Registration number: 06208699

Equiniti Financial Services Limited

Annual Report and Financial Statements

for the year ended 31 December 2022

Equiniti Financial Services Limited
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Company information

Directors	R Burr - Non-executive Director
	A French - Executive Director
	A Green - Executive Director
	M Husker - Executive Director
	S Johnson - Executive Director
	M Lund - Non-executive Director
	T Miller - Non-executive Director
	R Pearson - Executive Director
Company secretary	Prism Cosec Limited
Registered office	Aspect House Spencer Road Lancing West Sussex United Kingdom BN99 6DA
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

Strategic report for the year ended 31 December 2022

The directors present their strategic report for Equiniti Financial Services Limited for the year ended 31 December 2022.

General information

Equiniti Financial Services Limited (the "Company") is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales.

The Company is a wholly owned subsidiary of Equiniti Holdings Limited which is part of the Orbit Private Holdings I Ltd group of companies (the "Group").

The results of the Company have been included in the consolidated financial statements prepared for the Group for the year ended 31 December 2022.

Principal activities

The Company is regulated by the Financial Conduct Authority ("FCA") and its principal activities are the provision of a variety of regulated services.

These services include:

- provision of share dealing relating to executive share options and Share Incentive Plans ("SIPs")
- administering Individual Savings Accounts ("ISAs")
- reinvestment of dividends in Dividend Reinvestment Plans ("DRIPs")
- share dealing services for employees, shareholders of corporate clients and retail investors
- administering share dealing programmes for shareholders endorsed by corporate clients
- securities dealing administration
- securities custody
- execution only stockbroking

These services are provided to corporate clients and their shareholders, investors and employees, and retail customers as a receiver and transmitter or as agency broker. The Company's services do not involve the giving of advice or dealing as principal or the taking of positions.

Review of the business

Market and economic conditions had a significant impact on the Company's performance in 2022. Whilst the first half of the year saw rising share prices and strong customer share dealing activity, this reduced in the second half of the year as markets fell away due to a mixture of the global political instability caused by Russia's invasion of Ukraine, the cost-of-living crisis and uncertainty about the UK economy. Whilst the recovery in market led corporate activity that started in 2021 was maintained in areas such as dividend payments, there was a slowdown in IPO activity and corporate actions.

2022 was the first full year of trading following the Group's sale of the EQi customer book to interactive investor on 28 June 2021, which led to a year-on-year reduction in fee income and related costs. This was partially offset by an increase in interest income as the Bank of England raised its base rate progressively throughout the year.

Careful cost management and a strategy of providing a balanced portfolio of products and services enabled the Company to achieve its highest level of profit with EBITDA increasing 5.4% and profit before income tax by 7.0% compared to 2021.

The Board continues to monitor its controllable cost base and its strategy remains to manage risk within the business to support its capital position.

Strategic report for the year ended 31 December 2022 (continued)

The loan agreement between the Company and Equiniti Holdings Limited continued to have a maximum facility of £35,000,000. The loan receivable balance as at 31 December 2022 was £24,556,000 (2021 - £21,205,000). The Company has regulatory capital at the end of the financial year of £22,613,000 (2021 - £23,151,000) which the directors regularly review for appropriateness and to ensure compliance with FCA requirements. Net assets at the end of the financial year were £40,679,000 (2021 - £38,640,000).

The Board has recommended a final dividend to Equiniti Holdings Limited of £15,000,000 (2021 - £14,000,000) which will be settled by reducing the outstanding loan balance due from Equiniti Holdings Limited.

The Company's key financial performance indicators are revenue and EBITDA, which reconciles to profit before income tax as follows:

	2022 £ 000	2021 £ 000
Revenue	55,430	58,372
Direct costs	(17,672)	(19,803)
Employee benefit expenses	(8,413)	(7,752)
Group overhead recharges	(5,133)	(5,743)
Administrative expenses	(5,504)	(7,326)
EBITDA*	18,708	17,748
Net finance income	660	352
Profit before income tax	19,368	18,100

*EBITDA is defined as profit before interest, tax, depreciation and amortisation. EBITDA is the performance measure used by the Company which the directors feel best reflects the sustainable operating performance of the business.

Future developments

The strength of the Company's performance in 2022 demonstrates that the fundamentals of the business remain strong. The Company's performance in 2023 remains dependent on the stability of the UK economy, the continuation of market led activity and favourable stock market conditions.

The Group has reviewed its strategy and its stated aim is to be the leading global share registrar providing complementary services to its clients. The Company is, therefore, an integral part of the Group and will continue to focus on providing regulated products and services that are linked to the Group's UK share registration business.

The Company continues to have access to liquidity. As at 31 December 2022, the cash and cash equivalents balance was £16,333,000 (2021 - £20,375,000) and the Company has loaned £24,556,000 (2021 - £21,205,000) to Equiniti Holdings Limited, secured by a debenture. The directors are comfortable that Equiniti Holdings Limited has the ability to repay this loan should it be necessary, and measures are in place to monitor the Group's performance and its ability to meet its ongoing obligations towards the Company.

Principal risks and uncertainties

The principal business risks are maintaining the Company's client relationships and the underlying volume of business and ensuring regulatory compliance, effective processes and operational resilience. To minimise exposure to these risks, management continues to focus on the quality of its service to its clients and its regulatory capital requirements, whilst expanding on the range of services it has to offer through innovation and technical enhancements.

The Company places a high priority on risk management through its functional structure, governance processes, monitoring and reporting activities and its emphasis on staff integrity and values.

The Company regularly assesses its current and planned strategic, operational and financial activities and their associated risks using an enterprise-wide risk framework. Regular reporting provides the Board and senior management with detailed information about the Company's risk exposure and experience. The Company strengthened its risk framework in 2022 and will continue to embed changes made throughout 2023.

The Company is committed to managing risks to the business and maintaining an effective internal control structure which includes robust monitoring and risk reporting. Through independent lines of reporting for risk oversight and operations, our risk governance policies are designed to provide objective assessments and monitoring of risks. Risk governance processes involve regular reviews and give consideration to the amount and type of risk that management regards as appropriate for it to accept in order to fulfil its business objectives and operate within its regulatory obligations.

Strategic report for the year ended 31 December 2022 (continued)

The Company has a low-level risk appetite. The Company's exposure to credit and market risk is limited. The Company does not provide financial advice or fund management and has minimal levels of credit exposure. Credit risk is mainly taken as receivables due from medium and large corporate clients to whom the Company provides sponsored services and therefore relates to fee income. The Company's transactional role is that of receiver and transmitter of instructions, or as an agency broker, but it does not take positions. Credit risk is limited as trades are matched back-to-back and a default from one party would result in the cancellation of both trades which would only incur a minimal penalty. Retail customers are also required to fund purchase transactions in advance. The Company has therefore largely mitigated its credit risk in relation to settlements and does not accept any market risk.

Operational risk is taken as a necessary consequence of undertaking its core business and the Company seeks to minimise these risks to the extent possible by putting in place robust internal risk and business controls, and using its Internal Audit, Compliance Monitoring and Compliance Policy teams to reinforce and oversee the operation of these controls. The Company aims to minimise operational risk at all times through a strong and well-resourced control and operational infrastructure.

