Company Registration No. 12307021

OSTC GROUP HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

OSTC GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J D Aucamp R Brophy L Filby I Firla P Lenardos
Secretary	Arm Secretaries Limited
Company number	12307021
Registered office	3rd Floor Imperial House 21-25 North Street Bromley England BR1 1SD
Auditors	RSM UK Audit LLP 3rd Floor Portland 25 High Street Crawley West Sussex RH10 1BG

OSTC GROUP HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report and financial statements for the year ended 31 December 2022.

Fair review of the business
The Group's financial performance in 2022 was much improved on 2021, with further growth in revenue and profitability expected in 2023.

As many proprietary trading firms found, 2021 proved to be a year of challenging market conditions due to volatility and resultant drying up of liquidity, arising from Covid-related economic shocks, supply chain disruption, and the downstream effects on markets. As a result, with our traders primarily working from home throughout 2021, we operated with a prudent, conservative, and cautious attitude to risk. This reduced our trading revenue and profitability in 2021, and as a result, we are still rebuilding our capital and liquid asset positions. Pleasingly, we have seen a significant improvement in financial performance in 2022, with further gains so far in 2023. In 2022, total revenue increased 21% year-on-year, while adjusted EBITDA increased 1,015% year-on-year (from £282k in 2021 to over £3m in 2022).

While we continue to maintain our prudent, conservative, and cautious approach to risk, at the same time we have managed to restore sustainable, meaningful profitability, and have started to repair our balance sheet to a position of strength. We expect profitability, growth, and balance sheet improvement to continue throughout 2023 and in the years ahead.

The following actions have been undertaken to improve our financial position:

(i) A material cost reduction plan was completed our Markets business in 2022, with underlying *costs declining 5% year-on-year.*

(ii) Shareholders have made additional funding available, to be utilised for margin in our Markets business to meet the significantly increased margin requirements from clearing houses, as a result of the increased volatility attributed to the Ukraine war, to allow for continuous trading and the provision of market liquidity at the same levels of leverage as before the increases were seen.

(iii) The implementation of measures to ensure other group entities are cash self-sufficient, eliminating the burden on the regulated entity (OSTC's Markets business, OSTC Limited) for their funding.

(iv) The diversification of our Markets business into different trading styles, to make it more resilient to varying market conditions and liquidity events; further, we replaced the revenue we lost in our Russian joint venture (which we closed in March 2022) by establishing operations – and hiring traders – in Dubai (which we launched in November 2022). While it was the right decision to close our Russian business, it had been a consistently profitable and dividend paying business.

(v) At ZISHI, a focus on growing revenue, fully integrating the acquisitions of BG and FSTP, rationalising fixed costs, and increasing the gross profit margin through changes in our pricing model and sales commission structure are yielding higher revenue and a reduced operating loss, with profitability and cash flow self-sufficiency expected in 2024.

We remain solvent and active liquidity providers to derivative exchanges in the UK, US, EU, and around the globe. As a proprietary trading firm, we do not engage in any client related activity and hold no client money. We remain focused on costs, revenue generation, and are always vigilant for opportunities of capital raising that would accelerate our strategic plans. With regards to our capital position, we are optimising capital in our joint ventures in order to maximise efficiencies in our operations.

Key performance indicators ("KPIs")
The Group monitors KPIs, both financial and non-financial, across individual business units. The most significant financial KPIs used by management is profit/loss before tax, non-recurring costs and treasury income, in addition to adjusted EBITDA, and the associated margins. For the 31 December 2022 year these were:

	2022 £	2021 £	2022 Margin	2021 Margin
Loss before tax	**(1,734,980)**	**(5,336,960)**	**(3.9%)**	**(14.6)%**
Non-recurring costs	2,535,559	2,525,528		
Treasury costs, excluding interest	428,716	535,815		
Profit/(loss) before tax, non-recurring costs and treasury costs	**1,229,295**	**(2,275,617)**	**2.8%**	**(6.2)%**
Other (gains) and losses	-	424,847		
Finance income	(272,691)	(88,903)		
Finance costs	966,157	447,016		
Amortisation & depreciation	1,140,728	1,697,073		
Loss on disposal of PPE	80,591	77,543		
Adjusted EBITDA	**3,144,080**	**281,959**	**7.1%**	**0.5%**

Employees
The average number of employees during the year was 343 (2021: 422), a decrease of 18.7% compared to 2021 largely as a result of restructuring initiations that decreased our overall headcount.

Disabled persons
OSTC is an equal opportunity employer, and pledges to not discriminate against employees based on any of the protected characteristics of which disability is one. Reasonable adjustments into the working environment are assessed for individuals with disability.

Employee Involvement: information and consultation
OSTC's policy is to consult and discuss with employees matters likely to affect their interest. The information about matters of concern is given through periodic CEO webinars, team briefings, systematic use of management communication, email correspondence, as well as through in-direct and direct consultations such as employee representatives or employee opinion/satisfaction surveys.

Disseminating information and consulting through the above channels seeks to achieve common awareness of the internal and external factors affecting the Group's performance, and also drives engagement, increases job satisfaction, builds strong organisational culture, and promotes a high performing workforce.

Strategy
Our strategy and business plan is credible and should enable a return to meaningful, sustainable growth and profitability, replenishment of cash balances, and a diversified revenue base to provide downside protection. While we remain cautious in our outlook, we expect 2023 to be better than 2022 in terms of financial performance given:

- Improved market liquidity supporting better trading conditions.
- Diversified styles of trading that were launched in late 2022 and early 2023, and include global macro and algorithmic strategies.
- The launch of our Dubai operations in the fourth quarter of 2022. The Dubai entity is already adding to our revenue and producing meaningful results.
- A materially rationalised cost base, which 2023 will get the full benefit of.
- Near zero one-off exceptional items in 2023 since our restructuring is complete.
- At ZISHI, a focus on growing revenue, fully integrating the acquisitions of BG and FSTP, rationalising fixed costs, and increasing the gross profit margin through changes in our pricing model and sales commission structure will continue to yield higher revenue and a reduced operating loss, with profitability and cash flow self-sufficiency expected in 2024.

In addition to the above, as announced by the chairman of OSTC Group Holdings Limited, in July 2022, "moving forward both our Markets and ZISHI businesses will operate as two standalone companies." The reasoning was that during the past few years, the operating subsidiaries of the group, those being OSTC Limited (the Markets business) and ZISHI Group Limited (the educational and training company), "matured significantly." Specifically, the Markets business "has successfully demonstrated its collective resilience in the face of unprecedented adversity," and achieved this "despite the material global disruption of the Covid pandemic, quickly followed by Russia's ongoing invasion of Ukraine" that are "both once-in-a-lifetime events" that impacted trading firms, like OSTC Limited, through "unprecedented market volatility [and] increased capital levels required for trading" as a result of materially higher exchange margin requirements. As a result of this corporate organisational change, Mark Slade, a co-founder of OSTC, significant shareholder, and former CEO of the business, reassumed the position of CEO of the Markets business with effect from 1 August 2022. Further, Chris Jenkins became CEO of the education and training business with effect from the same date.

Under the leadership of Mr. Slade and his executive team, the Markets business is focusing on its future as a pure-play derivatives trading business, growing its resilience by increasing investment and support to current trading teams in their existing way of working, and building Algorithmic trading and Macro trading expertise. A new strategy was launched in mid-2022 focused on the following:

- **Growing** OSTC's new trader training programme and continuing the deployment of OSTC Academy by focusing on liquidity opportunities in under-utilised areas within Group. The Company is adding traders and analysts to give local access to international markets and to propel these business units to achieve operational and financial maturity. OSTC has a record of accomplishment in recruiting and developing trainee traders and analysts with little or no experience, to the point of being profitable, high volume market participants.
- **Enhancing** our analytics capabilities and implementing a trader improvement plan by improving education and knowledge sharing for traders and support staff.
- Continuing the diversification of trading strategies by adding **Macro** trading capabilities.
- Instituting the automation of trading ideas through **Algorithmic** trading solutions which will generate new alpha (outperformance vs. the market) and codify existing strategies to improve performance by improving exposure to the market and freeing up traders to seek out more trading opportunities. OSTC is seeking to trade new and more asset classes, increase the number of exchanges on which it trades, and expand its partnership programmes with exchange groups and other strategic partners. OSTC is well positioned in China and India, with established operations, to capitalise on these markets as authorities open their financial markets to international investors.
- ZISHI's focus, under Mr. Jenkins and his executive team, is on fully integrating the acquisitions of BG and FSTP, growing revenue through an increased product offering and more coordinated sales effort, all with a goal of achieving profitability and cash flow self-sufficiency in 2024.

