Mitsubishi UFJ Trust International Limited

Annual report and financial statements
31 December 2022

Registered number 1934008

Annual report and financial statements

Contents

Strategic report

Review of business

Mitsubishi UFJ Trust International Limited ("the Company") carries out fixed income trading with clients and counterparties in Europe, Asia-Pacific, the Middle East, Africa, North America, and Latin America from its office in London and branch office in Singapore. 2022 fixed income trading revenue remained consistent with 2021 which was driven by lower levels of market volatility.

The Company also provides securities financing services to clients to assist them in meeting their financing needs. The Company prioritises consistent access to liquidity for its clients, and to achieve this strives to maintain a broad range of counterparties to ensure diversification and is committed to strong long-term business relationships with both counterparties and clients. The securities financing business continues to make a valuable contribution (2022: £11.0m) in gross revenues for the Company (2021: £11.4m).

The directors continued to focus on cost control throughout the year, with continued specific focus on non-personnel costs. The Company aggressively manages costs, seeking value for money and savings, where appropriate, to maximise net profits.

The Company's strategic objective is to generate profits through the provision of fixed income trading and securities financing services to existing clients across global markets, whilst seeking out other low-risk business opportunities that match its low-risk appetite.

Looking forward to 2023, the Company aims to grow and has identified geographical areas where there is potential to further increase revenue from the fixed income trading business. Additionally, return to work after a long period of working from home after the pandemic restriction will enable greater customer contact, therefore the Company will continue to focus on providing a high level of customer service to its international customer base which is tailored to the individual customer's needs and developing these strong long-term relationships, including key client retention, so that the Company is well positioned to increase business when volatility in the market increases, and greater opportunities arise.

The focus for the securities financing business will be to actively seek new opportunities, including new or alternative collateral schedules, markets, counterparties, duration plans or trading platforms which can run alongside its current strategies with existing business partners. This is with the aim of enhancing balances, higher utilisation of available balances and increased profitability for its clients, whilst adhering to its low-risk appetite.

The Company will look to continue improving relationships with its clients and to provide a high level of service to be able to maximise sustainable income.

Cost control will continue to be an ongoing focus for management in 2023. This will be achieved through tight budget controls in the form of detailed budgets and effective cost management.

Key performance indicators

In the opinion of the Directors, the key performance indicators of the business, and the key information that they utilise to manage the business and assess the performance of the Company against the prior year are:

- Return on Investment ("ROI") – Target ROI for the year of 8% has not been achieved.
- Revenue from sales and trading and securities financing
    - Net gains and losses on sales and trading – increase 3.58%
    - Net fees on securities financing – decrease 3.86%
- Variable costs, in particular personnel costs
    - Increase 2.8%

- Non-personnel costs
    - Increase 6.9%
- Profitability (PBT)
    - Decrease 7.7%

Principal risks and uncertainties

The key risk within the Company is operational risk which is inherent in the Company's business activities. This is followed by credit, liquidity and market risk as determined in the Company's internal risk assessments.

The Company's risk management policies and the exposure to operational risk, credit risk, market risk and liquidity risk are set out in Note 18 of the financial statements.

The Company is also impacted by macro-economic factors and geopolitical uncertainty which largely drives market volatility. 2022 still saw a high level of cyber security threats following the normalising to hybrid working practice using remotely. However, the Company continues to take cyber threats and fraud seriously and has robust procedures in place to mitigate these risks. Additionally, the Company continues to ensure compliance with high levels of regulatory change.

The Company's Investment Firms Prudential Regime (IFPR) disclosures are published on the parent company's website (www.tr.mufg.jp/english/ourservices/administration/muti.html). Alternatively, they can be found at the registered office of the Company or obtained from the Company Secretary at the Company's registered address.

By order of the Board

R P Winters
Managing Director and Chief Executive Officer

24 Lombard Street
London EC3V 9AJ
28 March 2023

Section 172 (1) Statement

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company and in doing so had regard to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers, and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

The Company's key stakeholders are its Shareholder, Clients and Employees.

How the Board engages with stakeholders and principal decisions relating to stakeholders

Shareholder

The Board recognises the importance of effective engagement with and participation from shareholders.

The Company has been 100% owned by Mitsubishi UFJ Trust Banking Corporation ("MUTB") since its inception. The Board is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. The Board consists of 6 Directors; 2 Executive Directors and 4 Non-Executive Directors The majority of the Company's Board are senior officers of MUTB, which creates a clear path of communication between the Board and its shareholder.

The Board discusses corporate strategy, financial management, internal control, and risk management amongst other matters. MUTB have set the Company's financial targets including pre-tax profit and Return on Investment, which we monitor and reports to MUTB through Board papers. The Company is also in regular communication with MUTB through our Planning division.

The Company has a dividend policy that pays out 100% of its post-tax profits. This decision is taken in the best interests of its shareholder as the Board is satisfied that the Company has sufficient capital and cashflow to maintain and grow its current business model.

Clients

The Board understands that the Company's relationships with its clients are integral to the success of its business and endeavours to stay informed regarding important client developments.