Cyber risk involves the disruption or corruption of systems and connectivity, or loss or leakage of data from accidental or malicious actions in addition to risks arising from a physical security breach including property damage, staff injury, theft or inappropriate access to premises, systems or information. An information or physical security breach could reduce the quality of our services to customers or result in us breaching the law (including data protection), or our contracts, which in turn could damage our reputation, increase our costs and reduce our revenues. The Company mitigates these risks by ongoing investment in internal and external cyber security; ISO27001 aligned control framework; Implementation of SOC2 for Information Security; Ongoing review of cyber security capability and emerging threats; Regular penetration testing; Security measures to prevent unauthorised access to systems and premises and to protect personnel and staff training and awareness programmes.

The Company is subject to FCA regulatory capital requirements which require, based on its regulated trading permissions, maintenance of minimum levels of capital. Whilst the Company has well-embedded processes for assessing its capital and liquidity requirements, through the Internal Capital Adequacy Assessment Process ("ICAAP"), this was replaced by the new FCA requirement to complete an Internal Capital Adequacy and Risk Assessment ("ICARA") from 1 January 2022. This included stress testing and analysis of a range of severe, but plausible scenarios, in order to assess that the Company has sufficient capital and liquidity in the event that material risks crystallise. The ICARA is regularly reviewed to assess the level of capital required, taking account of these risks and how it mitigates these.

Section 172(1) statement

This statement describes how the directors have taken account of the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 ("s172") when performing their duty to promote the success of the Company for the benefit of its members as a whole, and in doing so having regard (amongst other matters) to:

- the likely consequence 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
- the need to act fairly as between members of the Company.

An explanation of how the Group's Board has considered these matters at a Group level, which includes those of the Company, is included in the strategic report of the Orbit Private Holdings I Ltd Annual Report 2022.

Both individually and collectively, the directors believe that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its sole member (whilst having regard to the stakeholders and matters set out in s172) in all decisions taken by the Board during the year ended 31 December 2022.

The Board has identified and highlighted the Company's key stakeholders. This section below sets out how those stakeholders were engaged with throughout the year, and how the Board and Company as a whole responded to the key issues that concerned each stakeholder group.

Strategic report for the year ended 31 December 2022 (continued)

Our Stakeholders and how we engage with them

People

People are at the heart of the business and the Board recognises that employees are central to the Company's implementation and development of its strategy. The Board is dedicated to colleague engagement, and it remains a key goal within the Company's strategy. For the Company to succeed the Board understands the need to prioritise employees' wellbeing, manage their performance and support their development and training, as this will enable us to bring through talent whilst ensuring they operate efficiently. As the COVID-19 pandemic restrictions were lifted the Company introduced a flexible working policy that enabled most employees to balance their time based in the office with home working, as a consequence it has never been more important to maintain regular communication with employees and continue with clear purpose, building on the values which underpin the Company's strategy.

Key issues:

- Health and wellbeing
- Safe working environment
- Culture within the Company
- Support and information
- Organic growth from a diverse pipeline of talent

Our response:

- Reviewing and responding to feedback following employee engagement surveys
- Monitoring action plans arising from engagement survey feedback
- Provision of regular internal communications via the intranet site, 'Engage', and input into the Global Colleague Forum
- Ensuring the Board receives regular updates on employee wellbeing, morale and motivation from senior management
- Increasing flexibility for employees in line with Group's culture transformation
- Receiving regular updates on the Group's numerous networks including Gender, Multicultural and LGBT+, as well as people policies such as the Diversity & Inclusion policy
- The EQ Group continues to hold regular all-company briefings using video conferencing facilities, which are positively received by colleagues

Clients and customers

The aim is to continue reaching many millions of customers, primarily through the services provided for clients and the execution-only brokerage service. As part of the Company's strategy its aim is to develop competitive products, as well as transform service experience for all customers.

Key issues:

- Customer experience
- Understanding client needs
- Reliable and efficient service

Our response:

- Considering satisfaction and service performance feedback collected from customer interactions
- Receiving feedback from participation in industry forums and events
- Discussing updates received regarding the quality, range and reliability of products
- Board receives regular management reports relevant to the Company's client and customer base
- Receiving regular updates and closely monitoring and challenging the handling of customer complaints

Strategic report for the year ended 31 December 2022 (continued)

Suppliers

The Company's aim is to develop and maintain strong relationships with all suppliers. The Company values all their suppliers and has multi-year contracts with key suppliers. The Board is aware that maintaining long-term relationships is crucial to the sustainability of the business.

Key issues:

- Long-term relationships
- Fair treatment
- Responsible business practices

Our response:

- Promoting the maintenance of long-term relationships and analysing results from quality management reviews
- Contract negotiation and contract renewals
- Supplier relationship management programme (Group wide)
- Annual review by the Board of policies and processes to ensure that we are compliant with the Modern Slavery Act 2015 and payments policies, practices and performance reporting requirements
- Monitoring the implementation of the 'Payment Practices Policy'
- The Company complies with the Group's Supplier Code of Conduct to ensure that the business partners with like-minded suppliers who apply similar high standards of business conduct
- Ensuring suppliers comply with the Company's high standards, such as those relating to environmental responsibility, modern slavery, human rights and ethics

Community and Society

The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. The Board's aim is to leverage expertise and enable colleagues to support the communities around them. The large majority of the Company's activities have a direct social benefit.

Key issues:

- Responsible business practices
- Reputation within the community

Our response:

- Consideration and discussion about the potential impact of decisions on vulnerable customers
- Commencement of a multi-year project to implement a new Consumer Duty policy and framework
- A number of colleagues across the Company, have been on training webinars to learn more about neurodiversity
- The Board fully supported colleague volunteering activities to support social mobility and education

Regulators

The Company operates in a regulated market and seeks to maintain a positive and open relationship with the FCA and the Information Commissioner's Office.

Key issues:

- Open and regular dialogue
- Transparency
- Proactive response to requests and review

Our response:

- Receiving regular reporting from management on the engagement with the Company's regulator, the Financial Conduct Authority ("FCA"), during the year
- Maintaining positive and open relationships with relevant regulators
- Co-operating fully and working closely with the FCA as part of the Supervisory Review and Evaluation Process
- Reporting against the regulatory timetable all required information including quarterly reporting and annual submissions
- Responding to ad-hoc requests for specific information

Strategic report for the year ended 31 December 2022 (continued)

Board of Orbit Private Holdings I Ltd (EQ Group Board)

The Company's directors are committed to engaging with Orbit Private Holdings I Ltd's Board, as we recognise the importance of a continuing effective dialogue with that Board. This enables that Board to meet its reporting obligation to the ultimate shareholder. It is important that the Group's Board understands our strategy and objectives.

Key issues:

- Clear lines of communication
- Collaboration and support
- Transparency
- Effectiveness of Group Functions

Our response:

- Regular updates presented to the Group Board on the financial performance of the Company
- The Group Chief Executive of the EQ Group is invited to all Company board meetings and attends when feasible.
- The Chief Financial Officer for the Group attends Board meetings on a quarterly basis
- Ensuring that the Group provided services are appropriate for the Company
- Ensuring full transparency, best practice and governance

Culture and Values

The Board recognises the importance of having the right corporate culture. The Company's long-term success depends on achieving its strategic goals in the right way, so that the best interests of employees, customers, clients and all other stakeholders will be looked after. It is the Company's culture and values that underpin and help drive its strategy. The Company has adopted the core values of the EQ Group, which govern how it acts as a business: trusted, commercial, collaborative, improve (further information is presented in the strategic report of Orbit Private Holdings I Ltd's Annual Report 2022).

