition of current and non-current liabilities, effective on or after 1 January 2023.
IFRS 17: Insurance contracts	Application of IFRS 17 to insurance contracts, replacing IFRS 4 and sets out principles for the recognition, presentation and disclosure of insurance contracts within the scope of IFRS 17. Effective on or after 1 January 2023.
Amendments to IFRS 4	Extension to the temporary exemption from applying IFRS 9. Effective 1 January 2023.
Amendments to IAS 1 and IFRS Practice Statement 2	Introduction of disclosure requirements of material accounting policies. Effective on or after 1 January 2023.
Amendments to IAS 12	Clarification to the accounting treatment of deferred tax assets arising from a single transaction. Effective on or after 1 January 2023.
Amendments to IAS 8	Update to definition of accounting estimates. Effective on or after 1 January 2023.
Amendments to IFRS10 and IAS 28	Update to treatment of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The effective date of the amendments has yet to be set by the IASB.

Whilst the directors do not expect that the adoption of the above standards will have a material impact on the Company's financial statements, owing to the fact that the majority of these standards are due for implementation significantly into the future, the precise impact of implementation is unknown, and the directors do not intend to adopt the standards early.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of accounting**

The financial statements of the Company have been prepared for the first time in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the IFRS Interpretations Committee ('IFRIC') as endorsed by the United Kingdom Endorsement Board ('UKEB').

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The disclosures required by IFRS 1 'First-time Adoption of International Financial Reporting Standards' concerning the transition from Financial Reporting Standard 102 to IFRS are provided in note 26. The principal accounting policies adopted are set out below.

**(b) Going concern**

In considering going concern, the directors have reviewed the capital, liquidity and financial position of the Company and concluded that the going concern basis is still appropriate. As a part of this conclusion the directors took into consideration the financial impact of the Russian war in Ukraine (including the resulting volatility in the markets and resulting increased levels of counterparty and operational risks), Covid-19, and the potential impact on the capital, liquidity and financial performance as noted within the Group's pandemic stress tests. The results of the stress tests highlighted that the Group and the Company have sufficient capital and liquidity to satisfy their regulatory requirements. As funding is managed on a Group basis the directors considered the Group stress tests in determining their assessment for the Company. At the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue to satisfy its regulatory obligations as well as its liabilities for the foreseeable future. Thus, the Company continues to adopt the going concern basis of accounting in preparing these financial statements.

**(c) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts and volume rebates granted by the Company.

The Company generates revenue from:

- Market making revenues are where the Company acts as the principal, typically recognised on a fair value basis whereby movements in fair values of the positions are recognised in the income statement.

Financial instruments held for trading purposes are fair valued and subsequent gains and losses are recognised in the Statement of Profit and Loss.

**(d) Finance income and expense**

Finance income is earned on balances held at exchanges, clearing houses, banks and brokers, and on overdrawn client balances. Finance expenses are paid on overdrawn accounts with brokers and exchanges, client and counterparty balances and short-term borrowings. Finance income and expenses are recognised on an amortised cost basis using the effective interest rate ('EIR') method.

Interest income earned on balances held at exchanges, clearing houses, brokers and on overdrawn client balances is included in Clearing revenue.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Foreign currency translation**

The Company financial statements are presented in Great British Pounds ('GBP'), which is also the currency of the primary economic environment (the functional currency) and the presentational currency of the Company.

Transactions entered into by the Company in a currency other than GBP are recorded at the rates prevailing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of monetary assets and liabilities are similarly recognised immediately in the Statement of Profit and Loss.

**(f) Employee benefits**

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

Retirement benefits: defined contribution schemes

The Company operates defined contribution pension schemes. Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions.

**(g) Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**3 SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)**

**(g) Taxation (continued)**

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**(h) Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and any accumulated impairment losses.

As well as the purchase price, cost includes the directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvements	over the remaining length of the lease or 20% per annum straight-line, where appropriate
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Computer equipment	20% to 50% per annum straight-line
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Furniture, fixtures and fittings	20% to 50% per annum straight-line
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Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

**(i) Intangible assets**

Software

The software which is classified as an intangible asset, relates specifically to the software which is not essential to the operation of the hardware that is already capitalised on the balance sheet. Typically, this relates to hosted software solutions. This software has finite useful economic life of between 2 to 5 years and is amortised in the Statement of Profit and Loss on a straight-line basis over the period of the license.

The intangible asset relating to this software is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the Statement of Profit and Loss when the asset is derecognised.

**(j) Impairment of non-financial assets**

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The impairment test is carried out on the asset's cash generating unit (i.e., the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Where the carrying value of an asset exceeds its recoverable amount an impairment loss is recognised in the Statement of Profit and Loss.

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

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Financial instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and 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 and loss are recognised immediately in profit and loss.

Effective interest method

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and allocating interest income or expense over the relevant period. The effective interest rate ('EIR') is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet both of the following conditions and have not been designated as at fair value through profit and loss ('FVTPL') are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet both of the following conditions and have not been designated as at FVTPL are measured at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets.

The Company may make the following irrevocable election and/or designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The following accounting policies apply to the subsequent measurement of financial assets.

*Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Financial instruments (continued)**

*Amortised cost and effective interest method (continued)*

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the contrary, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

*Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition; and
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL.