The Company continues to focus on developing strong long-term relationships with its institutional customer base through regular and effective dialogue. Furthermore, the Company meets with its most significant clients annually to understand their needs and how satisfied they are with the service they are being provided, as a result of the pandemic where face to face meetings have not been possible meetings have been held virtually via video calls.

Due to Brexit, the Company has transferred part of its European matched principal trading business to its sister company, Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. ("MIBL") including all of the Company's associated clients. MIBL has obtained permission from the Commission de Surveillance du Secteur Financier ("CSSF") to conduct matched principal sales and trading business, which includes trading with the company as a counterparty through a transfer pricing model. The Company has maintained relation with these clients by transferring sales and trading staff to MIBL who provide a consistent level of service that these clients require.

The Chief Executive Officer ("CEO") is kept informed of feedback from clients through regular meetings with sales managers and traders. From time to time some clients also visit the Company to review our operation as part of their due diligence process. The Chief Operating Officer ("COO") often meets with major clients, in relation to its securities financing business, to obtain feedback on the Company's performance and exchange views about market outlook. The Head of Sales in London and Singapore provides an update on market activities and reports significant client relationship developments to the Executive Committee on a monthly basis. Subsequently, the Board receives regular updates on client matters from both the Chief Executive Officer and the Chief Operating Officer.

Employees

Employee engagement is essential to understand and evaluate the needs of employees and to ensure that the Company attract and retain talent. This was more challenging during the pandemic period where staff have been working from home on a full-time basis, however the Company has ensured that communication levels and interaction with employees remain a high priority. This level of employee engagement has continued during the new hybrid model of working from home part-time. This continues to be achieved through the use of high-quality IT equipment and suitable digital communication platforms along with in-person interactions.

The CEO holds regular company video calls to update staff on business, technological and general staff initiatives and policy changes. These sessions are not interactive due to the number of staff and nature of the meetings, however employees are encouraged to contact either the CEO or line management with any particular questions or commentary. In addition, the CEO has held individual meetings with all company departments which provides employees the opportunity to engage with the CEO and raise any specific questions.

Furthermore, the Human Resources department (HR) ensures that employee well-being is maintained, and any issues are addressed swiftly. HR partners with Executive Directors and line managers to ensure that there is a constant dialogue on all employee matters.

The company offered a variety of well-being initiatives during the year. Such initiatives included the delivery of snack boxes to all employees and using Microsoft Teams to host talks with motivational speakers, sessions on stretching, meditation and relaxation techniques and magic shows for the children of staff. This highlights the company's commitment to employee well-being.

In addition, all employees have the opportunity to make suggestions on an ongoing basis. Historically, in the office, this was solely communicated via an anonymous suggestions box, however, more recently, suggestions have been sought via staff surveys and direct communication. The results of which are discussed with the CEO and COO. Subsequently the board receives regular updates on staff matters and initiatives being taken.

The HR department work closely with management to develop talent through training and mentoring and work together on agreeing an appropriate succession plan for the organisation. The CEO is actively involved in recruitment across the organisation and in addition conducts monthly meetings with the senior management team to discuss the development and performance of employees.

The Company has not been able to hold the usual "off-site" meetings with sales manager and traders to discuss strategy. However, the company's salesforce is an important part of its business and as such individual salespeople are considered when making decisions or reviewing strategy.

Directors' report

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

Principal activities

Mitsubishi UFJ Trust International Limited is a wholly owned subsidiary of Mitsubishi UFJ Trust and Banking Corporation. The Principal activities of the Company are the provision of fixed income trading and securities financing services to clients across global markets.

Mitsubishi UFJ Trust International Limited is regulated by the Financial Conduct Authority in the United Kingdom and the Monetary Authority of Singapore in Singapore and is a member of The International Capital market Association ("ICMA") and The International Securities Lending Association ("ISLA").

The Company operates a branch in Singapore ("the Branch") which provides support services in respect of the financial products offered by the Company to its customers. The Branch holds a Capital Markets Services licence for dealing in securities under the Singapore Securities and Futures Act (Chapter 289) and is also an Exempt Financial Advisor under the Singapore Financial Advisors Act (Chapter 110).

The results for the year are set out below:

	2022 £	2021 £
Profit on ordinary activities before taxation	1,866,816	2,023,053
Taxation	(324,773)	(333,461)
Profit for the financial year	1,542,043	1,689,592

A dividend of £1,542,043 is proposed for 2022 on 28 March 2023. Dividends paid during the year consist of a dividend of £1,689,592 in respect of the previous financial year.

Directors and directors' interests

The directors who held office during the year were as follows:

R P Winters	Managing Director and Chief Executive Officer
E Kikuchi	Managing Director and Chief Operating Officer
T Abe	Non-Executive Director, Resigned 1st April 2022
H Kanamori	Non-Executive Director, Resigned 1st April 2022
J Omori	Non-Executive Director
A Cole	Non-Executive Director
Y Sugiyama	Non-Executive Director, Resigned 3rd October 2022
T Ihara	Non-Executive Director, Appointed 1st April 2022
H Nakazawa	Non-Executive Director. Appointed 29th September 2022

Directors' report *(continued)*

Directors' indemnity provisions

Both executive and non-executive directors benefited from qualifying third party indemnity provisions in place during the financial year and at 31 December 2022.