In addition to the above, the following will complement the Group's strategy and will lead to accelerating growth in the Markets business:

- Interest rates have increased and volatility will remain elevated: higher interest rates and volatility will widen spreads, grow revenue capture, and drive more hedging activity, all of which will lead to higher volumes and greater profitability.
- Trading style diversification will make the business more resilient to differing market conditions and liquidity events.

Principal risks and uncertainties
The activities of the Group give rise to both operational and financial risks in the normal course of business. The principal risks that the business faces are described below, together with details of how these risks are mitigated.

Regulatory risk is the risk of non-compliance and future changes in regulatory rules that would impact the Group and Company's business. The Group's ability to operate as a going concern is dependent on obtaining and maintaining the necessary regulatory authorisations and always complying with the associated rules. The Group further mitigates regulatory risk by instilling a compliance culture throughout all levels of the business and by investing significant amounts of time and resource to implement and monitor appropriate systems and controls.

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. The Group maintains an enterprise risk management framework with regular operational risk reviews and internal control oversight.

Currency risk is the potential that the company will incur losses due to movements in the foreign exchange markets. The activities of the Group are largely conducted in four main currencies: British Pounds, Polish Zloty, Euro and US Dollar. Revenue is largely derived in US Dollars while costs are mainly in British Pounds and Polish Zloty. The FX Committee, chaired by the Chief Financial Officer, actively monitors the foreign currency exposure of the Group's balance sheet and income statement, and seeks to mitigate this risk, if deemed appropriate, via hedging with forward transactions.

Credit risk is the risk that counterparties will not meet their financial obligations or losses from the placement of funds with other financial institutions. Any deposits the company places with other financial institutions are subject to due diligence which looks at various indicators including an institution's capital ratios and credit rating.

Market risk is the risk of loss resulting from unfavourable market movements, such as prices, when positions in financial instruments are held. The value of a financial instrument may fluctuate because of changes in factors such as commodity prices, currency rates and other factors that create volatilities in financial markets. OSTC's hedging strategies, in combination with the use of straightforward products and continuous monitoring, aim to minimise this risk. The Group's trading philosophy is that it hedges its positions as perfectly as possible to minimise directional exposure to the market.

Liquidity risk is the potential that, although remaining solvent, OSTC does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due or can secure them only at excessive costs. The Group manages liquidity risk by maintaining sufficient liquid resources to ensure it can meet its obligations as they fall due. The majority of the Group's assets are held as cash.

Business risk is a broad category. The Group considers its main business risks to be the risk of becoming unprofitable, revenue concentration risk, and reputational risk. The Group's profitability is primarily a function of the level of trading activity, or trading volumes, in the financial instruments in which the company trades, and the bid-ask spreads, in addition to its ability to sell, on favourable terms, educational and training services. To mitigate the risk during periods of little market activity, the group diversifies in products and markets traded. This is to ensure that the Group is not overly dependent on the levels of market activity in one asset class or product category.

Going concern

The directors have reviewed the Group's processes to control the financial risks to which the Group is exposed, its available liquidity, its regulatory capital position, and the annual budget, together with factors likely to affect its future development for at least the next 12 months.

The Group's financial performance in 2022 was much improved on 2021, with further growth in revenue and profitability expected in 2023. In 2022, total revenue increased 21% year-on-year, while adjusted EBITDA increased 1,015% year-on-year. In the first quarter of 2023 total revenue increased 5% year-on-year, with adjusted EBITDA increasing 50%.

In our Markets business, the Group is required to meet regulatory capital requirements in accordance with the FCA handbook. These requirements increased substantially from 1 January 2022. There is a transitionary period spanning out to 2027 during which the Group plans to accumulate sufficient capital resources to enable it to meet the requirements by December 2025. The Group is making good progress to meet those requirements.

From a balance sheet perspective, at year-end 2021, the Group had £13.2 million in cash at banks and clearers, and this increased to £15.6 million at year-end 2022.

The directors are confident that 2023 financial results, both in terms of financial performance and cash flow generation, are likely to be better than what was achieved in 2022 given the strong start to 2023 because of improved trading conditions (including higher interest rates and volatility that are driving more hedging activity), increased sales activity in ZISHI, diversified styles of trading that were launched in late 2022 and early 2023 (and include global macro and algorithmic strategies) that are making the business more resilient to varying market conditions and liquidity events, the launch of the Dubai operations in the fourth quarter of 2022 (which 2023 will get the full benefit of), a materially rationalised cost base (which 2023 will also get the full benefit of), and near zero one-off exceptional items in 2023 since the restructuring is complete.

The directors believe that the Group's strategy and business plan is credible and should maintain and enhance profitability and cash generation in future years.

The Group has performed a sensitivity analysis to stress test its business plan and cash position. The Group has considered several scenarios that are the most relevant, including a reduction in trading revenue due to substantially lower market liquidity and unfavourable trading conditions. The sensitivity analysis demonstrates that the Group has a resilient business model that can sustain severe market stress and enable the Group to maintain its profitability throughout the planning period, especially since a significant portion of the cost base is variable and relates to performance bonuses for traders, which are reduced when underperformance occurs. While short periods of unprofitability would result, profitability over the planning period would occur because of adjustments in the Group's cost base. The Group is also able to maintain adequate liquid resources, both as to amount and quality, under stress testing scenarios to meet its margin call requirements and operating expenses for at least the next 12 months following the date of approval of these financial statements.

As a result of the above, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Future developments and plans
We continue to maintain our prudent, conservative, and cautious approach to risk, at the same time we have managed to restore sustainable, meaningful profitability, and have started to repair our balance sheet to a position of strength. We expect profitability, growth, and balance sheet improvement to continue throughout 2023 and in the years ahead. In the first quarter of 2023 total revenue increased 5% year-on-year, with adjusted EBITDA increasing 50%.

The Group will maintain its vigilance on costs and focus on delivering every conceivable marginal improvement it can make in its trading operations, in addition to continuing to add traders and analysts in existing locations. With regards to the global environment, management continues to monitor closely the ongoing conflict in Ukraine and other systematically important global events, and the respective impact each may have on the business in order to take mitigating actions as may become necessary.

With regards to ZISHI, our education and training business, by year-end 2023 all previous acquisitions will be fully integrated, and the focus will shift to growing revenue through an increased product offering and more coordinated sales effort.

Statement of Director's Duties to Stakeholders (Section 172(1) statement)
The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders, which includes having regard to other stakeholders.

The Board considers it crucial that the Group maintains a reputation for high standards of business conduct. The Board is responsible for setting, monitoring and upholding the culture, values, standards, ethics, brand and reputation of the Group. Management drives the embedding of the desired culture throughout the organisation. The Board has sought to balance the needs of its members with the s.172 matters throughout the year, for example in the policies and practices which run through the Group, to ensure that its obligations to its shareholders, employees, suppliers and others are met.

OSTC identified the most important stakeholders based on past stakeholder communications. All departments took part in jointly evaluating the extent of each stakeholder's relationship with the Group.