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit loss ('ECL') for trade receivables. ECLs are a probability-weighted estimate of credit losses based on both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and forward-looking expectation.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

*Significant increases in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk, based on all of the following; (1) the financial instrument has a low risk of default, (2) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (3) adverse changes in economic and business conditions in the long term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Financial instruments (continued)**

Financial assets (continued)

*Significant increases in credit risk (continued)*

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria is capable of identifying significant increase in credit risk before the amount becomes past due.

*Definition of default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company) or partially.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 180 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

*Write-off policy*

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit and loss.

Impairment of financial assets

*Measurement and recognition of expected credit losses*

At the reporting date, an allowance is required for the 12 month (Stage 1) expected credit losses. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments; and
- external credit ratings where available.



**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Financial instruments (continued)**

*Impairment of financial assets (continued)*

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Company recognises an impairment gain or loss in profit and loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

*Derecognition of financial assets*

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit and loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit and loss but is transferred to retained earnings.

*Financial liabilities*

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

The Company classifies its financial liabilities into the following categories, depending on the purpose for which the liability was assumed:

- FVTPL: this category includes financial instruments held for trading. They are carried in the balance sheet at fair value with changes in fair value recognised in the Statement of Profit and Loss or in the case of changes in fair value due to own credit changes, through other comprehensive income; or
- other financial liabilities include the following items: trade and other payables which are recognised at amortised cost; and interest-bearing liabilities are subsequently measured at amortised cost using the EIR method, which ensures that any interest expense over the period to repayment is recognised at a constant rate on the balance of the liability carried in the statement of financial position.

*Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. In circumstances where a financial liability is replaced by the same lender, yet the contractual terms are substantially different or modified, the original financial liability will be derecognised at the point of contractual exchange and the new financial liability recognised.

*Offsetting of financial assets and liabilities*

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, or to realise the assets and liabilities simultaneously.

*Derivative instruments*

The Company, uses derivative financial instruments (metal option contracts). Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**(l) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits.

**(m) Inventory**

The Company has physical holdings of metal commodities for trading purposes. These are held at fair value less costs to sell and relate to the recycled metals trading division.

The cost of inventories including the changes in their fair value is recognised in the Statement of Profit and Loss within the line 'Operating expenses'.

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

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(n) Leases**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (assets including, but not limited to, tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are presented as a separate line in the statement of financial position. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Property, Property and Equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in profit and loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis and revisions to accounting estimates are recognised in the period in which the estimate is revised. Significant judgement and estimates are necessary in relation to the following matters:

- **Judgments**

There are no critical judgements that the directors have made in the process of preparing the Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**
**• Estimates**
**Day 1 Profit and Loss ('P&L') deferral**

The differences between the fair value (or model value) and the transaction price is referred to as Day 1 P&L. Significant unobservable market parameters are periodically used to determine the fair value at inception. Where significant unobservable parameters are used in the fair value, the difference between the transaction price and fair value is amortised over the life of the transaction and fully recognised when the inputs become observable or when the position is derecognised. The Company estimates these unobservable input parameters using market information and historical data.

**5 REVENUE**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Market Making	274,548	220,615
<b>Revenue</b>	<b>274,548</b>	<b>220,615</b>

**6 OPERATING EXPENSES**

Operating expenses include the following charges / (credits):

		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Staff costs	8	2,115	1,807
Costs of trade		268,165	215,755
Depreciation of property, plant and equipment	14	27	9
Depreciation of right of use asset	22	40	14
Amortisation of intangible assets	13	2	1
Management recharges - in		48	45
Foreign exchange losses		13	29

**7 AUDITOR'S REMUNERATION**

The analysis of the auditor's remuneration is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fees payable to the Company's auditor for the audit of the Company's annual accounts:</b>		
Audit of the Company's annual accounts	60	60
<b>Total audit fees</b>	<b>60</b>	<b>60</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**8 STAFF COSTS**

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Front office	5	5
Control & support	5	4
<b>Average monthly number of staff</b>	<b>10</b>	<b>9</b>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate wages and salaries	1,969	1,742
Employer's national insurance contributions and similar taxes	129	52
Short-term monetary benefits	(1)	1
Defined contribution pension cost	14	9
Apprenticeship levy	4	3
<b>Total staff costs</b>	<b>2,115</b>	<b>1,807</b>

**9 FINANCE INCOME AND EXPENSE**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Finance income</b>		
Bank interest income	11	—
Interest income on financial instruments	2	—
	<b>13</b>	<b>—</b>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Finance expense</b>		
Lease liability interest	(8)	(3)
	<b>(8)</b>	<b>(3)</b>

**10 OTHER INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Other income</b>		
R&D tax expenditure credit	9	—
	<b>9</b>	<b>—</b>

During 2022 the Group undertook a full review of activities undertaken in 2021 that would potentially qualify for HMRC's Research & Development Expenditure Credit. The result of this review is that c. \$9.3m of qualifying expenditure was identified. At the applicable rates of 13% for 2021, this has resulted in a taxable credit to Profit and loss of £9k attributable to the Company. The net of tax credit is then used to reduce Marex's UK corporation tax liability.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**11 TAXATION****(a) Tax charge**

	Notes	2022 £'000	2021 £'000
<b>Current tax</b>			
UK corporation tax on profit for the year		542	389
Adjustment in respect of prior years		(203)	—
		<b>339</b>	<b>389</b>
<b>Deferred tax</b>			
Origination and reversal of temporary differences		1	1
Adjustment in respect of prior years – other		13	—
		<b>14</b>	<b>1</b>
<b>Tax charge for the year</b>	11(b)	<b>353</b>	<b>390</b>

**(b) Reconciliation between tax charge and profit before tax**

The tax assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). This is driven by adjustments in respect of prior year tax return submissions.