Directors' and officers' loans

No directors held loans from the Company during the year (2021: None).

At 31 December 2022 no officers had loans outstanding from the Company.

Political donations

The Company made no political donations, nor did it incur any political expenditure during the year.

Going concern

The Directors have made an assessment in preparing these financial statements as to whether the Company is a going concern, covering a period of at least 12 months from the date of approval of these financial statements. The Company is expected to generate positive cashflows and in view of the current market conditions, the Directors have considered existing and future funding lines, a range of stressed scenarios, as well as its short-term trading operations and are satisfied about the Company's ability to meet obligations as they fall due. Despite a year of low volatility, the fact that the company managed to generate a profit is a testament to the good risk management and business generation of the Company.

The Directors confirm the use of a going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. Accordingly, the Company financial statements have been prepared on a going concern basis.

Financial risk management

Details of the use of financial instruments, together with the Company's financial risk management objectives and exposure to credit risk, market risk and liquidity risk are set out on pages 24 to 29.

Auditor

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

Disclosure of information to auditor

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

By order of the board

R P Winters
Managing Director and Chief Executive Officer

24 Lombard Street
London EC3V 9AJ
28 March 2023

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Mitsubishi UFJ Trust International Limited

Opinion

We have audited the financial statements of Mitsubishi UFJ Trust International Limited (the 'Company') for the year ended 31 December 2022 which comprise Statement of income and retained earnings, Balance sheet 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor'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 and financial statements, 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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, 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 set out on page 7, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with compliance with regulatory and supervisory requirements of the Financial Conduct Authority ('FCA') might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:
- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant regulatory authorities, including the FCA;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition relating to income from bond trading (which we pinpointed to the cut off), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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

PProborespati

Poppy Proborespati (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London EC4M 7AU

5 April 2023

Statement of Income

for the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	2	30,877,946	30,632,416
Transactional charges		(1,412,916)	(1,862,659)
Gross profit		29,465,030	28,769,757
Income from held to maturity investments		698,370	83,797
Administrative expenses		(27,815,879)	(26,736,944)
Other operating loss		(334,131)	(31,498)
Operating profit		2,013,390	2,085,112
Interest receivable		24,943	583
Interest payable and similar expenses		(171,517)	(62,642)
Profit before taxation	3	1,866,816	2,023,053
Tax on profit	6	(324,773)	(333,461)
Profit for the financial year		1,542,043	1,689,592

Profit before taxation derives from continuing operations.

The Company has no recognised gains or losses other than the profits above and therefore no separate Statement of comprehensive income has been prepared.

The notes on page 13 to 30 form part of the financial statements.

Balance Sheet

at 31 December 2022

	Note	2022 £	2021 £
Non-current Assets			
Tangible assets	7	1,130,120	1,177,974
Investments	8	49,459,588	51,337,267
		50,589,708	52,515,241
Current assets			
Debtors	9	3,857,365	3,001,217
Cash at bank and in hand	10	7,064,736	6,433,849
		10,922,101	9,435,066
Current liabilities			
Creditors: amounts falling due within one year	11	(4,584,644)	(4,875,593)
Net current assets		6,337,457	4,559,473
Net assets		56,927,165	57,074,714
Capital and reserves			
Called up share capital	12	40,000,000	40,000,000
Retained Earnings	13	16,927,165	17,074,714
Total shareholder's funds	14	56,927,165	57,074,714

These financial statements were approved by the board of directors and were signed on its behalf by:

R P Winters 28 March 2023
Managing Director and Chief Executive Officer
Registered number 1934008

The notes on page 13 to 30 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements. These policies have been applied to all the years presented, unless otherwise stated.

Mitsubishi UFJ Trust International Limited (the "Company") is a company limited by shares and incorporated and domiciled in England and Wales.

(a) Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014 and the Companies Act 2006. The financial statements are presented in Sterling which is the functional currency of the Company, and any reference to £ in these financial statements refers to Sterling.

The financial statements have been prepared on the historical cost convention except for certain financial instruments which are measured at fair value through profit and loss.

Under FRS 102 paragraph 1.12(b) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the Company in its own published consolidated financial statements.

As 100% of the Company's voting rights are controlled within the group headed by Mitsubishi UFJ Trust and Banking Corporation, the Company has taken advantage of the exemption contained in FRS 102 paragraph 33.1A and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Mitsubishi UFJ Trust and Banking Corporation, within which this Company is included, can be obtained from the address given in note 19.

The Directors have made an assessment in preparing these financial statements as to whether the Company is a going concern, covering a period of at least 12 months from the date of approval of these financial statements. The Company is expected to generate positive cashflows and in view of the current market conditions, the Directors have considered existing and future funding lines, a range of stressed scenarios, as well as its short-term trading operations and are satisfied about the Company's ability to meet obligations as they fall due. Despite a year of tremendous volatility, the positive contribution in the year of the pandemic is a testament to the good risk management and business generation of the Company.