Key Decisions in 2022

The Board is fully aware of its duty under s172 to promote the success of the Company for the benefit of its members. The Board is aware of all stakeholder interests, and as such takes a long-term view in reaching key decisions, and when taking decisions, the Board looks to act in the interests of the stakeholders and to ensure all stakeholders are treated fairly.

The Board met 12 times during 2022 for scheduled Board meetings and held one further meeting to deal with non-routine matters. During the year they undertook the following activities and key decisions:

Operational performance

- Review of Chief Executive Officer reports
- Receiving business review updates
- Review of risk and regulatory reports
- Review and discussion of the 2022 Operations Plan
- Regular monitoring and updates on all areas of the business and workforce
- FCA Consumer Duty - implementation plan agreed
- Updates presented on IT Security and Fire, Health, Safety and Environment
- Review and approval of Market Assessment and Distribution policy
- Review and approval of the operational resilience self-assessment report
- Review and approval of Dealing Execution (Authority Levels) Policy

Financial performance and risk

- Review of Chief Financial Officer reports
- Approval of 2021 annual report and financial statements
- The Board considered and approved the 2023 budget
- The Board undertook a detailed discussion following the 2021/22 CASS audit review filing
- PricewaterhouseCoopers LLP were invited to Board meetings to present and discuss preparations and plans for the 2022/23 CASS audit
- Approval of Pillar 3 Statements disclosure under Capital Requirements Directive
- Continued consideration and discussion concerning the Supervisory Review and Evaluation Process and subsequent risk mitigation plan, including the design of an upgraded risk management framework and the commencement of a multi-year implementation project
- Approval of 2022 ICARA

Strategic report for the year ended 31 December 2022 (continued)

Governance

- Updates from the secretary on key governance developments, requirements and recommendations
- The Board reviewed all of the updated Committee terms of references
- The Board approved a revised schedule of matters reserved to the Board
- Internal Board and Committee evaluation undertaken through circulation of a questionnaire, and key items discussed
- Approval of the appointment of the new Executive Directors
- Approval of senior management changes
- Consideration of sustainability and carbon zero issues

Strategy

- Monitoring and delivery of strategy
- The Board discussed the new retail brand EQi
- Updates on IT transformation plan
- The Board received market updates on cyber security
- All Board members and the company secretary attended a Board strategy day

Culture and stakeholders

- Consideration and confirmation of the Company's 'purpose'
- The Board received regular HR updates on people, including gender pay gap
- The Board closely monitored workforce wellbeing
- The Board received an update from the Nomination Committee on the EQ Employee Engagement Survey
- The Board received updates from the Nomination Committee on people, talent development and succession
- Continued consideration of vulnerable customers
- Review of customer complaints reports

Approved by the Board on 20 April 2023 and signed on its behalf by:

....
R Pearson - Executive Director

Company registration number: 06208699

Directors' report for the year ended 31 December 2022

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

Directors of the Company

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

R Burr - Non-executive Director

A French – Executive Director (appointed 26 February 2022)

A Green - Executive Director

M Husker - Executive Director

S Johnson - Executive Director

M Lund - Non-executive Director

T Miller - Non-executive Director

R Pearson - Executive Director

Review of the business and future developments

The Company's results, future developments and principal risks and uncertainties are discussed in the strategic report on pages 2 to 8.

Dividends

The directors recommend a final dividend payment of £15,000,000 (2021 - £14,000,000) be made in respect of the financial year ended 31 December 2022. This dividend has not been recognised as a liability in the financial statements.

Going concern

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have approved a budget for 2023 which shows that the Company would remain profitable and cash generative. Additionally, the Company maintains adequate levels of cash reserves and has the ability to call for repayment of the loan to its parent entity, which it regularly monitors to ensure that it has adequate levels of cash and undrawn financing facilities available to it. The Company has received a letter of support from its parent that it will provide any financial support to the Company, as required, such that the Company is able to operate as a going concern and to settle its liabilities as they fall due. The Company regularly reviews and evaluates its ability to meet its capital requirements under severe but plausible stress scenarios and this is reviewed by the Board at least annually. The Company's experience during the COVID-19 pandemic is evidence this evaluation is working effectively. For these reasons, the going concern basis has been adopted in preparing the financial statements.

Employee involvement

The Group has a centralised HR function which covers all matters related to the Company's employees. The Company is committed to providing an environment that encourages involvement of all employees and a culture that invests in employees, enhances engagement and increases work flexibility. Regular internal communications from the Group keep employees up to date with the activities of the Company and those of the wider Group.

The Group runs an annual employee survey which is available to all employees within the Group and helps understanding of where the Group is doing well and where the Group needs to enhance the employee's experience. The Gallup engagement model, first adopted in 2019, continues to be used.

The Group's Chief Executive has an open online forum allowing all employees within the Group to communicate directly with them.

The Group also engages with employees through its Global Colleague Forum. This forum consists of representatives from different business locations and functions. Meetings are attended and chaired by a Group non-executive director ensuring the Group's Board hears directly from the Group's employees. The forum meets regularly to discuss the Group's strategy, sustainability, diversity and inclusion and purpose, mission and values.

Directors' report for the year ended 31 December 2022 (continued)

Employment of disabled persons

The Group gives full and fair consideration to employment applications from people with health conditions, having regard to their particular aptitude and abilities. Where an existing employee becomes disabled, it is the Group's policy to arrange retraining and adjust the employee's environment where possible, to allow them to maximise their potential and continue to work with the Group. The Group has a Wellbeing, Mental Health and Disability Network responsible for training and setting policies in this area, which applies to all companies in the Group.

Health and safety

The Board is committed to the management and continued monitoring of our employees' health and safety. A detailed 'Fire, Safety, Health and Environment' update is presented at Board meetings on a quarterly basis.

Engagement with suppliers, customers and other relationships

Engagement with key stakeholders is discussed in the strategic report on pages 5 to 7.

Financial instruments

Objectives and policies

The Company has exposure to credit risk and liquidity risk from its use of financial instruments. Risk management policies are established by the Company's Risk and Audit Committees who oversee how management monitors compliance with these policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Risk and Audit Committees are assisted in their oversight role by the Company's internal audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk, market risk, liquidity risk and interest rate risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Due to the nature of the business the majority of the trade receivables and contract assets are with large institutions, including many FTSE 350 companies, and losses have occurred infrequently in previous years and have never been material. The Company establishes an allowance for impairment that represents its exposure to expected credit losses.

Agency broker receivable balances are normally offset by back-to-back agency broker liability balances and a default by one party would result in the cancellation of the trade therefore mitigating any credit risk on the transaction. The Company also requires retail investors to prefund transactions, which helps mitigate the risk of default and lowers the Company's credit risk. The arrangements in place mean that the Company is not exposed to any significant market risk.