Stakeholder engagement
The table below sets out the approach to stakeholder engagement during 2022:

Stakeholders	Why are they important to OSTC?	What's OSTC's done to engage with them?
Employees	Employees are the most valuable assets of the Group. OSTC's people's commitment is essential for the Group to deliver on its vision.	• Enhanced performance management and development framework which promotes (a) capability, competence and fitness; (b) challenges and accountability; and (c) adherence to group and company values and Code of Conduct; all of which facilitate and inform reward and recognition. • Increased regular and meaningful feedback which encourages dialogue. • Ensured employees understand the strategy, vision, and mission of OSTC and the role they play in supporting these through group discussions, team meetings, and presentations by senior management. • Equipped people to do their best by making sure that information, training and other needs are provided completely and timely. • Created an inclusive environment where people can bring their whole self to work through the establishment of groups focused on Diversity and Inclusion, in addition to Employee Wellbeing. • Set up a support network of external advisors to enhance employee wellbeing through the provision of guidance and therapy when requested by the employee.
Suppliers	In its Markets division, OSTC operates as a proprietary trading firm and liquidity provider, and thus operates in conjunction with a wide range of exchanges, clearing houses, and other suppliers such as technology providers. It is vital that the Group builds strong working relationships with these providers. Further, in its ZISHI division, OSTC operates as an educational and training business, and therefore operates with a large number of trainers. It is imperative that the Group cultivates strong ties with its trainers in order to service its clients.	• The directors maintain oversight of the management of the most important supplier relationships. OSTC maintains strong relationships with the exchanges it trades on and has regular dialogues with exchanges and clearing houses to ensure it operates in markets that have robust risk management and business continuity arrangements. • All supplier-related activity is managed in line with the Group's Procurement and Outsourcing business standards. This ensures that supply risk is managed appropriately in relation to data security, corporate responsibility, and financial, operational, contractual and brand damage caused by inadequate oversight or supplier failure. • An important part of the Group's culture is the promotion of high legal, ethical, environmental and employee related standards within its business and among suppliers. An anti-bribery policy, including but not limited to the UK Bribery Act, must be adhered to by all employees when dealing with suppliers.

Regulators	The Group includes OSTC Limited which is an FCA regulated firm and subject to financial regulations and approvals in all the markets in which it operates.	• As the subject of close and continuous supervision by regulators, OSTC maintains constructive and open relationships with them. The Group has regular communication between the directors, senior management, compliance, and UK regulators. • The Audit, Risk and Compliance Committee of OSTC Limited enables continued focus in this area through its oversight of the regulatory landscape.
Shareholders	The four founders of OSTC Group Holdings collectively own ~80% of it.	• The Board meets with shareholders at the Annual General Meeting which provides an opportunity to engage directly with the Board. • Further, the Company reports quarterly results to its shareholders. • To provide financial transparency, the Chief Financial Officer serves on the board of the Company and its two operating sub groups. • Shareholders are encouraged to contact the Chairman of the parent company and the CFO at any time should they have any queries and/or concerns. The Chairman and/or CFO may enquire of subsidiary management if required.

By order of the board

jonathan aucamp

J D Aucamp
Director

Date: 06/06/23

OSTC GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities
The principal activity of the Group continued to be that of trading in futures contracts. The principal activity of the subsidiaries in the Group was that of trading in futures contracts, provision of investment management services to O.S.T.C. Limited, and training and educational services.

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

J D Aucamp	
R Brophy	
W English	(Resigned 31 July 2022)
L Filby	(Appointed 18 March 2023)
I Firla	
L A Hodgkinson	(Resigned 29 July 2022)
C Langlais	(Resigned 31 July 2022)
D Langley	(Resigned 18 March 2023)
C Lawrence	(Resigned 31 July 2022)
P Lenardos	
R Luckin	(Resigned 31 July 2022)
M Saunter	(Resigned 31 July 2022)
M Shirley	(Resigned 18 March 2023)
M Slade	(Resigned 18 March 2023)

Results and dividends
The loss for the year, after taxation, amounted to £1,679,652 (2021: £4,203,487 loss) and total comprehensive expense for the year amounted to £1,269,302 (2021: £4,028,977 expense). Particulars of dividends paid are detailed in note 15 to the financial statements.

Qualifying third party indemnity provisions
The group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Engagement with suppliers
In its Markets division, OSTC operates as a proprietary trading firm and liquidity provider, and thus operates in conjunction with a wide range of exchanges, clearing houses, and other suppliers such as technology providers. It is vital that the Group builds strong working relationships with these providers. Further, in its ZISHI division, OSTC operates as an educational and training business, and therefore operates with a large number of trainers. It is imperative that the Group cultivates strong ties with its trainers in order to service its clients.

Engagement with other stakeholders
Further information on engagement with other stakeholders is provided in the Strategic Report.

Matters of strategic importance
Information is not shown within the Directors' Report as it is instead included within the Strategic Report on pages 1 to 9 under S414c(11), including going concern, disabled persons, employee information, engagement with other stakeholders, financial risk management and policies and future plans.

Auditor
RSM UK Audit LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure to auditor
So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditor is aware of that information.

Streamlined Energy & Carbon Reporting
As a large, unquoted organisation, the Group is required to report its energy use and carbon emissions in accordance with the Companies and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 because it meets the thresholds for reporting.

SECR requirements are for the Group to report:

- Building-related energy – natural gas (scope 1) and electricity (scope 2); and
- Employee owned vehicle (grey fleet) (scope 3).

The Group voluntarily includes further scope 3 reporting including fuels from vehicles that are not operated by the company – including train, air and taxi journeys for business purposes to demonstrate transparency and our commitment to emissions reduction.

Energy Efficient Actions
2022 saw a cautious rebound from the COVID-19 lock-down years. Work-from-home initiatives allowed the Group to reduce its office footprint and see a commensurate reduction in Scope 2 emissions. However, the opening up of borders did result in increased travel as managers and staff took the opportunity to re-engage through face-to-face meetings. This was also reflected in an uptick in travel from our educational staff who met the demands placed on them by customers who required in-person education to supplement our electronic offerings. The increase in travel has driven a significant increase in Scope 3 emissions which has not entirely been offset by the reduction in Scope 2 emissions. A reduced headcount has also contributed to an increase in the intensity metric per employee but an improvement in turnover and increased performance across the Group's businesses has resulted in a satisfactory decrease in the intensity metric per million GBP of turnover.

While the reduction of emissions per £M in 2022 in the UK has been material and maintained the pace established in 2019, we are confident that a continued focus on efficiency will improve our metrics across the business in 2023.

Greenhouse gas (GHG) emissions and energy use data	2022 (tCO_2e)	2021 (tCO_2e)
Direct Emissions (Scope 1) - natural gas, LPG and company car fuel	0	0
Indirect Emissions (Scope 2) - from purchased electricity	40.27	56.52
Total tCO_2e (Scopes 1 and 2)	40.27	56.52
Other indirect emissions principally business travel (Scope 3)	60.87	25.42
Gross Total Emissions	101.14	81.94
Carbon Offsetting Purchased	0	0
Net Total Emissions	101.14	81.94
Intensity Metric (Gross Emissions): tonnes of CO_2e per employee	0.68	0.47
Intensity Metric (Gross Emissions): tonnes of CO_2e per £M turnover	2.66	2.93
Total energy consumption (kWh)	404,554	327,720

Methodology

The data detailed in this report represents energy use and emissions for the Group's UK operations for the financial reporting period of 1 January 2022 through to 31 December 2022. We have used the calculators from carbonfootprint.com to ascertain our emissions in the table above in accordance with the Defra's 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements'. While consolidated group accounts are used for the qualifying criteria, only OSTC's UK figures are used for the emissions and intensity metrics.

By order of the board

jonathan aucamp

J D Aucamp
Director

Date: 06/06/23

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards and to prepare Company financial statements in accordance with UK Accounting Standards and applicable law - UK Generally Accepted Accounting Practice ("UK GAAP"), including FRS 101: Reduced Disclosure Framework ("FRS 101").