The Directors confirm the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. Accordingly, the Company financial statements have been prepared on a going concern basis.

(b) Financial Instruments

The company has chosen to adopt IAS 39 and the disclosure and presentation requirements of section 11 and 12 of FRS 102 in respect of financial instruments.

Trading assets and trading liabilities

Financial assets and financial liabilities are cash trades recognised on trade date basis whereby the Company enters into contractual arrangements with counterparties to purchase, reflected as liabilities, or sell, reflected as assets, securities and are derecognised on value date, upon settlement when they are either bought or sold.

Securities financing

The Company acts as agent, and in some cases principal, for repurchase, reverse repurchase, and securities lending transactions on behalf of fellow group companies and clients of group companies that result in holding or placing of assets on behalf of other institutions. These assets are not recorded on the Company's balance sheet. The fee income arising is recognised in the Company's profit and loss account on an accrual basis.

Notes (continued)

Held to maturity financial assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments that the company has the intention and ability to hold to maturity. They are initially recognised at fair value and are subsequently valued at amortised cost, using the effective interest method. They are derecognised when the rights to receive cash flows have expired.

Available for sale

Available for sale assets are non-derivative financial assets that are designated as available for sale and are not categorised into any of the other categories described above. These assets are equity instruments which cannot be reliably measured because they do not have a quoted price in an active market. Therefore, these assets are initially recognised at contractual amount and are subsequently measured at amortised cost. There are no dividends receivable on these instruments.

(c) Foreign currencies

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction.

(d) Turnover

Sales and trading income

Comprises income generated from cash trading on a matched book basis in secondary market fixed income securities, revenue earned is recognised on a trade date basis.

Fees on securities financing

Comprises of fee income earned on repurchase, reverse repurchase, and securities lending transactions entered into on an agency basis, and in some cases principal basis, revenue earned is recognised on an accruals basis.

Transactional charges

Comprises of settlement fees and costs of a similar nature which represents the Company's Cost of Sales as prescribed by the Companies Act 2006.

(e) Fixed Assets and Depreciation

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	12.5%
Furniture, fixtures and fittings	20%
Office equipment	20%
Computer equipment	33.3% - 50%
Computer software	20% - 50%

The company assesses at each reporting date whether fixed assets are impaired.

Notes *(continued)*

(f) Taxation

The charge for taxation is based on the profit for the year and deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.29.

(g) Pensions

The Company operates a Group Personal Pension Scheme, which is a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

2 Turnover

Analysis of Turnover:

	2022	2021
	£	£
Revenue on sales and trading	19,889,537	19,202,588
Fee Income on securities financing	10,988,409	11,429,828
	30,877,946	30,632,416

The Company's turnover is derived from financial assets and liabilities, interest earned on financial assets and liabilities that are not at fair value through profit and loss and fee income arising from trust and fiduciary duties as follows:

	2022	2021
	£	£
Net gains and losses		
-Financial assets and liabilities	19,781,275	19,131,577
Total interest income/(expense)		
- Held to Maturity financial assets	698,370	83,797
- Deposits	24,943	583
- Bank loans/overdrafts	(171,517)	(62,642)
- Reverse repurchase agreements	(879.19)	-
Net fee income from securities financing		
- Equity lending fees	114,989	177,372
- Bond lending fees	6,272,394	5,725,320
- Agency repurchase and reverse repurchase agreements	3,313,014	3,751,735
of which		
Interest receivable from group undertakings	-	-
Interest payable to group undertakings	127,060	22,777

Notes *(continued)*

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after allowing for:

	2022 £	2021 £
Depreciation of tangible fixed assets	600,327	693,389
Amortisation of discount on Held to maturity investments	(68,011)	(30,738)
Net Foreign Exchange Loss	(334,131)	(31,498)
Auditor's remuneration:		
- Audit of these financial statements	167,562	118,108
- Audit related assurance services	29,000	32,017
- Other tax advisory services	5,180	25,065
- Other non-audit services not covered above	71,440	8,000
In addition, Auditor's remuneration in Singapore received the following remuneration		
- Audit of financial statements	24,446	29,356
- Taxation compliance services	8,916	5,112
- Other tax advisory services	-	6,571

4 Staff numbers and costs

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

	2022 Number of employees	2021 Number of employees
Executive	2	2
Other	120	127
	122	129

The aggregate payroll costs of these persons were as follows:

	2022 £	2021 £
Wages and salaries	16,471,825	16,213,857
Social security costs	1,506,840	1,298,421
Other pension costs	951,770	910,661
	18,930,435	18,422,939

5 Remuneration of directors

	2022 £	2021 £
Directors' emoluments:		
Remuneration as directors	1,316,761	1,382,857

The emoluments, excluding pension contributions, of the highest paid director were £1,148,000 (2021: 896,000). Pension contributions on behalf of directors were £40,000 (2021: £40,000), all of which was in respect of the highest paid director. The non-executive directors excluding the independent non-executive director, do not receive remuneration for their duties as directors of the company but as senior managers of the parent company.