Taxation for other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

	Notes	2022 £'000	2021 £'000
<b>Profit before tax</b>		<b>2,852</b>	<b>2,035</b>
Expected tax expense based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)		542	387
<b>Difference explained by:</b>			
Expenses not deductible for tax purposes		1	3
Permanent capital allowances in excess of depreciation		—	(2)
Depreciation on assets not qualifying for tax allowances		—	2
Prior year adjustments		(190)	—
<b>Tax charge for the year</b>	11(a)	<b>353</b>	<b>390</b>

**12 DIVIDENDS PAID AND PROPOSED**

No dividends were paid or proposed during the year ended 31 December 2022 (2021: nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**13 INTANGIBLE ASSETS****Current year**

	<b>Software £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 1 January 2021	—	—
Additions	4	4
<b>At 31 December 2021 and 31 December 2022</b>	<b>4</b>	<b>4</b>

**Impairment provisions and amortisation**

At 1 January 2021	—	—
Charge for the year	1	1
<b>At 31 December 2021</b>	<b>1</b>	<b>1</b>
Charge for the year	2	2
<b>At 31 December 2022</b>	<b>3</b>	<b>3</b>

**Net book value**

<b>At 31 December 2022</b>	<b>1</b>	<b>1</b>
At 31 December 2021	3	3

**Prior year**

	<b>Software £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 1 January 2020 and 31 December 2020	—	—
Additions	4	4
<b>At 31 December 2021</b>	<b>4</b>	<b>4</b>

**Impairment provisions and amortisation**

At 1 January 2020 and 31 December 2020	—	—
Charge for the year	1	1
<b>At 31 December 2021</b>	<b>1</b>	<b>1</b>

**Net book value**

<b>At 31 December 2021</b>	<b>3</b>	<b>3</b>
At 31 December 2020	—	—

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**14 PROPERTY, PLANT AND EQUIPMENT**

	<b>Leasehold improvements £'000</b>	<b>Computer equipment £'000</b>	<b>Furniture, fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2021	—	59	98	157
Additions	36	14	21	71
Disposals	—	(57)	(77)	(134)
<b>At 1 January 2022</b>	<b>36</b>	<b>16</b>	<b>42</b>	<b>94</b>
Additions	12	18	—	30
Disposals	—	—	(23)	(23)
<b>At 31 December 2022</b>	<b>48</b>	<b>34</b>	<b>19</b>	<b>101</b>
<b>Depreciation</b>				
At 1 January 2021	—	56	80	136
Charge for the year	2	3	4	9
Disposals	—	(57)	(66)	(123)
<b>At 1 January 2022</b>	<b>2</b>	<b>2</b>	<b>18</b>	<b>22</b>
Charge for the year	9	18	—	27
Disposals	—	—	(13)	(13)
<b>At 31 December 2022</b>	<b>11</b>	<b>20</b>	<b>5</b>	<b>36</b>
<b>Net book value</b>				
<b>At 31 December 2022</b>	<b>37</b>	<b>14</b>	<b>14</b>	<b>65</b>
At 31 December 2021	34	14	24	72

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**14 PROPERTY, PLANT AND EQUIPMENT (Continued)**

Prior year	Leasehold improvements £'000	Computer equipment £'000	Furniture, fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 2020	—	57	92	35	184
Additions	—	2	6	—	8
Disposals	—	—	—	(35)	(35)
<b>At 1 January 2021</b>	<b>—</b>	<b>59</b>	<b>98</b>	<b>—</b>	<b>157</b>
Additions	36	14	21	—	71
Disposals	—	(57)	(77)	—	(134)
<b>At 31 December 2021</b>	<b>36</b>	<b>16</b>	<b>42</b>	<b>—</b>	<b>94</b>
<b>Depreciation</b>					
At 1 January 2020	—	53	77	27	157
Charge for the year	—	3	3	1	7
Disposals	—	—	—	(28)	(28)
<b>At 1 January 2021</b>	<b>—</b>	<b>56</b>	<b>80</b>	<b>—</b>	<b>136</b>
Charge for the year	2	3	4	—	9
Disposals	—	(57)	(66)	—	(123)
<b>At 31 December 2021</b>	<b>2</b>	<b>2</b>	<b>18</b>	<b>—</b>	<b>22</b>
<b>Net book value</b>					
<b>At 31 December 2021</b>	<b>34</b>	<b>14</b>	<b>24</b>	<b>—</b>	<b>72</b>
At 31 December 2020	—	3	18	—	21

**15 INVENTORY**

	2022 £'000	2021 £'000	1 January 2021 £'000
Scrap metals	6,850	15,702	6,416
<b>Total inventories at fair value less cost to sell</b>	<b>6,850</b>	<b>15,702</b>	<b>6,416</b>

All inventories are held at fair value less cost to sell.