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSTC GROUP HOLDINGS LIMITED

Opinion
We have audited the financial statements of OSTC Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

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

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

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

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

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

The extent to which the audit was considered capable of detecting irregularities including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are IFRS, FRS101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are the rules and principles set by the Financial Conduct Authority (FCA) as regulator for the financial services industry in the UK. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations. We inspected compliance documentation, including but not limited to, internal procedures manuals, reports from external compliance advisers, risk and breaches registers, regulatory returns and correspondence with the FCA as well as considering compliance with the conditions for authorisation, including with any restrictions or requirements placed on the firm, and other regulatory obligations.

The group audit engagement team identified the risk of management override of controls and revenue recognition as key areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and testing revenue to ensure recognition was correct.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

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

Use of our report

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

RSM UK Audit LLP

Geoff Wightwick BA FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor, Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Date: 06/06/23

OSTC GROUP HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Revenue	5	44,097,949	36,481,173
Cost of sales		(24,506,637)	(20,771,691)
Gross profit		19,591,312	15,709,482
Non-recurring costs	8	(2,535,559)	(2,525,528)
Treasury costs, excluding interest	8	(428,716)	(535,815)
Amortisation & depreciation	17 / 18	(1,140,728)	(1,697,073)
Other operating costs		(16,527,823)	(15,505,066)
Administrative expenses		(20,632,826)	(20,263,482)
Operating loss		(1,041,514)	(4,554,000)
Other gains and losses	6	-	(424,847)
Finance income	13	272,691	88,903
Finance costs	14	(966,157)	(447,016)
Loss before tax	7	(1,734,980)	(5,336,960)
Income tax credit	16	55,328	1,133,473
Loss for the year		(1,679,652)	(4,203,487)
Loss for the year attributable to:			
Owners of the parent		(879,828)	(5,209,262)
Non-controlling interests		(799,824)	1,005,775
Loss for the year		(1,679,652)	(4,203,487)

OSTC GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Loss for the year	(1,679,652)	(4,203,487)
Other comprehensive income		
Foreign currency translation	59,450	(344,412)
Revaluation gains of equity instruments at fair value through other comprehensive income	(63,415)	491,024
Foreign exchange gains of equity instruments at fair value through other comprehensive income	414,315	27,898
	410,350	174,510
Total comprehensive expense for the year	(1,269,302)	(4,028,977)
Total comprehensive expense for the year attributable to:		
Owners of the parent	(692,548)	(5,322,277)
Non-controlling interests	(576,754)	1,293,300
Total comprehensive expense for the year	(1,269,302)	(4,028,977)

OSTC GROUP HOLDINGS LIMITED

Company Registration No. 12307021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022	2021 As restated (note 4)
		£	£
Assets			
Non-current assets			
Goodwill and other intangibles	17	5,487,601	6,667,153
Property, plant and equipment			
- Owned assets	18	457,557	446,064
- Right-of-use assets	18	767,372	1,681,392
Financial assets at fair value through other comprehensive income	19	1,287,390	2,180,515
Deferred tax	27	2,825,769	1,638,428
Total non-current assets		10,825,689	12,613,552
Current assets			
Trade and other receivables	21	9,787,999	13,195,524
Current tax receivable		368,763	1,570,437
Cash and cash equivalents	22	9,472,584	2,581,651
Total current assets		19,629,346	17,347,612
Total assets		30,455,035	29,961,164
Liabilities			
Current liabilities			
Trade and other payables	23	(20,831,254)	(24,254,192)
Lease liabilities	25	(298,643)	(740,174)
Borrowings	26	(827,050)	(700,000)
Total current liabilities		(21,956,947)	(25,694,366)
Non-current liabilities			
Trade and other payables	23	(4,317,627)	(942,856)
Borrowings	26	(4,588,366)	-
Lease liabilities	25	(549,752)	(1,336,907)
Deferred tax	27	(466,700)	(716,146)
Provisions	28	(1,168,642)	(2,493,042)
Total non-current liabilities		(11,091,087)	(5,488,951)
Total liabilities		(33,048,034)	(31,183,317)
Net liabilities		(2,592,999)	(1,222,153)

OSTC GROUP HOLDINGS LIMITED

Company Registration No. 12307021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

	Notes	2022	2021 As restated (note 4)
		£	£
Equity			
Share capital	31	1,509	1,492
Share premium	31	48,254	-
Foreign currency reserve	31	(1,220,125)	(1,175,535)
Capital redemption reserve	31	300	300
Other reserve	31	621,556	467,266
Equity reserve	31	9,344	9,344
Retained earnings	31	(4,652,025)	(4,004,067)
Equity attributable to owners of the parent		(5,191,187)	(4,701,200)
Non-controlling interests		2,598,188	3,479,047
Total equity		(2,592,999)	(1,222,153)

The financial statements on pages 17 to 72 were approved by the board of directors and authorised for issue on ..06/06/23.................. and are signed on its behalf by:

jonathan aucamp

J D Aucamp
Director

OSTC GROUP HOLDINGS LIMITED

Company Registration No. 12307021

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022	2021 As restated (note 4)
		£	£
Assets			
Non-current assets			
Trade and other receivables	21	519,744	-
Investments	19	1,113,895	376,833
Deferred tax	27	-	6,471
Total non-current assets		1,633,639	383,304
Current assets			
Trade and other receivables	21	64,296	1,219,744
Cash and cash equivalents	22	27,895	-
Total current assets		92,191	1,219,744
Total assets		1,725,830	1,603,048
Liabilities			
Current liabilities			
Trade and other payables	23	(357,951)	(155,111)
Borrowings	26	-	(700,000)
Total current liabilities		(357,951)	(855,111)
Non-current liabilities			
Trade and other payables	23	(1,314,041)	(797,856)
Total liabilities		(1,671,992)	(1,652,967)
Net assets / (liabilities)		53,838	(49,919)
Equity			
Share capital	31	1,509	1,492
Share premium	31	48,254	-
Other reserves	31	221,619	67,329
Retained earnings	31	(217,544)	(118,740)
Total equity		53,838	(49,919)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the period and total comprehensive expense for the year was £98,804 (2021: £118,743 loss and total comprehensive expense).

The financial statements on pages 17 to 72 were approved by the board of directors and authorised for issue on ...06/06/23................. and are signed on its behalf by:

jonathan aucamp

J D Aucamp
Director

OSTC GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium £	Foreign currency reserve £	Capital redemption reserve £	Other reserve £	Equity reserve £	Retained earnings £	Total controlling interests £	Non-controlling interests £	Total equity £
Balance at 1 January 2021		1,484	-	(831,123)	300	399,937	1,471,753	(491,265)	551,086	2,959,584	3,510,670
Loss for the year		-	-	-	-	-	-	(5,209,262)	(5,209,262)	1,005,775	(4,203,487)
Other comprehensive income		-	-	(344,412)	-	-	-	231,397	(113,015)	287,525	174,510
Total comprehensive expense for the year		-	-	(344,412)	-	-	-	(4,977,865)	(5,322,277)	1,293,300	(4,028,977)
Transactions with owners, as restated (note 4)											
Issue of shares	31	8	-	-	-	489,839	-	-	489,847	-	489,847
Recognition of put option liability	4 / 31	-	-	-	-	(422,510)	-	-	(422,510)	-	(422,510)
Dividends	15	-	-	-	-	-	-	-	-	(771,183)	(771,183)
Acquisitions of non-controlling interest											
Disposal of subsidiaries		-	-	-	-	-	(1,462,409)	1,465,063	2,654	(2,654)	-
Balance at 31 December 2021, as restated (note 4)		1,492	-	(1,175,535)	300	467,266	9,344	(4,004,067)	(4,701,200)	3,479,047	(1,222,153)
Loss for the year		-	-	-	-	-	-	(879,828)	(879,828)	(799,824)	(1,679,652)
Other comprehensive income		-	-	(44,590)	-	-	-	231,870	187,280	223,070	410,350
Total comprehensive expense for the year		-	-	(44,590)	-	-	-	(647,958)	(692,548)	(576,754)	(1,269,302)
Transactions with owners											
Issue of shares	31	17	48,254	-	-	940,250	-	-	988,521	-	988,521
Recognition of put option liability	31	-	-	-	-	(785,960)	-	-	(785,960)	-	(785,960)
Dividends	15	-	-	-	-	-	-	-	-	(304,105)	(304,105)
Balance at 31 December 2022		1,509	48,254	(1,220,125)	300	621,556	9,344	(4,652,025)	(5,191,187)	2,598,188	(2,592,999)