Notes *(continued)*

6 Taxation

Analysis of charge in period

	2022 £	2022 £	2021 £	2021 £
Current tax:				
Current year charge per tax calculation	190,701		176,228	
Double tax relief - per tax calculation	(6,259)		(6,007)	
	184,442		170,221	
Profit Surcharge on profits for the period	-		-	
Less: Withholding tax	-		-	
Impact of tax rate change	-		-	
Adjustments in respect of previous periods	(87,257)		(91,699)	
Subtotal		97,185		78,522
Foreign tax	6,259		6,007	
Adjustments in respect of previous periods	1,021		17,968	
		7,280		23,975
Total current tax		104,465		102,497
Deferred tax				
Origination and reversal of timing differences	257,742		299,403	
Impact of tax rate change	-		(177,523)	
Adjustment in respect of previous periods	(37,434)		109,084	
Total deferred tax		220,308		230,964
Total Tax charge on profit on ordinary activities		324,773		333,461

Factors affecting the tax charge for the current period

The tax charge for the period is lower (2021: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2022 £	2021 £
Current tax reconciliation		
Profit on ordinary activities before tax	1,866,816	2,023,053
Expected tax charge at 19.00% (2021: 19%)	354,695	384,380
Effects of:		
Profit Surcharge at 8% (2021: 8%)	-	-
Expenses not deductible for tax purposes	31,890	19,394
Depreciation for period in excess of capital allowances	13,900	20,926
Adjustments to tax charge in respect of previous periods	(86,236)	(73,731)
Impact of tax rate change	-	-
Timing difference due to deferred bonuses	(209,784)	(248,472)
Total current tax charge (see above)	104,465	102,497

Notes *(continued)*

7 Fixed assets

	Leasehold Improvement £	Office Equipment £	Computer software £	Total £
Cost				
At 1 January 2022	699,724	1,633,246	2,652,531	4,985,501
Additions	168,790	335,656	48,027	552,473
Disposals	(5,249)	(3,635)	(12,560)	(21,444)
At end of year	863,265	1,965,267	2,687,998	5,516,530
Depreciation				
At 1 January 2022	420,361	1,145,589	2,241,577	3,807,527
Charge for the year	74,404	252,820	273,103	600,327
Disposals	(5,249)	(3,635)	(12,560)	(21,444)
At end of year	489,516	1,394,774	2,502,120	4,386,410
Net book value				
At 31 December 2022	373,749	570,493	185,878	1,130,120
At 31 December 2021	279,363	487,657	410,954	1,177,974

Cost				
At 1 January 2021	645,534	1,461,706	2,523,318	4,630,558
Additions	54,190	171,540	129,213	354,943
At end of year	699,724	1,633,246	2,652,531	4,985,501
Depreciation				
At 1 January 2021	352,571	944,971	1,816,596	3,114,138
Charge for the year	67,790	200,618	424,981	693,389
At end of year	420,361	1,145,589	2,241,577	3,807,527
Net book value				
At 31 December 2021	279,363	487,657	410,954	1,177,974
At 31 December 2020	292,963	516,735	706,722	1,516,420

Notes *(continued)*

8 Investments

	2022	2021
	£	£
Held to maturity – debt securities		
Opening balance – 1 January	51,329,865	51,210,029
- Additions	8,060,000	24,146,600
- Redemptions	(10,000,000)	(24,000,000)
- Movement in accrued interest	131,794	3,973
Amortisation of Premium	(68,011)	(30,737)
Balance at 31 December	49,453,648	51,329,865
Held for Trading – debt nature	(1,463)	-
Available for Sale – unlisted equities	7,402	7,402
	49,459,588	51,337,267

	2022	2021
	£	£
Market values		
Held to maturity – financial assets		
Listed overseas	49,259,080	51,312,640
Unlisted	11,883	11,883
	49,270,963	51,324,523
Available for sale – financial assets		
Unlisted	7,402	7,402

Market values represent observed market prices, where available, at 31 December.

Notes *(continued)*

9 Debtors

	2022	2021
	£	£
Counterparty debtors	17,083	137,770
Other debtors	507,461	339,974
Prepayments and accrued income	2,179,524	1,548,919
Deferred tax assets	339,749	560,057
Corporation tax receivable	813,548	414,497
	3,857,365	3,001,217
Of which amounts owed by group undertakings	712,598	580,013

The largest balance within prepayments is related to IT costs, and accrued income is related to fees to be received from the securities financing business.

The deferred tax asset relates to accelerated capital allowances. The movement in the year of £220,308 (2021: £230,963) includes foreign exchange translation differences and has been recorded in profit and loss. Deferred tax is recognised at 25%, the currently enacted tax rate (2021: 25%).

The UK corporation tax rate of 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015.