The Company only deposits cash and cash equivalents with banks and financial institutions with credit ratings above a defined level assigned by international credit-rating agencies. Ratings are monitored regularly by the Group's treasury function.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The failure of a customer or counterparty to meet its obligations on the settlement date represents a liquidity risk for the Company. The Company may be required to fund matched trades which fail to settle on the settlement date. However, the Company seeks to mitigate these risks by requiring retail customers to prefund purchases. The Company also retains the right to cancel trades where one-party defaults, which further negates the liquidity risk.

The Company also manages its liquidity to ensure, as far as possible, that the Company will have sufficient funds to meet its other liabilities when due. The Company holds a minimum cash balance of £15,700,000 at all times and can call on its intercompany loan for repayment at any time.

The Company is exposed to movements in interest rates on interest income earned on client money administered for third parties and the intercompany loan. Interest income is largely driven by changes in the Bank of England base rate.

Directors' liabilities

The directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Directors' and officers' liability insurance has been purchased by the Company's ultimate parent company, Orbit Private Holdings I Ltd. The insurance does not provide cover in the event that a director is proved to have acted fraudulently. Indemnity insurance is maintained for the Company's directors and officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Directors' report for the year ended 31 December 2022 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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 also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- 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 auditors are aware of that information.

Corporate governance statement

The Board is committed to upholding high standards of corporate governance and, as confirmed last year, have adopted the Wates Corporate Governance Principles ("Wates Principles"). Although the Company is not legally required to adopt and report against the Wates Principles, it was felt by the Board that the Principles provided an appropriate governance framework.

Wates Principles

Principle 1: Purpose and leadership

The Board has developed a strategy and business model to generate long-term sustainable value. A Board strategy day, which is attended by all of the Company's directors and a representative for the Company's secretary, is held annually and ensures that strategy is carefully planned and clearly articulated and implemented. As part of this the Company's purpose and culture are always at the forefront of the directors' minds. Culture is monitored through the Group engagement survey and pulse surveys within the Company. The directors work to build positive relationships with the key stakeholders, including the workforce. Further details can be seen in the s172 statement on pages 4 to 8 which sets out how the Board engages with 'People', 'Clients and Customers', 'Suppliers', 'Community and Society', 'Regulators' and 'Board of Equiniti Group Limited'. On an annual basis the Board reviews policies in place to deal with the raising of concerns about misconduct and unethical practices. There is a Group policy which is adopted by the Company and 'Whistleblowing, Anti-Bribery and Fraud' are dealt with as part of the Company's Audit Committee's remit. The Board understands each of the stakeholders' views and considers them in Board discussions and when making decisions. The s172 statement shows how key decisions were taken in light of engagement and feedback received from stakeholders and reflect Board's responses.

Directors' report for the year ended 31 December 2022 (continued)

Principle 2: Board composition

The Company's governance structure consists of a Board of Directors and the following Board committees; Risk, Audit, Remuneration and Nomination. As at 31 December 2022 the Board consisted of one Independent Chair, two Non-executive directors and five Executive directors, providing a suitable mix of experience and knowledge. The Chair of the Board is also the Chair of the Nomination Committee but is, however, not a member of any other committee. The Remuneration, Risk and Audit Committees are chaired by the other Non-executive directors. The Chair of the Audit Committee has recent and relevant experience.

During the year one new Executive director was appointed to the Board. The changes were made following a formal and transparent procedure and were subject to FCA approval. New directors are provided with comprehensive induction and training. Following these changes, the Board feels that there is an appropriate combination of skills, experience, background and knowledge that promotes accountability and incorporates objective thought enabling constructive challenge and allowing effective decision-making. Each Board member demonstrates a commitment to their ongoing professional development, and the directors proactively seek out such opportunities to learn and develop. The Board periodically considers its size and structure to ensure that it is appropriate to meet its strategic needs going forward, as well as its succession plan, recognising that two of the Non-executive directors have served on the Board for approximately eight years.

The roles of the Chair and Chief Executive Officer continue to be separate, as this ensures a balance of power and effective decision making. Their respective responsibilities are set out in a formal document which is approved annually by the Board. The Chair is an effective leader of the Board and ensures that all voices are heard and facilitates clear discussion and debate.

Each year the Board and Committees undertake an internal performance evaluation. This was completed in Q4 2022, with the results tabled to the Board at their meeting in February 2023. All actions arising from the evaluation will be monitored and completed throughout the year.

Principle 3: Director Responsibilities

The Company has a Governance Policy which is reviewed and approved annually by the Board. This Governance Policy allows the Board to establish and maintain a high standard of corporate governance practices that provide clear lines of accountability. Within the Governance Policy there is a detailed Responsibilities Map and a document setting out the 'Roles and Responsibilities' of certain Board members and SMF roles. These sections of the Governance Policy are carefully reviewed by Compliance to ensure that all aspects of the roles are accurately captured and documented, thereby allowing each individual to clearly understand what is required of them.

The Board has delegated a number of its responsibilities to four committees, which assist it with the consideration of matters such as financial reporting, risk, succession and remuneration. The terms of each Committee are set out clearly, and include the authorities delegated to it along with specific responsibilities. All terms of reference are reviewed and updated as necessary each year.

The Board also manages any conflicts of interest very carefully. Declarations are made at the start of each meeting, a register of conflicts is maintained and a clear procedure on how to deal with conflicts is set out in the Company's Governance Policy.

There is regular dialogue with the Company Secretary to ensure that the Board and Committees each receive their meeting packs in a timely manner, and that the packs contain relevant information. Both the Chair and CEO expect papers to be clear, accurate, and comprehensive and to allow the directors to know what is expected of them. Papers are requested from a wide range of sources and presentations are scheduled at specific intervals using an annual Board and Committee Activity Planner. This formal system ensures the directors are updated on the necessary matters at appropriate intervals and are able to monitor and challenge the performance of the Company.

Directors' report for the year ended 31 December 2022 (continued)

Principle 4: Opportunity and Risk

In developing the Company's strategy, the Board considers and assesses how it can create and preserve value over the long-term. The Board is responsible for the overall approach to strategic decision-making and effective risk management.

With regard to its risk management activities, having taken advice from external experts, the Board reviewed and oversaw a strengthening of the Company's risk management framework, which included the introduction of a comprehensive risk and control self-assessment process and a stronger process for overseeing liquidity risk. The Risk and Compliance function has a dedicated Head of Risk to oversee the execution of the risk framework. Furthermore, the Risk and Compliance function acts as the second line of defence in order to allow it to challenge and oversee risk effectively.

The Risk Committee is responsible for determining the strategy for the management of risk. This includes oversight and evaluation of the enterprise risk management framework, reviewing the Company's risk appetite on a periodic basis, the current and emerging risk exposures of the Company and oversight of the RCSA process. The Committee also oversees the ICARA process and takes an active role in the promotion of risk awareness and compliance within the Company.

The Audit Committee reviews and monitors, amongst other matters, the effectiveness of internal financial controls, the performance of the internal audit function and the relationship with the external auditor. It also reviews the adequacy and effectiveness of the Company's systems and procedures to comply with the FCA Client Asset Rules in respect of client assets and client money.