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

## 16 TRADE AND OTHER RECEIVABLES

	2022	2021	As at 1 January 2021
	£'000	£'000	£'000
Trade debtors	21,990	14,921	14,243
Amounts due from group undertakings	—	—	—
Social security and other taxation	1,434	1,172	1,154
Prepayments	154	153	99
	<b>23,578</b>	<b>16,246</b>	<b>15,496</b>

(a) Ageing of past due, but not impaired, trade debtors

	2022	2021	As at 1 January 2021
	£'000	£'000	£'000
Less than 30 days	20,999	12,875	14,243
31 to 60 days	758	1,082	—
61 to 90 days	—	942	—
91 to 120 days	233	22	—
	<b>21,990</b>	<b>14,921</b>	<b>14,243</b>

## 17 TRADE AND OTHER PAYABLES

	2022	2021	As at 1 January 2021
	£'000	£'000	£'000
Trade payables	9,054	6,123	4,487
Amounts due to group undertakings	14,160	20,454	9,649
Other tax and social security taxes	328	315	20
Other creditors	2,840	924	63
Accruals	2,311	1,581	1,156
	<b>28,693</b>	<b>29,397</b>	<b>15,375</b>

The Directors consider that the carrying amount of trade and other payables is not materially different to its fair value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**18 DEFERRED TAX**

	2022	2021	As at 1 January
	£'000	£'000	2021
			£'000
Depreciation in excess of capital allowances	(13)	1	—
<b>31 December</b>	<b>(13)</b>	<b>1</b>	<b>—</b>

	2022	2021	As at 1 January
	£'000	£'000	2020
			£'000
At 1 January	1	—	—
Charged to the Statement of Profit or Loss (Note 11(a))	(14)	1	—
<b>31 December</b>	<b>(13)</b>	<b>1</b>	<b>—</b>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

The Finance Act 2021, enacted on 10 June 2021, increases the headline rate of UK corporation tax from 19% to 25% from 1 April 2023. UK deferred tax assets and liabilities have been recognised at 25% where they are expected to unwind after 1 April 2023.

**19 DERIVATIVE INSTRUMENTS**

Derivative assets and derivative liabilities comprise of exchange traded and over-the-counter foreign exchange, precious metal, agriculture and energy contracts.

	2022	2021	As at 1 January
	£'000	£'000	2021
			£'000
<b>Financial assets</b>			
Held for trading derivatives carried at fair value through profit or loss ('FVTPL') that are not designated in hedge accounting relationships:			
Metal option contracts	—	666	—
	—	666	—

	2022	2021	As at 1 January
	£'000	£'000	2021
			£'000
<b>Financial liabilities</b>			
Held for trading derivatives carried at fair value through profit or loss ('FVTPL') that are not designated in hedge accounting relationships:			
Metal option contracts	74	-	1,558
	74	-	1,558

**20 SHARE CAPITAL**

	Issued and fully paid		Issued and fully paid	
	2022	2022	2021	2021
	Number	£'000	Number	£'000
Ordinary shares of £1 each	10,536	11	10,536	11
	<b>10,536</b>	<b>11</b>	<b>10,536</b>	<b>11</b>

The rights of the shares are as follows:

Class of share	Rights
Ordinary shares	Full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**21 RESERVES**

The following describes the nature and purpose of each reserve within total equity:

<b>Reserves</b>	<b>Description</b>
Share capital	Amount subscribed for share capital at nominal value.
Retained earnings	Cumulative net gains and losses recognised in the Statement of Profit and Loss or Statement of Other Comprehensive Income.
Capital redemption	Amounts relating to the redemption or purchase of a company's own shares out of distributable profits.

**22 LEASES**

Lease liabilities and right-of-use assets

	<b>Right of use asset</b>	<b>Right of use asset</b>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Right of use assets:</b>		
<b>As at 1 January:</b>	197	211
Depreciation charged to Statement of Profit or Loss	(40)	(14)
Adjustment	(10)	—
<b>31 December</b>	<b>147</b>	<b>197</b>
	<b>Right of use asset</b>	<b>Right of use asset</b>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Right of use assets:</b>		
<b>As at 1 January:</b>	211	—
Depreciation charged to Statement of Profit or Loss	(14)	—
<b>31 December</b>	<b>197</b>	<b>—</b>
	<b>Lease liability</b>	<b>Lease liability</b>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Lease liabilities:</b>		
<b>As at 1 January:</b>	214	211
Interest expense charged to Statement of Profit or Loss	8	3
Payment of lease liabilities	(42)	—
Adjustment	(10)	—
<b>At 31 December:</b>	<b>170</b>	<b>214</b>
	<b>Lease liability</b>	<b>Lease liability</b>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Lease liabilities:</b>		
<b>As at 1 January:</b>	211	—
Interest expense charged to Statement of Profit or Loss	3	—
<b>At 31 December:</b>	<b>214</b>	<b>—</b>

All leasing contracts and associated assets and liabilities relate to office space. Other Operating lease expenses including service charges, utilities, property insurance and maintenance amounted to £27,994 during 2022 (2021: £37,618). The adjustment in the right of use asset and lease liability is related to a lease payment in prior year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**23 FINANCIAL INSTRUMENTS**
Capital risk management

For the purpose of the Company's capital management, capital includes issued share capital and all other equity reserves attributable to the equity holders of the Company as disclosed in notes 20 and 21. The primary objective of the Company's capital management is to maximise shareholder value.

No changes were made in objectives, policies or processes for managing capital during the year.

**(a) Categories of financial instruments**

Set out below is an analysis of the Company categories of financial assets as at 31 December and 1 January.