OSTC GROUP HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
Balance at 1 January 2021		1,484	-	-	3	1,487
Loss for the year		-	-	-	(118,743)	(118,743)
Total comprehensive expense for the year		-	-	-	(118,743)	(118,743)
Transactions with owners, as restated (note 4)						
Issue of shares	**31**	8	-	489,839	-	489,847
Recognition of put option liability	**4 / 31**	-	-	(422,510)	-	(422,510)
Balance at 31 December 2021, as restated (note 4)		1,492	-	67,329	(118,740)	(49,919)
Loss for the year		-	-	-	(98,804)	(98,804)
Total comprehensive expense for the year		-	-	-	(98,804)	(98,804)
Transactions with owners						
Issue of shares	**31**	17	48,254	940,250	-	988,521
Recognition of put option liability	**31**	-	-	(785,960)	-	(785,960)
Balance at 31 December 2022		1,509	48,254	221,619	(217,544)	53,838

OSTC GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Net cash flows generated from/(used in) operating activities	32	8,286,943	(3,742,086)
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(520,264)
Purchase of property, plant and equipment		(356,758)	(62,122)
Cash disposed on disposal of subsidiary		-	(125,906)
Purchase of subsidiaries (net of cash acquired)		-	(1,582,142)
Proceeds on disposal of other investments		1,369,503	-
Net cash generated from/(used in) investing activities		1,012,745	(2,290,434)
Cash flows from financing activities			
Lease repayments		(870,474)	(730,758)
Repayment of borrowings		(1,113,805)	(100,000)
Proceeds from borrowings		-	800,000
Dividends paid to non-controlling interest		(304,105)	(771,183)
Net cash used in financing activities		(2,288,384)	(801,941)
Net increase/(decrease) in cash and cash equivalents		7,011,304	(6,834,461)
Cash and cash equivalents at beginning of year		2,581,651	9,765,931
Effect of foreign exchange rate changes		(120,371)	(349,819)
Cash and cash equivalents at end of year		9,472,584	2,581,651

1 General information

OSTC Group Holdings Limited ("the company") is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales. The registered office is 3rd Floor, Imperial House, 21-25 North Street, Bromley, Kent, BR1 1SD.

The group consists of OSTC Group Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of operations are disclosed in the directors' report.

2 Accounting policies

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

Basis of preparation

The preparation of consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards. They have been prepared under the historical cost convention financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The preparation of the financial statements in compliance with UK-adopted International Accounting Standards requires the use of certain critical accounting estimates and management judgements in applying the accounting policies. The significant estimates and judgements have been made and their effect is disclosed in note 3.

Reduced disclosures

The figures presented in relation to the Company's individual financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

In accordance with FRS 101 the following exemptions from the requirements of IFRS have been applied in the preparation of the company financial statements and, where relevant, equivalent disclosures have been made in the consolidated financial statements of the parent company:

- Presentation of a Company Cash Flow Statement and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Disclosure of company key management compensation;
- Disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments;
- Disclosure of the effect of financial instruments on the Statement of Comprehensive Income;
- For company financial instruments and investment properties measured at fair value, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value;
- Related party disclosures in respect of two or more wholly owned members of the group; and
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.

The financial statements of the Company are consolidated within these financial statements.

Adoption of new and revised standards and interpretations
The following amendments to existing standards and new interpretations became effective in the current year, but have no significant impact on the Group's consolidated financial statements:

- Amendments to IFRS 3, IAS 16, IAS 37 and Annual improvements 2018-2020 (effective 1 January 2022).

A number of new standards and amendments to standards and interpretations issued are not yet effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective 1 January 2024)
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2024).
- Amendments to IFRS 16 related to Lease Liability in a Sale and Leaseback (effective 1 January 2024).

Going concern
The directors have reviewed the Group's processes to control the financial risks to which the Group is exposed, its available liquidity, its regulatory capital position, and the annual budget, together with factors likely to affect its future development for at least the next 12 months.

The Group's financial performance in 2022 was much improved on 2021, with further growth in revenue and profitability expected in 2023. In 2022, total revenue increased 21% year-on-year, while adjusted EBITDA increased 1,015% year-on-year. In the first quarter of 2023 total revenue increased 5% year-on-year, with adjusted EBITDA increasing 50%.

The Group is required to meet regulatory capital requirements in accordance with the FCA handbook. These requirements increased substantially from 1 January 2022. There is a transitionary period spanning out to 2027 during which the Group plans to accumulate sufficient capital resources to enable it to meet the requirements by December 2025. The Group is making good progress to meet those requirements.

From a balance sheet perspective, at year-end 2021, the Group had £13.2 million in cash at banks and clearers, and this increased to £15.6 million at year-end 2022.

The directors are confident that 2023 financial results, both in terms of financial performance and cash flow generation, are likely to be better than what was achieved in 2022 given the strong start to 2023 because of improved trading conditions (including higher interest rates and volatility that are driving more hedging activity), diversified styles of trading that were launched in late 2022 and early 2023 (and include global macro and algorithmic strategies) that are making the business more resilient to varying market conditions and liquidity events, the launch of the Dubai operations in the fourth quarter of 2022 (which 2023 will get the full benefit of), a materially rationalised cost base (which 2023 will also get the full benefit of), and near zero one-off exceptional items in 2023 since the restructuring is complete.

The directors believe that the Group's strategy and business plan is credible and should maintain and enhance profitability and cash generation in future years.

Going concern (continued)
The Group has performed a sensitivity analysis to stress test its business plan and cash position. The Group has considered several scenarios that are the most relevant, including a reduction in trading revenue due to substantially lower market liquidity and unfavourable trading conditions. The sensitivity analysis demonstrates that the Group has a resilient business model that can sustain severe market stress and enable the Group to maintain its profitability throughout the planning period, especially since a significant portion of the cost base is variable and relates to performance bonuses for traders, which are reduced when underperformance occurs. While short periods of unprofitability would result, profitability over the planning period would occur because of adjustments in the Group's cost base. The Group is also able to maintain adequate liquid resources, both as to amount and quality, under stress testing scenarios to meet its margin call requirements and operating expenses for at least the next 12 months following the date of approval of these financial statements.

As a result of the above, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Foreign currency translation
The financial statements are presented in sterling, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into sterling 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the Income Statement on disposal or partial disposal of the net investment.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into sterling at exchange rates prevailing on the balance sheet date. The revenues and expanses of foreign operations are translated into sterling using the average exchange rates, which approximate to the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue
Trading activities
Revenue arising from proprietary trading activities is calculated by recognising the profit or loss generated from trading transactions which represents the difference between proceeds received on disposal and the initial cost of acquisition, including unrealised profits or losses on open positions. Revenue is recognised net of all costs (less rebates and incentives receivables from exchanges) that are directly associated with the trading activities, including trading and broker commissions and fees paid to access markets and investment exchanges.

Trading activity transactions have a single performance obligation, which is to deliver on the trade, and revenue is therefore recognised when this performance obligation has been satisfied, at completion of the trade. The associated costs are recognised on the same basis.

Revenue from commissions on trades is recognised as commissions occur, in accordance with the terms of the contractual arrangement.

Training and education revenue
Revenue arising from contracts to provide training and educational services is recognised when the distinct training services according to the terms of the contractual arrangement have been performed.