Our principal risks are set out on pages 3 to 4 of the Strategic Report.

Principle 5: Remuneration

The directors' remuneration is set by the ultimate parent company. Bonus schemes are maintained by the Group whilst all Executive remuneration above a certain level must be approved by the Group's Human Capital Committee. For all roles, before any remuneration is approved, a benchmarking exercise is undertaken, with approval sought from the Group's Human Capital Committee.

The Company's Gender Pay Gap Disclosure is prepared on a voluntary basis given the business employs fewer than 250 employees which is the threshold for mandatory reporting. The Company's Gender Pay Gap disclosure was submitted to the government's gender pay gap site and published on EQ's website (https://equiniti.com/media/14090/eq-gender-pay-gap-disclosure-2022.pdf) on 28 March 2023.

The Company's median Gender Pay Gap for 2022 narrowed from 2021 to 21.4%. The Company is committed to reducing the Gender Pay Gap and is part of Group-level targeted efforts to drive-down the Gender Pay Gap, including reviewing our recruitment processes and providing more transparency to promotions and pay processes.

Principle 6: Stakeholder Relationships and Engagement

The Board understands the importance of building and maintaining relationships with the Company's key stakeholders. By prioritising these relationships and building trust with stakeholders the Company is directly supported in its strategic ambitions, as it allows the Company to generate and preserve value. For full details of our key stakeholders, please see the s172 Statement on pages 4 to 8.

The Board regularly receives feedback from key stakeholders and takes into account their views when making decisions. Details on how we engaged with our stakeholders in 2022, and how we responded to their views and feedback can be found in the Strategic Report on pages 5 to 7.

The directors are aware that more can be achieved in this area, for example, in relation to the environment. The Group has undertaken research into its environmental impact, and a plan is being developed and will be presented to the Board in due course.

Approved by the Board on 20 April 2023 and signed on its behalf by:

....

R Pearson - Executive Director

Company registration number: 06208699

Independent auditors' report to the members of Equiniti Financial Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Equiniti Financial Services Limited's 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 (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: statement of financial position as at 31 December 2022; statement of comprehensive income, statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

In 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Equiniti Financial Services Limited (continued)

Strategic report and directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to its UK investment business activities (which are regulated by the Financial Conduct Authority (FCA)) and breaches of data protection regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and corporate taxation regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to overstate reported revenue and the application of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of the Directors, management, staff in tax and compliance functions, internal audit and the legal counsel to identify any instances of non-compliance with laws and regulations, including consideration of known or suspected instances of fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business. In particular any journal entries posted with unusual account combinations, unusual words or those posted by senior management;
- Reading key correspondence with regulatory authorities, including the FCA;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Obtaining and understanding the results of whistleblowing procedures and any related investigations; and
- Challenging and testing assumptions and judgements made by management in respect of significant accounting estimates to assess for evidence of management bias, and obtaining appropriate audit evidence.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Independent auditors' report to the members of Equiniti Financial Services Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

....
Darren Meek (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

21 April 2023

Equiniti Financial Services Limited
Registration number: 06208699

Statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	4	55,430	58,372
Direct costs		(17,672)	(19,803)
Employee benefit expenses	7	(8,413)	(7,752)
Group overhead recharges		(5,133)	(5,743)
Administrative expenses	5	(5,504)	(7,326)
Earnings before interest and tax		18,708	17,748
Finance income	9	660	366
Finance costs	10	-	(14)
Profit before income tax		**19,368**	**18,100**
Income tax expense	11	(3,329)	(3,259)
Profit and total comprehensive income for the financial year		**16,039**	**14,841**

The notes on pages 20 to 36 form an integral part of these financial statements.

Equiniti Financial Services Limited
Registration number: 06208699

Statement of financial position as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Assets			
Non-current assets			
Property, plant and equipment	12	-	-
Investments in subsidiaries	13	-	-
Deferred tax assets	11	1	1
		1	1
Current assets			
Trade and other receivables	14	4,265	1,578
Contract assets		1,780	889
Agency broker receivables	15	7,370	7,159
Other current financial assets	16	24,556	21,205
Cash and cash equivalents	17	16,333	20,375
		54,304	51,206
Total assets		54,305	51,207
Liabilities			
Current liabilities			
Trade and other payables	18	1,698	952
Contract liabilities		1,148	1,179
Income tax liability		3,410	3,277
Agency broker payables	19	7,370	7,159
		13,626	12,567
Net assets		**40,679**	**38,640**
Equity			
Share capital	20	12,754	12,754
Capital contribution reserve	21	-	649
Retained earnings		27,925	25,237
Total equity		**40,679**	**38,640**

The financial statements on pages 17 to 36 were approved by the Board on 20 April 2023 and signed on its behalf by:

....

R Pearson - Executive Director
Company registration number: 06208699

The notes on pages 20 to 36 form an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2022

	Share capital £ 000	Capital contribution reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2022	12,754	649	25,237	38,640
Profit and total comprehensive income for the financial year	-	-	16,039	16,039
Dividends	-	-	(14,000)	(14,000)
Transfer to retained earnings	-	(649)	649	-
At 31 December 2022	12,754	-	27,925	40,679

	Share capital £ 000	Capital contribution reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2021	12,754	649	16,346	29,749
Profit and total comprehensive income for the financial year	-	-	14,841	14,841
Dividends	-	-	(5,950)	(5,950)
At 31 December 2021	12,754	649	25,237	38,640

The notes on pages 20 to 36 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2022

1 General information

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

The registered office address of the Company is:

Aspect House
Spencer Road
Lancing
West Sussex
United Kingdom
BN99 6DA

2 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or estimation and which are significant to the financial statements, are disclosed in note 3.

These financial statements are presented in British Pounds ("£") which is the Company's functional currency.

Summary of disclosure exemptions

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 1 Presentation of Financial Statements, paragraphs:
  - 10(d) - Statement of cash flows
  - 16 - Statement of compliance with all IFRS
  - 38B-D - Additional comparative information in respect of IAS 16 Property, Plant and Equipment paragraph 73(e) and IAS 38 Intangible Assets paragraph 118(e)
  - 134 to 136 - Capital management disclosures
- IAS 7 Statement of Cash Flows
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, paragraphs 30 and 31 - New standards issued but not yet effective
- IAS 24 Related Party Disclosures, paragraphs 17 and 18A - Certain key management personnel information and related party disclosures with transactions entered into between wholly owned group companies
- IAS 36 Impairment of Assets, paragraphs 134(d) to 134(f) and 135(c) to 135(e) - Key assumptions and estimates used to measure value in use of cash-generating units
- IFRS 7 Financial Instruments: Disclosures
- IFRS 13 Fair Value Measurement, paragraphs 91 to 99 - Valuation techniques and inputs used for fair value measurement of assets and liabilities
- IFRS 15 Revenue from Contracts with Customers, paragraphs 110, 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 - Detailed revenue disclosures

Exemption from preparing group financial statements

These financial statements contain information about Equiniti Financial Services Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Orbit Private Holdings I Ltd, incorporated in the United Kingdom and registered in England and Wales..