	<b>FVTPL</b>	<b>Amortised cost</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets:</b>			
Cash and cash equivalents	—	8,879	8,879
Trade debtors	—	21,990	21,990
Inventory	6,850	—	6,850
<b>31 December 2022</b>	<b>6,850</b>	<b>30,869</b>	<b>37,719</b>
	<b>FVTPL</b>	<b>Amortised cost</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets:</b>			
Cash and cash equivalents	—	5,108	5,108
Trade debtors	—	14,921	14,921
Derivative instruments	666	—	666
Inventory	15,702	—	15,702
<b>31 December 2021</b>	<b>16,368</b>	<b>20,029</b>	<b>36,397</b>
	<b>FVTPL</b>	<b>Amortised cost</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets:</b>			
Cash and cash equivalents	—	1,825	1,825
Trade debtors	—	14,243	14,243
Inventory	6,416	—	6,416
<b>1 January 2021</b>	<b>6,416</b>	<b>16,068</b>	<b>22,484</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**23 FINANCIAL INSTRUMENTS (CONTINUED)**
**(a) Categories of financial instruments (continued)**

Set out below is an analysis of the Company's categories of financial liabilities as at 31 December and 1 January.

	<b>FVTPL £'000</b>	<b>Amortised cost £'000</b>	<b>Total £'000</b>
<b>Financial liabilities:</b>			
Trade payables	—	9,054	9,054
Amounts due to group undertakings	—	14,160	14,160
Derivative instruments	74	—	74
Other creditors	—	2,840	2,840
Lease liability	—	170	170
<b>31 December 2022</b>	<b>74</b>	<b>26,224</b>	<b>26,298</b>

	<b>FVTPL £'000</b>	<b>Amortised cost £'000</b>	<b>Total £'000</b>
<b>Financial liabilities:</b>			
Trade payables	—	6,123	6,123
Amounts due to group undertakings	—	20,454	20,454
Other creditors	—	924	924
Lease liability	—	214	214
<b>31 December 2021</b>	<b>-</b>	<b>27,715</b>	<b>27,715</b>

	<b>FVTPL £'000</b>	<b>Amortised cost £'000</b>	<b>Total £'000</b>
<b>Financial liabilities:</b>			
Trade payables	—	4,487	4,487
Amounts due to group undertakings	—	9,649	9,649
Derivative instruments	1,558	—	1,558
Other creditors	—	63	63
<b>1 January 2021</b>	<b>1,558</b>	<b>14,199</b>	<b>15,757</b>

**(b) Financial risk management objectives**

The Company's activities expose it to a number of financial risks including market risk, operational risk, credit risk and liquidity risk as discussed in the Strategic Report.

The Company manages these risks through various control mechanisms and its approach to risk management is both prudent and evolving.

Overall responsibility for risk management rests with the Board. Dedicated resources within the Risk Department control and manage the exposures of the Company's own positions, the positions of its clients and its exposures to its counterparties as well as operational exposures, within the risk appetite set by the Board.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**23 FINANCIAL INSTRUMENTS (CONTINUED)**
**(b) Financial risk management objectives (continued)**
Credit risk

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date. Credit risk in the Company principally arises from cash and cash equivalents deposited with third party institutions, exposures from transactions and balances with exchanges and clearing houses, and exposures resulting from transactions and balances relating to customers and counterparties, some of which have been granted credit lines.

The Company only makes treasury deposits with banks and financial institutions that have received approval from the Group's Executive Credit and Risk Committee. These deposits are also subject to counterparty limits with respect to concentration and maturity.

Credit quality

The table below does not take into account collateral held. All collateral held is in the form of cash received from clients.

	2022	2021	1 January 2021
	£'000	£'000	£'000
BBB	8,879	5,108	1,825
Lower and unrated	21,990	16,162	14,243
	<b>30,869</b>	<b>21,270</b>	<b>16,068</b>

The Company's activities expose it to financial risks primarily generated through foreign exchange, interest rate and commodity market price exposures which are outlined in the Strategic Report.

Foreign currency risk

The Company's policy is to minimise volatility as a result of the translation of foreign currency exposure. As such management monitors currency exposure on a daily basis and buys or sells currency to minimise the exposure, in addition to the hedging of material future dated GBP commitments through the use of derivative instruments. It is the policy of the Company to enter into foreign exchange forward contracts to cover these specific future dated GBP commitments.

Interest rate risk

The Company is exposed to interest rate risk on cash, and derivatives. The main interest rate risk is derived from interest-bearing deposits in which the Company invests surplus funds and bank borrowings.

The Company's exposure to interest rate fluctuations is limited through the offset that exists between the bulk of its interest bearing assets and interest bearing liabilities. Since the return paid on client liabilities is generally reset to prevailing market interest rates on an overnight basis, the Company is only exposed for the time it takes to reset its investments which are held at rates fixed for a maturity which does not exceed three months, with the exception of US Treasuries which have a maturity of up to two years.

Operational risk

Operational risk is the risk of loss arising through failures associated with personnel, processes or systems, or from external events. It is inherent in every business organisation and covers a wide spectrum of issues. Operational risk is managed through systems and procedures in which processes are documented, authorisation is independent, and transactions are monitored and reconciled. Treasury systems and other systems were updated during 2021 to fully manage the transition to alternative benchmark rates though there is a risk that not all systems were identified and updated. To mitigate this the Company has plans in place for alternate manual procedures with relevant controls to address any issues that arise.