10 Cash at bank and in hand

	2022	2021
	£	£
Cash at bank:		
- Current accounts	3,825,726	5,774,289
- Short term deposits	3,239,010	659,560
	7,064,736	6,433,849
of which amounts owed by group undertakings:		
Current accounts	475,456	1,952,896
Short term deposits	2,498,000	-
	2,973,456	1,952,896

Notes *(continued)*

11 Creditors: amounts falling due within one year

	2022	2021
	£	£
Accruals and deferred income	4,026,247	4,752,353
Bank overdraft	558,397	123,240
	4,584,644	4,875,593

12 Called up share capital

	2022	2021
	£	£
All ordinary shares are non-redeemable conferring equal rights to each member		
40,000,000 ordinary shares of £1 each	40,000,000	40,000,000

13 Retained Earnings

	2022	2021
	£	£
At beginning of the year	17,074,714	27,636,529
Profit for the year	1,542,043	1,689,592
Dividends on shares classified in shareholders' funds	(1,689,592)	(12,251,407)
Closing reserves	16,927,165	17,074,714

A dividend of £1,542,043 is proposed for 2022 on 28th March 2023. Dividends paid during the year consist of a dividend of £1,689,592 in respect of the previous financial year.

Notes *(continued)*

14 Movement in shareholders' funds

	2022	2021
	£	£
Opening shareholders' funds	57,074,714	67,636,529
Profit for the year	1,542,043	1,689,592
Dividends on shares classified in shareholders' funds	(1,689,592)	(12,251,407)
Closing shareholders' funds	56,927,165	57,074,714

15 Pension scheme

The pension cost charge represents contributions paid by the Company to the fund and amounted to £951,770 (2021: £910,661). Pension payable at 31 December 2022 is £Nil (2021: Nil)

16 Operating Lease commitments

	2022	2021
	£	£
Within one year	528,110	476,924
Later than one year and not later than five years	91,759	61,396
	619,869	538,320

The above amounts are for the non-cancellable lease. The rent expenses paid during the year is £656,023.

17 Country by Country Reporting

The geographical analysis below has been prepared in accordance with article 89 in the Capital Requirements Directive known as Country-by-Country Reporting. The Capital Requirements Regulations 2013 came into effect on 1 January 2014, and have been transposed unto UK law to impose certain reporting obligations on institutions, defined as credit institutions and investment firms, within the United Kingdom and within the scope of EU Capital Requirements Directive IV.

Country	**Turnover**	**Profit before tax**	**Corporation tax paid**	**Public subsidies received**	**Average number of employees**
2022	£	£	£	£	
UK	23,796,095	1,282,466	492,490	-	90
Singapore	7,081,851	584,350	6,698	-	32
Global	30,877,946	1,866,816	499,188	-	122
2021	£	£	£	£	
UK	19,179,299	1,440,066	302,360	-	98
Singapore	6,644,002	581,154	421,776	-	31
Global	25,823,301	2,021,220	724,136	-	129

Nature of Activities:

UK: A wholly owned subsidiary of Mitsubishi UFJ Trust and Banking Corporation. The profit of the business is generated from trading securities and the utilisation of assets arising from Group member companies and clients of the Group for securities financing.

Singapore: The Branch provides support services in respect of the financial products offered by the head office to its clients.

Notes *(continued)*

18 Financial Instruments

Financial instruments are fundamental to the Company's business and constitute the core element of its operations. The risks associated with financial instruments are a component of the risks faced by the Company. The management of all risks which are significant to the Company is discussed below.

Fair value of Financial Instruments

Except as stated in note 8, the fair value of financial instruments approximates their carrying value as the instruments are either short term in nature or are re-priced frequently.

The fair values for each class of financial assets and liabilities together with their carrying amounts shown in the Balance Sheet are as follows:

	Carrying amount 2022 £	Fair value 2022 £	Carrying amount 2021 £	Fair value 2021 £
Financial assets				
Available for sale financial assets	7,402	7,402	7,402	7,402
Held to Maturity financial assets	49,453,648	49,259,080	51,329,865	51,312,640
Loans and receivables				
- Cash and cash equivalents	7,064,736	7,064,736	6,433,849	6,433,849
- Trade and other receivables	1,893,358	1,893,358	1,293,403	1,293,403
Total loans and receivables	8,958,094	8,958,094	7,727,252	7,727,252
Total financial assets	58,419,144	58,224,576	59,064,519	59,047,294
Financial liabilities				
Financial liabilities measured at amortised cost				
- Other interest bearing loans and borrowings	558,397	558,397	123,240	123,240
- Trade and other payables	4,026,253	4,026,253	4,752,353	4,752,353
Total financial liabilities measured at amortised cost	4,584,650	4,584,650	4,875,593	4,875,593
Total financial liabilities	4,584,650	4,584,650	4,875,593	4,875,593

Notes *(continued)*

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. There are certain operational risks which the Company acknowledges cannot be avoided when undertaking financial services and the Company's strategy is to minimise and effectively manage such risk.