2 Accounting policies (continued)

Going concern

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have approved a budget for 2023 which shows that the Company would remain profitable and cash generative. Additionally, the Company maintains adequate levels of cash reserves and has the ability to call for repayment of the loan to its parent entity, which it regularly monitors to ensure that it has adequate levels of cash and undrawn financing facilities available to it. The Company has received a letter of support from its parent that it will provide any financial support to the Company, as required, such that the Company is able to operate as a going concern and to settle its liabilities as they fall due. The Company regularly reviews and evaluates its ability to meet its capital requirements under severe but plausible stress scenarios and this is reviewed by the Board at least annually. The Company's experience during the COVID-19 pandemic is evidence this evaluation is working effectively. For these reasons, the going concern basis has been adopted in preparing the financial statements.

New standards, interpretations and amendments

There are no standards, interpretations and amendments effective for the first time from 1 January 2022 that had a material effect on the financial statements.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Property, plant and equipment

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

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Office equipment	5 years

Investments

Investments in subsidiaries are carried at historical cost less any provisions for impairment.

Trade receivables

Trade receivables represent amounts invoiced to customers, but not yet paid. Trade receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses. Expected credit losses are recognised using the simplified approach as set out in IFRS 9 Financial Instruments and consequently loss allowances are measured at an amount equal to the lifetime expected credit loss. The expected credit loss model applies a percentage, based on an assessment of historical default rates and certain forward looking information, against receivables that are grouped into certain age brackets. Where there is objective evidence that the Company will not be able to collect any amounts due according to the original terms of the agreement with the customer, the receivable is fully impaired and the loss is recognised within administrative costs in the statement of comprehensive income.

Amounts due from Group undertakings

Amounts due from Group undertakings are stated initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses. Expected credit losses are recognised using the simplified approach as set out in IFRS 9 and consequently loss allowances are measured at an amount equal to the lifetime expected credit loss. Balances are unsecured and repayable on demand.

Contract assets

When services are supplied to a customer before an invoice is raised, a contract asset is recognised in the statement of financial position and represents the right to receive consideration from the customer for services delivered. The asset is measured as the fair value of the services supplied, less provisions for impairment. The Company's contracts with customers often include a payment schedule which determine when invoices are raised, and settlement is received, during the contractual term.

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Agency broker balances

Where the Company acts as an agency broker for corporate clients and retail investors, whereby securities are purchased or sold on behalf of one counterparty to another counterparty, balances owed by or to the corporate clients, retail investor and the market maker are recognised within agency broker receivables and agency broker payables until the balances are settled. Settlement of such transactions are primarily on a delivered and paid basis and typically take place within a few business days of the transaction date according to the relevant market rules and conventions. The amounts due from and payable to counterparties in respect of unsettled transactions are shown as gross amounts in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are recognised within current liabilities in the statement of financial position.

Financial instruments

A financial asset or financial liability is only recognised in the statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Classification and measurement

The Company's financial assets which include loan receivables, trade and other receivables (excluding prepayments) and contract assets, are initially recognised at fair value, plus any transactions costs that are directly attributable to the acquisition of the financial asset. They are subsequently measured at amortised cost, less expected credit losses.

The Company classifies debt and equity instruments as either financial liabilities or as equity, in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the Company, after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Under IAS 32 Financial Instruments: Presentation, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party, under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

The Company's financial liabilities are classified and measured at amortised cost using the effective interest method.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to receive cash flows from the financial asset expire or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Trade payables

Trade and other payables represent liabilities for goods and services received by the Company prior to the end of the financial year which are unpaid. The amounts within trade and other payables are unsecured. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Accounting policies (continued)

Amounts due to Group undertakings

Amounts due to Group undertakings represent liabilities for goods and services received by the Company prior to the end of the financial year which are unpaid. Balances are unsecured and repayable on demand. Amounts due to Group undertakings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Contract liabilities

Contract liabilities are recorded when the Company has received consideration from customers, but still has an obligation to deliver goods or services to the customer and meet performance obligations for that consideration. The liability is measured as the fair value of the consideration received.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based payments

Prior to the acquisition of the EQ Group by Earth Private Holdings Ltd on 9 December 2021, Equiniti Group Limited operated a number of equity-settled share-based compensation plans under which the Company received services from employees as consideration for equity instruments (options) of Equiniti Group Limited. The fair value of the employee services received in exchange for the grant of the awards was recognised as an expense in the Company and was recharged from Equiniti Group Limited. The amount expensed was determined by reference to the fair value of the awards granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee over a specified period of time; and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting date, the Company would revise its estimate of the number of awards that were expected to vest, based on the service and non-market performance vesting conditions. It recognised the impact of the revisions to original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to the amount recharged from Equiniti Group Limited in the statement of financial position.

Defined contribution pension scheme

The employees of the Company participate in a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separately administered fund. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the statement of comprehensive income as incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

2 Accounting policies (continued)

Revenue recognition

Revenue, which excludes sales tax, represents the value of services provided under contract to customers in the United Kingdom. In addition, the Company receives interest income on funds under administration of the Company. Contract revenue is measured as the fair value of the consideration receivable for services performed. Revenue is recognised at a point in time when the performance obligation in the contract has been performed, or over time, as the Company satisfies contractual performance obligations by transferring promised services to its customers.

The Company's main revenue streams are as follows:

Professional services and administrative fees

Revenue from administering customer accounts and for holding customer assets, such as quarterly custody account fees, is recognised rateably over the period of charge. Revenue from fixed-price corporate nominee fees is recognised rateably over the life of the contract. When the over time criteria are not satisfied, the Company recognises revenue at a point in time when the contractual performance obligations are delivered.

Transactional revenue

Transactional revenue represents commission earned on the purchase and sale of shares. Revenue is recognised at a point in time when the execution of the related transaction takes place.

Intermediary income

Intermediary revenue represents interest income earned on funds under administration of the Company. Revenue is recognised as it is earned.

Out of pocket expenses

Out of pocket expenses recharged to customers are recognised in revenue when they are recoverable from the client, net of the related expense.

Revenue recognised for services delivered, but not yet invoiced, is reflected in the statement of financial position within contract assets. This occurs with the Company's custody account fees and corporate nominee revenue whereby fees are invoiced quarterly in arrears but revenue is recognised and accrued over the previous quarter. Revenue is only recognised when supported by a written client contract and recoverability is expected in line with the supporting contract. Amounts billed in advance of work being performed are deferred in the statement of financial position as contract liabilities.

Group overhead recharges

Group overhead recharges comprise an allocation of Group overhead costs such as sales and marketing, finance and audit, human resources and legal and professional fees.

Finance income

Finance income represents interest receivable on loans made to Group companies. Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2 Accounting policies (continued)

Tax

Tax on the result for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

As the Company is a subsidiary of the Group, where permitted, eligible companies are able to group relieve taxable profits and losses. All eligible companies share liability for the Groups overall tax liability and record their own share of tax payable or receivable at the reporting date. The balance is subsequently paid to or received from a Group undertaking or settled via the intercompany account.

Current tax is the expected tax payable on the Company's taxable profit or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements when the dividends are approved by the Company's shareholders. Dividends were not paid at year end.

3 Critical accounting judgements and key sources of estimation uncertainty

There are no significant accounting estimates or judgements within these financial statements.