Licence fees and support services
Revenue generated from the provision of software licenses is recognised upfront at the start of the contract period where the contract arrangements represent 'right to use' licenses as the software does not include the ongoing provision of upgrades or end user updates. Revenue from software licences is recognised over the contract period where the contract arrangements represent 'right to access' licenses as the software includes the ongoing provision of upgrades or end user updates during the licence period.

Revenue arising from software support services is recognised over the period the services are provided.

Fees for support services are bundled with the corresponding licence fee and the transaction price is allocated to each performance obligation based on estimated relative standalone selling price, with revenue recognised when the performance obligation has been met.

Intangible assets - goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired subsidiary at the date of acquisition. The goodwill is attributable to the people, systems and knowledge that have been created within the trading business, and with the trading relationships which exist between the business and exchanges. Goodwill is carried at cost less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss is recognised as an expense in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquired intangible assets
Externally acquired intangible assets relate to intellectual property ("IP") and customer relationships. These intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over 5 years for 12 years respectively. The Group seeks to publish these externally generated games through its normal channels.

On acquisition of IP, an asset is created using the relief from royalty rate method. Once management determine the IP qualifies as an intangible asset (as per the conditions set out below) the contract asset is recorded as an intangible asset and treated accordingly.

A third party acquired intangible asset is recognised only if the following conditions are met when:

- an identifiable asset arises from contractual rights through licensed intellectual property
- there is a probable expectation that the asset will generate future economic benefit

Customer relationships that are externally acquired are initially recognised at cost, using the multi-period excess earnings method, and subsequently amortised on a straight line basis over 12 years.

Intangible assets – other than goodwill
The Group capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised development expenditure is amortised on a straight line basis over its useful life, which is three years.

The Group has opted to disapply the requirements of Companies Act Section 844(1) in respect of the treatment of capitalised software development costs as a realised loss on the grounds that the development costs give rise to an asset with a finite life that is being amortised to profit and loss over the period of its economic life.

Property, plant and equipment
All property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all property, plant and equipment, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold buildings	- 5% straight line
Plant and machinery	- 15% to 60% straight line
Fixtures, fittings & equipment	- 10% to 20% straight line
Right-of-use assets	- straight line over the lease term

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

Impairment of fixed assets
At each reporting date, the company reviews the carrying amounts of its fixed assets (property, plant and equipment, right-of-use assets, and intangible assets other than goodwill) to determine whether there is any indication that they are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense within profit or loss immediately.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been previously recognised for that asset. A reversal of an impairment loss is recognised as a gain within profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leases
On commencement of a contract (or part of a contract) which gives the Group the right to use an asset for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

Initial and subsequent measurement of right-of-use assets
A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Leased property	- on a straight-line basis over the life of the lease

The right-of-use asset is adjusted for any re-measurement of the lease liability and lease modifications, as set out below.

An estimate of costs to be incurred in restoring the leased asset to the condition required under the terms and conditions of the lease is recognised as part of the cost of the right-of-use asset when the Group incurs the obligation for these costs.

The costs are incurred at the start of the lease or over the lease term. The provision is measured at the best estimate of the expenditure required to settle the obligation.

Short-term leases
Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

Leases of low-value assets
For leases where the underlying asset is 'low-value', lease payments are recognised as an expense on a straight-line basis over the lease term.

Leases (continued)

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependant on an index or a rate and any residual value guarantees. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Termination penalties are included in the lease payments if the lease term has been adjusted because the Company reasonably expects to exercise an option to terminate the lease.

The exercise price of an option to purchase the leased asset is included in the lease liability when the Group is reasonably certain to exercise that option.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss, unless interest is directly attributable to qualifying assets, in which case it is capitalised in accordance with the Group's policy on borrowing costs.

Variable lease payments are not included in the measurement of the lease liability as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

Re-measurement of the lease liability

The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term, the Group's assessment of its option to purchase the leased asset, the amount expected to be payable under a residual value guarantee and/or changes in lease payments due to a change in an index or rate. The adjustment to the lease liability is recognised when the change takes effect and is adjusted against the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to nil, when any further adjustment is recognised in profit or loss.

Adjustments to the lease payments arising from a change in the lease term or the lessee's assessment of its option to purchase the leased asset are discounted using a revised discount rate. The revised discount rate is calculated as the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee's incremental borrowing rate at the date of reassessment.

Changes to the amounts expected to be payable under a residual value guarantee and changes to lease payments due to a change in an index or rate are recognised when the change takes effect, and are discounted at the original discount rate unless the change is due to a change in floating interest rates, when the discount rate is revised to reflect the changes in interest rate.

Leases (continued)

Lease modifications

A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. The revised discount rate used is the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee Group 's incremental borrowing rate at the date of the modification.

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss.

For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the expenses are recognised for the related costs for which the grants are intended to compensate.

Financial instruments

Financial assets

Financial assets are recognised when the group becomes party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Group with maturities of less than three months.

Trade and other receivables

Trade receivables are initially measured at their transaction price. Other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

Investments and other financial assets

Investments and other financial assets, other than investments in subsidiaries and associates, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Investments in subsidiaries are held at cost less accumulated impairment losses. The Group assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. Impairment losses are recognised in profit or loss.

Financial instruments (continued)
Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Trade receivables
For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment of other receivables measured at amortised cost
The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.
In assessing whether credit risk has increased significantly, the company compares the risk of default at the year-end with the risk of a default when the investment was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost. The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those receivables ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Financial instruments (continued)
Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial liabilities and equity
Financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

Trade and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of borrowings using the effective interest rate method.

Equity
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-offs) and financial liabilities
A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off').

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Financial instruments (continued)

Derivative financial instruments
The Group enters into foreign exchange forward contracts to manage its exposure to foreign currency rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions.

The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Defined contribution pension schemes
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Dividends
Dividends are recognised as liabilities when declared during the financial year and when they are no longer at the discretion of the company.

Provisions
Where, at the reporting date, a present obligation exists (legal or constructive) as a result of a past event and it is probable that the obligation will be settled, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

Separately disclosed items
Separately disclosed items are shown separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount, and include items such as non-recurring professional fees and payroll costs.

Derivatives over own equity
Where the company issues equity instruments, and at the same time enters into a derivative contract with the recipient of the equity instruments to repurchase those instruments, the initial issue of equity is recognised. Where the company will re-acquire the equity instruments, the derivative contract gives rise to a financial liability for the present value of the redemption amount. The liability is initially measured at fair value with a corresponding debit to equity, and subsequently measured at amortised cost with any interest charges recognised within the income statement.

3 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Trader bonus provision
Certain provisions are made for rewarding traders for length of service. Provisions are based on past performance and adjusted for the probability that a trader will still be employed at the pay-out date. Judgements are used in estimating the probability of traders remaining in employment, which are determined according to circumstances specific to each region and area of business where the traders are employed.

The following table details the group's sensitivity in respect of a percentage increase and decrease in traders still employed at the pay-out date.

(Decrease) / increase in estimated attrition rate at pay-out date – percentage point change	**(2.5)%**	**2.5%**
Impact on profit - £'000s	326	(343)

Carrying value of amounts owed by group undertakings
The directors have reviewed the carrying value of the Company's amounts owed by fellow group undertakings at the balance sheet date. The loss allowances for amounts owed by fellow Group undertakings are based on assumptions about the risk of default and expected loss rates based on future trading results of the borrowing entities. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates of future trading. The key assumptions and inputs used are:

Revenue – annual growth rate	6% to 15%
Operating cash flow margin on revenues	4% to 36% per annum

Capitalisation of software development costs
Internally generated intangible assets are capitalised where there is an expectation of future economic benefit. Management uses judgement to assess the degree of certainty attached to the flow of future economic benefits that are attributable to the use of the asset on the basis of the evidence available at the time of initial recognition.