The Company maintains disaster recovery or contingency facilities to support operations and ensure business continuity. The invocation of these facilities is regularly tested.

Compliance or Regulatory risk arises from a failure or inability to comply with the laws, regulations or codes applicable specifically to the Company. Non-compliance can lead to fines, public reprimands, enforced suspensions of services, or in extreme cases, withdrawal of authorisation to operate.

Liquidity risk

The Company defines liquidity risk as the failure to meet its day-to-day capital and cash flow requirements. Liquidity risk is assessed and managed under the Individual Capital and Risk Assessment (ICARA) and Liquidity Risk Framework. To mitigate liquidity risk, the Company has implemented robust cash management policies and procedures that monitor liquidity daily to ensure that the Company has sufficient resources.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**23 FINANCIAL INSTRUMENTS (CONTINUED)**
**(b) Financial risk management objectives (continued)**
**Liquidity risk (continued)**

The following table details the Company's expected undiscounted contractual maturity for non-derivative financial liabilities. Lease liabilities are undiscounted and contractual.

	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
Trade payables	—	9,054	—	—	9,054
Amounts due to group undertakings	14,160	—	—	—	14,160
Other creditors	—	2,840	—	—	2,840
Lease liability	—	12	37	136	185
Derivatives	—	74	—	—	74
<b>At 31 December 2022</b>	<b>14,160</b>	<b>11,980</b>	<b>37</b>	<b>136</b>	<b>26,313</b>
	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
Trade payables	—	6,123	—	—	6,123
Amounts due to group undertakings	20,454	—	—	—	20,454
Other creditors	—	924	—	—	924
Lease liability	—	12	37	185	234
<b>At 31 December 2021</b>	<b>20,454</b>	<b>7,059</b>	<b>37</b>	<b>185</b>	<b>27,735</b>
	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
Trade payables	—	4,487	—	—	4,487
Amounts due to group undertakings	9,649	—	—	—	9,649
Other creditors	—	63	—	—	63
Derivatives	—	1,558	—	—	1,558
<b>At 1 January 2021</b>	<b>9,649</b>	<b>6,108</b>	<b>—</b>	<b>—</b>	<b>15,757</b>

Shown below is the Company's expected undiscounted contractual maturity for non-derivative financial assets:

	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
Cash and cash equivalents	8,879	—	—	—	8,879
Trade debtors	—	21,990	—	—	21,990
Inventory	—	6,850	—	—	6,850
<b>At 31 December 2022</b>	<b>8,879</b>	<b>28,840</b>	<b>—</b>	<b>—</b>	<b>37,719</b>
	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
Cash and cash equivalents	5,108	—	—	—	5,108
Trade debtors	—	14,921	—	—	14,921
Derivative instruments	—	611	55	—	666
Inventory	—	15,702	—	—	15,702
<b>At 31 December 2021</b>	<b>5,108</b>	<b>31,234</b>	<b>55</b>	<b>—</b>	<b>36,397</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**23 FINANCIAL INSTRUMENTS (CONTINUED)**
**(b) Financial risk management objectives (continued)**
Asset Liquidity risk (continued)

	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
Cash and cash equivalents	1,825	—	—	—	1,825
Trade debtors	—	14,243	—	—	14,243
Inventory	—	6,416	—	—	6,416
<b>At 1 January 2021</b>	<b>1,825</b>	<b>20,659</b>	<b>—</b>	<b>—</b>	<b>22,484</b>

Both assets and liabilities are included to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

The following table details the Company's expected contractual maturity for derivative financial assets and derivative financial liabilities:

	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
<b>Derivative instruments</b>					
Assets	—	—	—	—	—
Liabilities	—	74	—	—	74
<b>At 31 December 2022</b>	<b>—</b>	<b>74</b>	<b>—</b>	<b>—</b>	<b>74</b>
	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
<b>Derivative instruments</b>					
Assets	—	611	55	—	1,241
Liabilities	—	—	—	—	—
<b>At 31 December 2021</b>	<b>—</b>	<b>611</b>	<b>55</b>	<b>—</b>	<b>666</b>
	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
<b>Derivative instruments</b>					
Assets	—	—	—	—	—
Liabilities	—	(1,558)	—	—	(1,558)
<b>At 1 January 2021</b>	<b>—</b>	<b>(1,558)</b>	<b>—</b>	<b>—</b>	<b>(1,558)</b>

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**23 FINANCIAL INSTRUMENTS (CONTINUED)**
**(b) Financial risk management objectives (continued)**
Fair value measurement (continued)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities – FVTPL:</b>				
Derivative instruments	74	—	—	74
<b>At 31 December 2022</b>	<b>74</b>	<b>—</b>	<b>—</b>	<b>74</b>
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets – FVTPL:</b>				
Derivative instruments	666	—	—	666
<b>At 31 December 2021</b>	<b>666</b>	<b>—</b>	<b>—</b>	<b>666</b>
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities – FVTPL:</b>				
Derivative instruments	1,558	—	—	1,558
<b>At 1 January 2021</b>	<b>1,558</b>	<b>—</b>	<b>—</b>	<b>1,558</b>

**24 RELATED PARTY TRANSACTIONS**
**(a) Parent and ultimate controlling party**

The immediate parent undertaking is Tangent Trading Holdings Limited, a limited company incorporated in England and Wales. These consolidated financial statements are available from its registered office at 155 Bishopsgate, London, EC2M 3TQ.