4 Revenue

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

	2022 £ 000	2021 £ 000
Rendering of services	49,398	57,365
Interest income	6,032	1,007
	55,430	58,372

Revenue recognised in the year from:

	2022 £ 000	2021 £ 000
Amounts included in contract liabilities at the beginning of the year	1,218	2,410

Notes to the financial statements for the year ended 31 December 2022 (continued)

5 Administrative expenses

Expenses by nature:	2022 £ 000	2021 £ 000
Printing and postage	430	882
IT licences and maintenance	1,179	1,559
Bought in services	1,436	931
Premises costs	320	498
Other expenses	2,139	3,456
	5,504	7,326

6 Auditors' remuneration

Fees charged in the year by the Company's auditors in respect of the audit of the financial statements were £55,000 (2021 - £50,000) and other audit-related assurance services in respect of regulatory requirements of £290,000 (2021 - £292,000). These costs were borne by Equiniti Services Limited, a fellow Group company.

7 Staff numbers and costs

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

	2022 Number	2021 Number
Operations	139	155
Sales and marketing	3	7
Support functions	40	27
	182	189

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

	2022 £ 000	2021 £ 000
Wages and salaries	7,217	6,308
Social security costs	755	747
Other pension costs	441	496
Share-based payment expenses	-	201
	8,413	7,752

8 Directors' remuneration

Six (2021 - six) directors were remunerated by the Company for their services during the year. Their remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration	747	678
Company contributions to money purchase pension schemes	49	45
	796	723

During the year the number of directors paid by the company who were receiving pension benefits was as follows:

	2022 Number	2021 Number
Accruing benefits under money purchase pension scheme	3	3

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Remuneration	198	182
Company contributions to money purchase pension schemes	20	19
	218	201

Two (2021 - four) directors were remunerated by other Group undertakings in the year for their services to the Group as a whole. None of their remuneration is directly attributable to services provided to this Company, so none of their emoluments have been apportioned to this Company. Accordingly, the tables above do not include any emoluments in respect of these directors as they are included in the aggregate emoluments disclosed in the financial statements of the other Group undertakings.

9 Finance income

	2022 £ 000	2021 £ 000
Interest income	-	1
Interest income on loans to Group undertakings	660	365
	660	366

10 Finance costs

	2022 £ 000	2021 £ 000
Foreign exchange losses	-	3
Other fees and interest	-	11
	-	14

Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Income tax expense

Tax charged in the statement of comprehensive income:

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	3,410	3,277
Adjustments in respect of prior periods	(81)	(34)
	3,329	3,243
Deferred taxation		
Adjustments in respect of prior periods	-	16
Tax expense in the statement of comprehensive income	3,329	3,259

The tax on profit before income tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	19,368	18,100
Corporation tax at the standard UK rate of 19% (2021 - 19%)	3,680	3,439
Non-deductible expenses	1	1
Effect of share-based payment transactions	-	38
Decrease from UK to UK transfer pricing adjustments	(271)	(201)
Adjustments in respect of prior periods	(81)	(18)
Total tax expense	3,329	3,259

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

With effect from 1 April 2023, the main rate of UK corporation tax will be 25%. This was substantively enacted on 24 May 2021 and is expected to increase the Company's future tax charge accordingly.

11 Income tax expense (continued)

Deferred tax

Deferred tax assets are as follows:

2022	**Asset £ 000**
Accelerated tax depreciation	1
	1

2021	**Asset £ 000**
Accelerated tax depreciation	1
	1

The deferred tax assets, which are calculated using the UK corporation tax rate of 25% that was substantively enacted on 24 May 2021, are expected to be recovered at least 12 months after the statement of financial position date.

Deferred tax movement during the current year:

	At 1 January 2022 £ 000	**Recognised in income £ 000**	**At 31 December 2022 £ 000**
Accelerated tax depreciation	1	-	1
Net tax assets	1	-	1

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	**Recognised in income £ 000**	**At 31 December 2021 £ 000**
Accelerated tax depreciation	1	-	1
Other post-employment benefits	16	(16)	-
Net tax assets	17	(16)	1

The Company does not have any unrecognised deferred tax assets or liabilities.

Notes to the financial statements for the year ended 31 December 2022 (continued)

12 Property, plant and equipment

	Office equipment £ 000
Cost or valuation	
At 1 January 2022	6
At 31 December 2022	6
Accumulated depreciation	
At 1 January 2022	6
At 31 December 2022	6
Carrying amount	
At 31 December 2022	-
At 31 December 2021	-

13 Investments in subsidiaries

Details of the Company's subsidiaries, which are all directly owned as at 31 December 2022, are as follows:

Name of subsidiary	Principal activity	Registered office address	Proportion of ownership interest and voting rights held 2022	2021
Custodian Nominees Limited	Dormant	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	100%	100%
Equiniti Corporate Nominees Limited	Dormant	Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom	100%	100%
Equiniti ISA Nominees Limited	Dormant	Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom	100%	100%
Equiniti Nominees Limited	Dormant	Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom	100%	100%
Equiniti Savings Nominees Limited	Dormant	Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom	100%	100%

Notes to the financial statements for the year ended 31 December 2022 (continued)

13 Investments in subsidiaries (continued)

Name of subsidiary	Principal activity	Registered office address	Proportion of ownership interest and voting rights held 2022	2021
Equiniti Shareview Limited	Dormant	Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom	100%	100%
L R Nominees Limited	Dormant	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	100%	100%
Wealth Nominees Limited	Dormant	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	100%	100%

The above investments are in non-trading nominee companies, with a holding of a single £1 share in each (2021 - £1), apart from Equiniti Corporate Nominees Limited where two £1 shares are held.

14 Trade and other receivables

	2022 £ 000	2021 £ 000
Trade receivables	46	4
Amounts due from Group undertakings	3,709	643
Prepayments	410	470
Other receivables	100	461
	4,265	1,578

Amounts due from Group undertakings represents amounts receivable from other Group companies as a result of the Group's cash pooling arrangement.

Ageing of trade receivables that are past due

	2022 £ 000	2021 £ 000
0 to 30 days	46	3
91 to 180 days	-	1
	46	4

Notes to the financial statements for the year ended 31 December 2022 (continued)

15 Agency broker receivables

	2022 £ 000	2021 £ 000
Receivable balances due from brokers	3,303	3,548
Balances owed by customers purchasing shares	4,067	3,611
	7,370	7,159

Receivable balances due from brokers and balances owed by customers who are purchasing shares are held in the very short term and are expected to be fully recoverable from monies held in client accounts or market settlement systems. All balances are settled subsequent to the year end. At the year end there were no amounts past due (2021 - £nil).

16 Other current financial assets

	2022 £ 000	2021 £ 000
Loans due from Group undertakings	24,556	21,205

The Company provides a loan facility to its parent company, Equiniti Holdings Limited. The loan is secured by means of a debenture over the assets of Equiniti Holdings Limited. There are no fixed dates of repayment and the Company must give 5 business days' notice when requesting a repayment of monies advanced. The outstanding balance due to the Company at the year ended 31 December 2022 was £24,556,000 (2021 - £21,205,000). Interest accrues on this loan at Bank of England base rate + 1.75% (2021 – Bank of England base rate + 1.75%).