3 Critical accounting estimates and areas of judgement (continued)

Impairment of goodwill and intangibles

The Group tests annually whether goodwill has suffered any impairment or whether there was any indicators of impairment of the intangible assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require estimates in respect of the allocation of goodwill to cash-generating units, the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and the future earnings growth. These calculations use cash flow projections based on financial budgets approved by management. The calculations inevitably involve the use of estimates. During the year an impairment charge of £913,650 has been recognised in respect of software development costs (2021: £401,077). Further details of the value-in-use calculations and assumptions therein are set out in note 17.

Other intangibles – acquired customer relationships and intellectual property

Intangible fixed assets includes £534,166 (2021: £587,583) and £387,500 (2021: £426,250) which relates to existing customer relationships and Content IP respectively following the acquisition of BG Training Limited and FSTP Limited in the prior year. The customer relationships and intellectual property are estimated to have a useful life of approximately 12 years and 5 years respectively. The directors review these intangibles for impairment annually and have concluded that no impairment charge is required for the year-ended 31 December 2022 (2021: £nil).

Contingent consideration and cash settled share based payments

The agreement for the acquisition of BG Training Limited and FSTP Limited in the prior period included contingent earn-out clauses whereby key shareholders would receive additional payments in the future based on the performance of the combined businesses. The additional consideration is payable through the issuance of shares.

In respect of the BG Training Limited acquisition the value of the contingent consideration included in the purchase price reflects the fact that a portion of the total contingent consideration payable under the acquisition agreement is treated as post-combination remuneration for a key employee and as such has been accounted for as a share-based payment in accordance with IFRS 2 Share-based payments. In respect of the FSTP Limited acquisition the contingent payment arrangements are, in substance, remuneration for the continued employment of the selling shareholders and as such have been wholly accounted for as post combination employment remuneration.

Within the contingent payment arrangements are put options granted to the selling shareholders, which, if exercised, would give the sellers the right to put upon the Group the obligation to repurchase all their sale shares at a fixed price if certain conditions have not been met. These options may be exercised from 1 January 2024 to 31 January 2024.

The amounts recognised in these financial statements include cash settled share based payment liabilities of £586,227 (2021: £375,345) and share based payment liability of £118,052. These represent management's best estimate of the amount that will be payable. The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash flows, discounted at a rate of 24.5%. The total cash settled share based payment expense/liability has been determined using the assumptions set out in note 30. The actual amounts paid or shares issued may be different to the figures estimated in these financial statements.

3 Critical accounting estimates and areas of judgement (continued)

Merger reserve

The terms of the acquisition agreements for BG Training Limited and FSTP Limited included contingent consideration in the form of earnout shares. Those issued to vendors who remained in employment included terms relating to continued employment by the group, and this consideration has been treated in these financial statements as post combination remuneration in accordance with IFRS 3 Business combinations.

Under s 612 Companies Act 2006, where a company issues shares as consideration for the acquisition of 90% or more of an entity's equity, the issuing company must apply merger relief to the excess, or "premium", of the fair value over nominal value.

Management has exercised judgement as to the classification of the shares issued as part of the earnout, and concluded that the treatment of the "premium" should follow the legal requirements of the Companies Act. In reaching this judgement management has determined that the shares classified as remuneration for post combination services would be considered part of the 'Acquisition Arrangement' as per s612 of the Companies Act 2006. Accordingly, the excess over nominal value has been credited to other reserves.

4 Prior period adjustments

During the year material errors in respect of prior periods were identified, and in accordance with IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors", prior period adjustments have been recognised to correct the accounting retrospectively.

a) Recognition of a liability for the put and call options on shares issued in business combinations

In the previous year the company issued shares in respect of the acquisitions of BG Training Limited and FSTP Limited. The terms of the sale and purchase agreements included a put and call option, exercisable by either party in January 2024. The option, if exercised by either party, requires the Company to acquire the shares issued at a predetermined price. A liability for this share buyback should have been recognised at the present value of the buyback price. The financial liability will be subsequently measured at amortised cost. Management has, therefore, corrected this error and recognised a liability of £422,510 in other payables due in more than one year with a corresponding debit to other reserves within the consolidated and company statements of financial position.

There is no material impact on the consolidated or company income statement, consolidated statement of comprehensive income or the consolidated statement of cash flows as a result of this adjustment.

b) Recognition of the excess of the fair value over nominal value of the shares issued in the business combinations

The shares issued as consideration for the business combinations in the prior year were recognised at fair value which gave rise to an excess over the nominal value. On issue, this excess was credited to the share premium account. The transaction met the requirements for merger relief under s612 of the Companies Act 2006, and as such any excess over the nominal amount should have been recognised within other reserves in the consolidated statement of financial position.

There is an accounting policy choice within the parent company, and management chose to recognise the share issue, and associated investment, at fair value. The excess should again have been recognised within other reserves in the company statement of financial position.

These errors have been corrected by reclassifying the amounts held in share premium to other reserves in both the consolidated and company statements of financial position. There is no impact on the consolidated or company income statement, consolidated statement of comprehensive income or the consolidated statement of cash flows because of this adjustment.

4 Prior period adjustments (continued)

The line items affected in the comparative consolidated and company statement of financial position are shown below:

Changes to the statement of financial position – group

		At 31 December 2021		
		As previously reported	**Adjustment**	**As restated**
		£	**£**	**£**
Non-current liabilities				
Other payables	a)	-	(422,510)	(422,510)
Net liabilities	a)	(799,643)	(422,510)	(1,222,153)
Capital and reserves				
Share premium	b)	489,839	(489,839)	-
Other reserves	a) & b)	399,937	67,329	467,266
Total equity	a)	(799,643)	(422,510)	(1,222,153)

Changes to the statement of financial position – company

		At 31 December 2021		
		As previously reported	**Adjustment**	**As restated**
		£	**£**	**£**
Non-current liabilities				
Other payables	a)	-	(422,510)	(422,510)
Net assets / (liabilities)	a)	372,591	(422,510)	(49,919)
Capital and reserves				
Share premium	b)	489,839	(489,839)	-
Other reserves	a) & b)	-	67,329	67,329
Total equity	a)	372,591	(422,510)	(49,919)

5 Revenue

	2022	2021
	£	£
Revenue		
Revenue from contracts with customers	44,097,949	36,481,173
Other revenue		
Finance income (note 13)	272,691	88,903

Revenue recognised from contracts with customers for that reportable segment is disaggregated into relevant categories as follows:

	2022	2021
	£	£
Revenue by class of business		
Trading activities	40,277,607	33,041,483
Training and education	3,820,342	3,409,690
Software licensing and support fees	-	30,000
	44,097,949	36,481,173

	2022	2021
	£	£
Revenue by geographical market		
United Kingdom	18,990,415	15,772,111
Rest of Europe	17,334,832	11,123,983
Rest of World	7,772,702	9,585,079
	44,097,949	36,481,173

	2022	2021
	£	£
Timing of revenue		
Recognised at a point in time	44,097,949	36,451,173
Recognised over time	-	30,000
	44,097,949	36,481,173

The group recognised contract assets for income due at the reporting date not yet received. These assets are recoverable within 12 months and no impairment losses were recognised for contract assets.

	2022	2021
6 Other gains and losses	£	£
Fair value losses on foreign exchange forward contracts	-	(424,847)

7 Analysis of expenses by nature

The breakdown by nature of cost of sales and administrative expenses is as follows:

	2022 £	2021 £
Exchange gains	(63,647)	(249,749)
Depreciation of tangible fixed assets		
- Owned assets	341,490	309,966
- Right-of-use assets	533,336	804,695
Amortisation of intangible fixed assets	265,902	582,412
Staff costs (note 10)	17,014,443	17,337,082
Subsidiary LLP members remuneration	13,082,097	5,953,495
Non-recurring costs (note 8)	2,535,559	2,525,528
Treasury costs, excluding interest (note 8)	428,716	535,815
Other expenses	11,001,567	13,235,929
	45,139,463	41,035,173

8 Non-recurring costs and treasury costs

	2022 £	2021 £
Non-recurring costs		
Non-recurring payroll costs	1,535,687	1,760,745
Impairment of intangible fixed assets	913,650	401,077
Loss on disposal of other investments	-	186,538
Professional fees	277,491	103,086
Loan write-off	(1,469)	77,369
Office closure costs	82,042	(10,585)
Other non-recurring costs	(13,523)	7,298
Termination of property lease	(258,319)	-
	2,535,559	2,525,528

Non-recurring payroll costs during the current year relate to staff redundancy payments.