In the Directors' opinion, the ultimate parent and ultimate controlling party of the Company is Amphytrion Limited, a company incorporated in Jersey, Channel Islands.

**(b) Key Management Personnel**

The remuneration paid to key management personnel for their services to the Company was as follows:

	2022 £'000	2021 £'000
Aggregate wages and salaries	1,157	944
Short-term monetary benefits	5	6
Defined contribution pension cost	1	10
	<b>1,163</b>	<b>960</b>

The remuneration of the highest paid director for their services to the Company was £967,442 (2021: £604,743). As at 31 December 2022, there were no directors in the Company's defined contribution pension scheme (2021: 3).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**24 RELATED PARTY TRANSACTIONS (Continued)**
**(c) Related party transactions**

	Amounts owed to related parties 2022 £'000	Amounts owed to related parties 2021 £'000	Amounts included in operating profits 2022 £'000	Amounts included in operating profits 2021 £'000
Marex Group plc	—	—	48	45
Marex Financial	(14,160)	(20,545)	—	—
	<b>(14,160)</b>	<b>(20,545)</b>	<b>48</b>	<b>45</b>

All balances owed to and from related parties listed above are repayable on demand.

**25 EVENTS AFTER BALANCE SHEET**

No events have taken place between 31st December 2022 and the date of release of this report which would have a material impact on either the financial position or operating results of the Company.

**26 FIRST-TIME ADOPTION OF IFRS**

The Company financial statements have been prepared for the first time in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The results for the comparative periods have been restated under IFRS with amendments with the date of transition being 1 January 2021.

This note explains the principal adjustments made by the Company in restating its local GAAP financial statements, including the statement of financial position as at 1 January 2021 and 31 December 2021.

**Exemptions applied**

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Company has applied the following exemptions:

- Cumulative currency translation differences for all foreign operations are deemed to be zero at 1 January 2021.
- Certain items of property, plant and equipment have been measured at fair value at the date of transition to IFRS.
- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2021. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2021. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**26 FIRST-TIME ADOPTION OF IFRS (CONTINUED)**
**Company reconciliation of equity as at 1 January 2021 (date of transition to IFRS)**

	<b>FRS 102</b>	<b>Reclassification &amp; remeasurements</b>	<b>IFRS as at 1 January 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	21	—	21
<b>Total non-current assets</b>	<b>21</b>	<b>—</b>	<b>21</b>
<b>Current assets</b>			
Inventory	—	6,416	6,416
Trade and other receivables and prepayments	19,645	(4,149)	15,496
Corporation tax	365	(365)	—
Cash and cash equivalents	1,825	—	1,825
<b>Total current assets</b>	<b>21,835</b>	<b>1,902</b>	<b>23,737</b>
<b>Total assets</b>	<b>21,856</b>	<b>1,902</b>	<b>23,758</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Derivatives	—	1,558	1,558
Corporation tax	431	(365)	66
Trade and other payables	14,907	468	15,375
<b>Total current liabilities</b>	<b>15,338</b>	<b>1,661</b>	<b>16,999</b>
<b>Total net assets</b>	<b>6,518</b>	<b>241</b>	<b>6,759</b>
<b>Equity</b>			
Share capital	11	—	11
Retained earnings	6,498	241	6,739
Other reserves	9	—	9
<b>Total equity</b>	<b>6,518</b>	<b>241</b>	<b>6,759</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**26 FIRST-TIME ADOPTION OF IFRS (CONTINUED)**
**Company reconciliation of equity as at 31 December 2021**

	FRS 102	Reclassification & remeasurements	IFRS as at 31 December 2021
	£'000	£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use asset	—	197	197
Intangible assets	3	—	3
Property, plant and equipment	72	—	72
Deferred tax	—	1	1
<b>Total non-current assets</b>	<b>75</b>	<b>198</b>	<b>273</b>
<b>Current assets</b>			
Inventory	—	15,702	15,702
Derivatives	—	666	666
Trade and other receivables and prepayments	30,249	(14,003)	16,246
Corporation tax	272	(252)	20
Cash and cash equivalents	5,108	—	5,108
<b>Total current assets</b>	<b>35,629</b>	<b>2,113</b>	<b>37,742</b>
<b>Total assets</b>	<b>35,704</b>	<b>2,311</b>	<b>38,015</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Derivatives	—	—	—
Corporation tax	—	—	—
Trade and other payables	28,610	787	29,397
<b>Total current liabilities</b>	<b>28,610</b>	<b>787</b>	<b>29,397</b>
<b>Non-current liabilities</b>			
Lease liability	—	214	214
<b>Total non-current liabilities</b>	<b>—</b>	<b>214</b>	<b>214</b>
<b>Total liabilities</b>	<b>28,610</b>	<b>1,001</b>	<b>29,611</b>
<b>Total net assets</b>	<b>7,094</b>	<b>1,310</b>	<b>8,404</b>
<b>Equity</b>			
Share capital	11	—	11
Retained earnings	7,074	1,310	8,384
Other reserves	9	—	9
<b>Total equity</b>	<b>7,094</b>	<b>1,310</b>	<b>8,404</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**26 FIRST-TIME ADOPTION OF IFRS (continued)**
**Company reconciliation of total comprehensive income for the year ended 31 December 2020**