17 Cash and cash equivalents

	2022 £ 000	2021 £ 000
Cash and cash equivalents	16,333	20,375

As required by the UK's Financial Services and Markets Act 2000 and in accordance with the rules of the FCA, the Company maintains certain balances on behalf of clients with banks in segregated accounts. The Company holds these monies as trustee and has no beneficial interest in these balances and accordingly these amounts and related liabilities are not included in the Company's statement of financial position.

Balances held by the Company that are not available for use by the Company

	2022 £ 000	2021 £ 000
Balances held by the Company that are not available for use by the Company	15,700	17,000

Cash and cash equivalents includes restricted cash of £15,700,000 (2021 - £17,000,000) this is due to requirements to hold by the FCA and designations made by the board. This cash is not available for use by the Company.

Notes to the financial statements for the year ended 31 December 2022 (continued)

18 Trade and other payables

	2022 £ 000	2021 £ 000
Trade payables	57	54
Amounts due to Group undertakings	424	20
Accrued expenses	1,037	713
Other payables	180	165
	1,698	952

Amounts due to Group undertakings are non-interest bearing and repayable on demand.

19 Agency broker payables

	2022 £ 000	2021 £ 000
Payable balances due to brokers	1,570	1,335
Balances owed to customers selling shares	5,800	5,824
	7,370	7,159

Payable balances due to brokers and balances owed to customers who have sold shares are held in the very short term and therefore do not require discounting.

20 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	Number	£ 000	Number	£ 000
Ordinary shares of £1 each	12,754,000	12,754	12,754,000	12,754

21 Capital contribution reserve

The capital contribution reserve represents historical amounts recognised in equity in respect of equity-settled share-based compensation plans.

22 Share-based payments

On 9 December 2021, the EQ Group was acquired by Earth Private Holdings Ltd. Where performance conditions had been satisfied, the acquisition resulted in the early vesting, on a pro-rated basis, of the outstanding EQ Group share awards which were issued by Equiniti Group Limited (formerly Equiniti Group plc).

Where share options had lapsed solely due to pro-rating, relevant employees were offered a deferred cash replacement award which vested on the original date of the original award. These awards were offered by Earth Private Holdings Ltd, an intermediate parent company.

22 Share-based payments (continued)

2021 Long term incentive plan

The Group has an equity-settled long term incentive plan in place giving rise to certain incentive rights ("IR"). These represent a contingent right to receive payment in the form of shares upon the occurrence of a liquidity or sale event. The share based payment charge for the company's employees are included in employee benefit expenses (Note 7).

All Employee Award 2020

Scheme description

The EQ Group launched an all employee share award in 2020, which was granted to all eligible UK staff employed by the EQ Group on 1 March 2020 under the original share incentive plan rules. Each eligible member of staff received an award equivalent to £300. The original terms stated the awards would vest over three years and employees would receive their shares provided they remain employed by the EQ Group over the vesting period. Non-UK based employees received a deferred cash bonus award in lieu of a share award.

The total charge for the year relating to this scheme was £nil (2021 - £23,000).

The movements in the number of share options during the year were as follows:

	2022 Number	2021 Number
At 1 January	-	48,861
Forfeited	-	(28,035)
Exercised	-	(20,826)
At 31 December	-	-

Outstanding share options

There were no awards outstanding at the end of the year (2021: none).

Sharesave Plan 2018

Scheme description

Share options issued by Equiniti Group Limited, were granted to directors and employees of the Company who entered into Her Majesty's Revenue & Customs approved share savings scheme. The original terms stated participants can save a maximum of £500 per month over three to five years. The number of shares over which an option is granted is such that the total option price payable for those shares corresponds to the proceeds on maturity of the related savings contract. The exercise price was calculated as 80% of the average share price over the three preceding days or, in relation to new issue shares, the nominal value of a share. Granted options would vest over the maturity of the savings contract and could be exercised over a period of up to 6 months after vesting.

The total charge for the year relating to this scheme was £nil (2021 - £35,000).

The movements in the number of share options during the year were as follows:

	2022 Number	2021 Number
At 1 January	1,016	169,646
Forfeited	(1,016)	(17,312)
Cancelled	-	(23,220)
Exercised	-	(128,098)
At 31 December	-	1,016

22 Share-based payments (continued)

Outstanding share options

No options were outstanding at the end of the year (2021: 1,016). Share options outstanding at the end of the year had the following expiry dates and exercise prices:

Grant date - Vest date	Expiry date Year	Exercise price £	2022 Number	2021 Number
2018 - 2022	2022	1.77	-	1,016

Performance Share Plan

Scheme description

Share options issued by Equiniti Group Limited, were granted to executive directors and selected employees of the Company at nil cost. The original terms stated share options granted under the PSP scheme were conditional on a minimum of 6% earnings per share growth (except for share options granted in 2018 which were conditional on a minimum of 8% earnings per share growth) and median total shareholder return over a three-year vesting period. Granted options could be exercised over a period of up to 10 years from grant date.

The total charge for the year relating to this scheme was £nil (2021 - £115,000).

The movements in the number of share options during the year were as follows:

	2022 Number	2021 Number
At 1 January	-	333,349
Granted	-	215,385
Forfeited	-	(502,134)
Exercised	-	(46,600)
At 31 December	-	-

Outstanding share options

No options were outstanding at the end of the year (2021- none).

Deferred Annual Bonus Plan

Scheme description

30% of annual bonus earned for certain Company directors and selected employees is compulsorily deferred into an award over shares issued by Equiniti Group Limited, which would vest over a three year period. The number of options granted would be calculated using the market value on grant date. Options, once vested, could be exercised up to 10 years after the grant date at nil cost to the employee.

The total charge for the year relating to this scheme was £nil (2021 - £28,000).

The movements in the number of share options during the year were as follows:

	2022 Number	2021 Number
At 1 January	-	30,838
Exercised	-	(30,838)
At 31 December	-	-

Outstanding share options

There were no options outstanding at the end of the year (2021- none).

Notes to the financial statements for the year ended 31 December 2022 (continued)

23 Dividends

Final dividends paid in the year

	2022 £ 000	2021 £ 000
Final dividend paid of £1.18 (2021 - £1.10) per each ordinary share	14,000	5,950

The directors are proposing a final dividend of £1.18 (2021 - £1.10) per share totalling £15,000,000 (2021 - £14,000,000). This dividend has not been recognised as a liability in the financial statements.

24 Contingent liabilities

From time to time, the Company is party to legal obligations and warranties which may arise in the normal course of business. The directors are satisfied that there are no significant claims outstanding at 31 December 2022 (2021 none) which could reasonably be expected to give rise to a material claim against the Company.

25 Parent and ultimate parent undertaking

The Company is a wholly owned subsidiary of Equiniti Holdings Limited, incorporated in the United Kingdom and registered in England and Wales. The controlling party and the smallest and largest group to consolidate these financial statements is Orbit Private Holdings I Ltd. Copies of the Orbit Private Holdings I Ltd consolidated financial statements can be obtained upon request from Highdown House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 3HH.

The ultimate controlling party is Orbit Private GP, LLC, a limited company registered and domiciled in the Cayman Islands.