The Operational Risk Management Policy states the strategies and processes for:

- reporting the current status of operational risk to Senior Management;
- documenting the key operational controls and capturing the current status;
- identifying, assessing and managing operational risk;
- identifying and reporting risk events;
- documenting any additional company-wide operational risk rules, principally Business Continuity and Technology and Information Security; and
- documenting and maintaining operational procedures.

The Operational Risk Committee meets on a monthly basis and focuses on managing operational risk. Attendees include relevant department representatives and members of the Risk Management Department.

Credit risk

Credit risk is the risk that financial loss may arise from the failure of a customer or counterparty to meet its obligations under a contract. Credit risk also arises through the downgrading of counterparties whose credit instruments the Company may be holding, causing the value of those instruments to fall.

The Company has established risk management processes to manage its held-to-maturity credit exposures. These include setting counterparty exposure limits and monitoring issuer risk on securities held. A significant part of the Company's business consists of trading on a delivery versus payment basis. This is also a factor in mitigating credit risk. With regards to the Securities Financing business, the Company principally transacts with investment grade counterparties.

The carrying amount of financial assets, together with those elements of the off-balance sheet exposure giving rise to credit risk, represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was £58,419,144 (2021: £59,064,519), being the total of the carrying amount of financial assets shown in the table above. The maximum credit exposure arising from off-balance sheet transactions was £217,833,285 (2021: £332,061,068). These off-balance sheet transactions are fully collateralised at £218,219,038 (2021: £332,913,823).

Collateral and other credit enhancements:
All indemnified securities financing is undertaken on a fully collateralised basis with margin called daily, after securities have been re-valued with up-to-date market prices. This same process applies to agency securities financing where the client mandate requires. Collateral eligibility is set to fulfil the requirement of each respective client. In instances where the Company faces credit risk, the Company may apply stricter eligibility criteria.

Notes (continued)

Credit risk (continued)

The maximum exposure to credit risk at the balance sheet date by geographic region was:

	2022	2021
	£	£
Available for sale – financial assets (level 3)		
-Asia	7,402	7,402
	7,402	7,402
Held to maturity – financial assets		
- Supranationals	49,441,772	51,317,982
- United Kingdom	11,883	11,883
	49,453,655	51,329,865
Cash and cash equivalents		
- Asia	6,525,535	5,940,417
- Europe	439,693	375,284
- United Kingdom	93,759	112,507
- North America	5,749	5,641
	7,064,736	6,433,849
Trade and other receivables		
- Asia	1,254,240	1,042,113
- Europe	157,048	21,997
- United Kingdom	191,088	225,605
- North America	290,982	3,688
	1,893,358	1,293,403

Where the Company has traded with subsidiary companies and branches of a third party, the exposure to geographic regions has been determined based on the geographic location of the parent company.

Notes (continued)

Credit risk (continued)

The credit quality of exposures to financial assets at the Balance Sheet date is as follows:

2022	**Available for sale**	**Held to maturity**	**Cash and cash equivalents**	**Other loans and receivables**
AAA	-	49,441,772	-	-
AA+	-	-	-	-
AA	-	-	438,185	-
AA-	-	-	1,552,080	-
A+	-	-	-	249,535
A			5,072,690	
	-	-	-	868,718
A-	-	-	-	280,702
BBB+	-	-	-	-
BBB	-	-	1,508	26,628
BBB-	-	-	-	-
B+	-	-	-	-
Non rated	7,402	11,883	273	467,775
	7,402	49,453,655	7,064,736	1,893,358

2021	**Available for sale**	**Held to maturity**	**Cash and cash equivalents**	**Other loans and receivables**
AAA	-	51,317,982	-	-
AA+	-	-	-	-
AA	-	-	374,291	-
AA-	-	-	1,987,520	-
A+	-	-	-	215,600
A	-	-	4,070,772	652,973
A-	-	-	-	6,068
BBB+	-	-	-	-
BBB	-	-	993	8,791
BBB-	-	-	-	-
B+	-	-	-	-
Non rated	7,402	11,883	273	409,971
	7,402	51,329,865	6,433,849	1,293,403

Ratings are based on the lower of Standard & Poor's and Moody ratings. Where the Company has traded with wholly owned subsidiaries of a third party that are not individually rated, the rating of the parent company has been used.

Within the Held to maturity financial assets, the major concentration of exposure is with the European Investment Bank. The largest concentration of exposure within the other categories is with Mitsubishi UFJ Trust and Banking Corporation, the Company's parent company.

Notes *(continued)*

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has credit facilities with Group companies and third parties.