	<b>FRS 102</b>	<b>Reclassification &amp; remeasurements</b>	<b>IFRS</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue	90,907	9	90,916
Operating expenses	(89,430)	232	(89,198)
<b>Operating profit before tax</b>	<b>1,477</b>	<b>241</b>	<b>1,718</b>
Finance income	35	—	35
<b>Profit before taxation</b>	<b>1,512</b>	<b>241</b>	<b>1,753</b>
Tax	(333)	—	(333)
<b>Profit after taxation</b>	<b>1,179</b>	<b>241</b>	<b>1,420</b>

**Company reconciliation of total comprehensive income for the year ended 31 December 2021**

	<b>FRS 102</b>	<b>Reclassification &amp; remeasurements</b>	<b>IFRS</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue	198,394	22,221	220,615
Operating expenses	(197,679)	(20,898)	(218,577)
<b>Operating profit before tax</b>	<b>715</b>	<b>1,323</b>	<b>2,038</b>
Finance expense	—	(3)	(3)
<b>Profit before taxation</b>	<b>715</b>	<b>1,320</b>	<b>2,035</b>
Tax	(139)	(251)	(390)
<b>Profit after taxation</b>	<b>576</b>	<b>1,069</b>	<b>1,645</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**26 FIRST-TIME ADOPTION OF IFRS (continued)**
**Company reconciliation of statement of cash flows for the year ended 31 December 2020**

	<b>FRS 102</b>	<b>Reclassification &amp; remeasurements</b>	<b>IFRS</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Profit before taxation	1,512	—	1,512
<b>Adjustments to reconcile profit before taxation to net cash flows:</b>			
Depreciation of property, plant and equipment	7	—	7
Loss on disposal of property, plant and equipment	6	—	6
Loss on disposal of investment	5	—	5
<b>Operating cash flows before changes in working capital</b>	<b>1,530</b>	<b>—</b>	<b>1,530</b>
<b>Working capital adjustments:</b>			
Decrease in trade and other receivables and prepayments	14,908	4,858	19,766
Decrease in trade and other payables	(1,258)	—	(1,258)
Increase in derivative instruments – liabilities	—	1,558	1,558
Increase in inventory	—	(6,416)	(6,416)
<b>Cash inflow from operating activities</b>	<b>15,180</b>	<b>—</b>	<b>15,180</b>
Corporation tax paid	(413)	—	(413)
<b>Net cash inflow from operating activities</b>	<b>14,767</b>	<b>—</b>	<b>14,767</b>
<b>Investing activities</b>			
Purchase of property, plant & equipment	(8)	—	(8)
<b>Net cash outflow from investing activities</b>	<b>(8)</b>	<b>—</b>	<b>(8)</b>
<b>Financing activities</b>			
Dividend payment	(15,900)	—	(15,900)
<b>Net cash outflow from financing activities</b>	<b>(15,900)</b>	<b>—</b>	<b>(15,900)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,141)</b>	<b>—</b>	<b>(1,141)</b>
<b>Cash and cash equivalents</b>			
Cash available on demand at 1 January	2,966	—	2,966
Decrease in cash	(1,141)	—	(1,141)
<b>Cash and cash equivalents at 31 December</b>	<b>1,825</b>	<b>—</b>	<b>1,825</b>
Represented by:			
<b>Cash at bank available on demand</b>	<b>1,825</b>	<b>—</b>	<b>1,825</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**
**26 FIRST-TIME ADOPTION OF IFRS (continued)**
**Company reconciliation of statement of cash flows for the year ended 31 December 2021**

	<b>FRS 102 £'000</b>	<b>Reclassification &amp; remeasurements £'000</b>	<b>IFRS £'000</b>
Profit before taxation	715	1,320	2,035
<b>Adjustments to reconcile profit before taxation to net cash flows:</b>			
Depreciation of property, plant and equipment	9	—	9
Depreciation of Right of use asset	—	14	14
Depreciation of intangibles	1	—	1
Loss on disposal of Property, plant and equipment	11	—	11
Interest expense	3	—	3
<b>Operating cash flows before changes in working capital</b>	<b>739</b>	<b>1,334</b>	<b>2,073</b>
<b>Working capital adjustments:</b>			
Decrease / (increase) in trade and other receivables and prepayments	(12,308)	11,496	(812)
Increase / (decrease) in trade and other payables	15,404	(1,320)	14,084
Increase in derivative instruments – assets	—	(666)	(666)
Decrease in derivative instruments – liabilities	—	(1,558)	(1,558)
Increase in inventory	—	(9,286)	(9,286)
<b>Cash inflow from operating activities</b>	<b>3,835</b>	<b>—</b>	<b>3,835</b>
Corporation tax paid	(477)	—	(477)
<b>Net cash inflow from operating activities</b>	<b>3,358</b>	<b>—</b>	<b>3,358</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(71)	—	(71)
Purchase of intangible assets	(4)	—	(4)
<b>Net cash outflow from investing activities</b>	<b>(75)</b>	<b>—</b>	<b>(75)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,283</b>	<b>—</b>	<b>3,283</b>
<b>Cash and cash equivalents</b>			
Cash available on demand at 1 January	1,825	—	1,825
Increase in cash	3,283	—	3,283
<b>Cash and cash equivalents at 31 December</b>	<b>5,108</b>	<b>—</b>	<b>5,108</b>
Represented by:			
<b>Cash at bank available on demand</b>	<b>5,108</b>	<b>—</b>	<b>5,108</b>