The following table shows the contractual maturity analysis for each category of financial asset and liability:

2022	**On demand**	**3 months or less**	**3 – 12 months**	**1 – 5 years**	**Greater than 5 years**	**Total**	**Carrying value**
	£	£	£	£	£	£	£
Assets							
Held to maturity	-	31,200,000	-	18,000,000	19,704	49,219,704	49,453,648
Available for sale	-	-	-	-	7,402	7,402	7,402
Cash	3,825,726	3,239,010	-	-	-	7,064,736	7,064,736
Other assets	-	1,704,077	-	189,281	-	1,893,358	1,893,358
Total assets	3,825,726	36,143,087	-	18,189,281	27,106	58,185,200	58,419,144
Liabilities							
Other interest bearing loans and borrowings	558,397	-	-	-	-	558,397	558,397
Trade and other payables	-	4,026,253	-	-	-	4,026,253	4,026,253
Total liabilities	558,397	4,026,253	-	-	-	4,584,650	4,584,650

2021	**On demand**	**3 months or less**	**3 – 12 months**	**1 – 5 years**	**Greater than 5 years**	**Total**	**Carrying value**
	£	£	£	£	£	£	£
Assets							
Held to maturity	-	10,025,255	98,530	41,304,914	19,704	51,448,403	51,329,865
Available for sale	-	-	-	-	7,402	7,402	7,402
Cash	5,774,289	659,560	-	-	-	6,433,849	6,433,849
Other assets	-	1,124,273	-	169,130	-	1,293,403	1,293,403
Total assets	5,774,289	11,809,088	98,530	41,474,044	27,106	59,183,057	59,064,519
Liabilities							
Other interest bearing loans and borrowings	123,240	-	-	-	-	123,240	123,240
Trade and other payables	-	3,939,024	813,329	-	-	4,752,353	4,752,353
Total liabilities	123,240	3,939,024	813,329	-	-	4,875,593	4,875,593

Notes *(continued)*

Market risk

Market risk is the risk that movements in market risk factors, including foreign exchange rates, price and interest rates will reduce the Company's income or the value of its capital.

Market risk is monitored for internal purposes on a daily basis, for capital requirements and disclosure purpose sensitivity analysis as prepared below.

Interest rate risk

The Company's exposure to interest rate risk arises from its investment in fixed interest rate investment bonds on the Non-Trading book (and classified as Held to maturity).

Sensitivity analysis

A movement of 10 basis points in interest rates at the balance sheet date would have decreased or increased the fair value of Held to maturity assets by the amount shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments held to maturity, financial instruments at fair value through profit or loss and financial instruments available for sale with fixed interest rates. The analysis is performed on the same basis as for 2019.

	2022 £	2021 £
Fair Value of Held to Maturity Investments	152,595	7,814

Foreign currency risk

The Company may enter into transactions denominated in currencies other than its functional currency. Exposures at the balance sheet date were as follows:

	2022 £	2021 £
Net exposure		
Euro	380,247	471,686
Japanese Yen	18,671	13,754
Singapore Dollars	1,399,055	1,379,882
United States Dollars	580,209	710,778
Others	47,506	42,623
Total Net exposure	2,425,688	2,618,723

Notes *(continued)*

Foreign currency risk *(continued)*

Sensitivity analysis

An adverse or favourable movement of 10% in exchange rates at the balance sheet date would have increased or decreased profit or loss by the amount shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2020.

	2022	2021
	£	£
Profit or loss		
- Increase	**220,517**	**238,066**
- Decrease	**(269,521)**	**(290,969)**

Capital management

Regulatory capital

The Company's capital adequacy position is managed and monitored in accordance with the Capital Requirement Directive IV ("CRD IV"). The Company must at all times meet the relevant minimum capital requirements under CRD IV. The Company has established processes and controls to monitor and manage its capital adequacy position.

Under CRD IV's Pillar 1 requirement the Company must maintain total capital resources equal to its capital resources requirements, which is the higher of €730k or the aggregate of Credit, Market and Operational Risk. For this purpose, the Company calculates capital charges for market risk and counterparty credit risk and recognises a number of credit risk mitigation techniques. The Company's regulatory capital requirement is calculated under the CRD IV standardised approach for credit and market risk and the basic indicator approach for operational risk.

The Company's regulatory capital resources comprise:

- Common Equity Tier one ("CET 1") capital, which includes ordinary share capital, retained earnings and capital reserves.

The Company's policy is to maintain a sufficient capital base in order to maintain creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised.

The Company's regulatory capital resources, being share capital and reserves, at 31 December were as follows:

	2022	2021
	£	£
Retained Earnings at year-end	**56,927,165**	**57,074,714**
Dividend	**(1,542,043)**	**(1,689,592)**
CET 1*	**55,385,122**	**55,385,122**

* As at 31 December 2022, unaudited figures were reported to the Financial Conduct Authority. These reserves are as per the reserves reported on page 21 of these financial statements.

Notes *(continued)*

19 Ultimate holding company

The Company is a wholly owned subsidiary of Mitsubishi UFJ Trust and Banking Corporation, a company incorporated in Japan registered address: 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo 100-8212, Japan.

The Company's ultimate holding company is Mitsubishi UFJ Financial Group Inc., a company incorporated in Japan.

Copies of the financial statements can be obtained from Mitsubishi UFJ Trust International Limited, 24 Lombard Street, London EC3V 9AJ.

20 Post balance sheet events

There have been no significant events between 31 December 2022 and the date of the approval of these accounts, which would require a change to or additional disclosure in the accounts.