Treasury costs, excluding interest, of £428,716 (2021: £535,815) relates to the net impact of foreign exchange and retranslation gains and losses, mark to market and fair value movements and interest charges.

9 Auditor's remuneration

	2022 £	2021 £
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
For audit services:		
Audit of the group's and company's financial statements	29,500	24,750
Audit of the company's subsidiaries	155,500	147,800
	185,000	172,550
For other services:		
Audit-related assurance services	3,950	3,350
Taxation compliance services	36,825	37,350
All other non-audit services	59,500	59,250
	285,275	272,500

10 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	Group 2022 No	Group 2021 No	Company 2022 No	Company 2021 No
Number of operations and IT staff	58	37	-	-
Number of administrative staff	56	102	11	13
Number of trading staff	229	283	-	-
	343	422	11	13

10 Employees (continued)

Staff costs for the above persons:	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	15,264,435	15,636,386	17,908	-
Social security costs	1,600,013	1,581,448	2,022	-
Pension costs	149,995	119,248	-	-
	17,014,443	17,337,082	19,930	-

Included within administrative expenses is income of £nil (2021: £70,116) in respect of contributions towards staff salary costs under the coronavirus job retention scheme.

Included in the above is £1,535,687 (2021: £1,760,745) relating to redundancy costs and related social security costs.

In addition to the costs noted above, remuneration paid to members of subsidiary LLPs totalled £13,082,097 (2021: £5,953,495). No social security expenses were payable in respect of these members.

11 Directors' remuneration

	2022 £	2021 £
Emoluments	2,173,302	2,068,220
Company contributions to money purchase pension schemes	6,590	9,674
	2,179,892	2,077,894

The number of directors to whom retirement benefits were accruing during the year was 8 (2021: 8).

Included within emoluments above are ex-gratia payments as compensation for loss of office to a director amounting to £374,000 (2021: £nil).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration	574,667	384,000
Company contributions to money purchase pension schemes	769	1,319
	575,436	385,319

Included within remuneration above are ex-gratia payments as compensation for loss of office to a director amounting to £374,000 (2021: £nil).

12 Remuneration of key management personnel

The aggregate remuneration of key management personnel which includes directors and other key management is as follows:

	2022 £	2021 £
Short term employee benefits	3,382,012	3,477,499
Social security costs	452,387	456,061
Post-employment benefits	12,738	19,014
Redundancy costs	489,984	515,199
	4,337,121	4,467,773

13 Finance income

	2022 £	2021 £
Bank interest	272,691	88,903

14 Finance costs

	2022 £	2021 £
Interest on bank overdrafts and loans	302,329	134,591
Interest on other loans	485,843	122,983
Interest on lease liabilities	72,414	189,442
Other finance costs	105,571	-
	966,157	447,016

Other finance costs of £105,571 (2021: £nil) represent the unwinding of the discount on the present value of the put/call options on issued shares.

15 Dividends

During the year dividends totalling £304,105 (2021: £771,183) were paid by subsidiary entities to non-controlling interests.

16 Income tax credit

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	512,070	-
Adjustments in respect of prior periods	401,178	(775,661)
Foreign current tax on profits for the current period	354,190	219,377
Adjustments in foreign tax in respect of prior periods	20,776	-
Total income tax expense / (credit)	1,288,214	(556,284)
Deferred tax		
Origination and reversal of timing differences	(974,953)	(498,263)
Changes in tax rates	(368,589)	2,529
Foreign deferred tax	-	(81,455)
Total deferred tax credit	(1,343,542)	(577,189)
Total income tax credit	(55,328)	(1,133,473)

Factors affecting the tax expense for the year:

	2022	2021
	£	£
Loss before tax	(1,734,980)	(5,336,960)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(329,646)	(1,014,022)
Effects of:		
Expenses not deductible in determining taxable profit	1,852,614	1,713,635
Income not taxable in determining taxable profit	(1,840,947)	(1,543,262)
Adjustments to tax charge in respect of previous periods	401,178	(775,661)
Difference in overseas tax rates	1,136,180	(279,032)
Capital allowances in (shortfall) / excess of depreciation	(14,787)	14,972
Difference in deferred tax rate	(368,589)	2,529
Foreign taxes	376,791	(308,471)
Foreign tax credits	113,408	-
Deferred tax not recognised	(1,170,266)	1,050,139
Chargeable gains	3,235	5,700
Unrelieved tax losses	(214,499)	-
Income tax credit for the year	(55,328)	(1,133,473)

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date deferred tax is recognised at a rate of 25% in the current year (2021: 25%).

17 Goodwill and other Intangibles

Group

	Goodwill £	Software development costs £	Customer relationships £	Intellectual property £	Other intangibles £	Total £
Cost						
1 January 2021	3,165,867	1,549,613	-	-	60,000	4,775,480
Additions	-	520,264	-	-	-	520,264
Business combination	1,358,739	-	641,000	465,000	-	2,464,739
31 December 2021 and 31 December 2022	4,524,606	2,069,877	641,000	465,000	60,000	7,760,483
Amortisation and impairment						
1 January 2021	-	109,841	-	-	-	109,841
Amortisation charged in the year	-	490,245	53,417	38,750	-	582,412
Impairment charged in the year	-	401,077	-	-	-	401,077
31 December 2021	-	1,001,163	53,417	38,750	-	1,093,330
Amortisation charged in the year	-	132,068	53,417	38,750	41,667	265,902
Impairment charged in the year	-	913,650	-	-	-	913,650
31 December 2022	-	2,046,881	106,834	77,500	41,667	2,272,882
Net book value						
31 December 2022	4,524,606	22,996	534,166	387,500	18,333	5,487,601
31 December 2021	4,524,606	1,068,714	587,583	426,250	60,000	6,667,153

The amortisation and impairment of goodwill and other intangible fixed assets recognised in profit or loss for the year is included within administrative expenses.

Included within software development costs is £22,996 (2021: £155,064) which relates to a centralised learning platform used to train OSTC traders and external traders and £nil (2021: £913,650) which relates to development of a suite of tools using company data to enhance trading outcomes.

The company had no goodwill and other intangibles at 31 December 2022.

17 Goodwill and other Intangibles (continued)

Impairment tests for goodwill
Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment. In the current year the CGUs related to the OSTC Wales LLP and OSTC Limited Spolka Jawna, BG Training Limited and FSTP Limited.

The recoverable amount of a CGU is based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. An appropriate discount rate of 11%, 13% and 15% (2021: 8%, 10% and 15%), representing the CGU's current pre-tax cost of capital, has been applied to these projections.

When undertaking the value-in-use calculations, the estimated budgeted revenue growth of the entities is based on approved budgets up to 2026 and thereafter growth is based at an estimated rate of 2% (2021: 2%). This growth rate continues to reflect that expansion opportunities remain.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. The directors have reviewed the sensitivity of changes in assumptions within the value-in-use calculations and consider that at 31 December 2022 there remains significant headroom for the OSTC Wales LLP, OSTC Limited Spolka Jawna and BG Training Limited CGUs such that there are no reasonably foreseeable circumstances that would have a negative impact on the carrying value of goodwill, customer relations and intellectual property.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated.

FSTP Limited

The effects of either a reduction in annual sales growth rate to 2026 or an increase in the discount rate on the headroom of the value-in-use over the Group's carrying value of FSTP Limited's goodwill is set out below:

	Sales growth rate to 2026			
Reduction in growth rate – percentage point change	**0.5%**	**1.0%**	**1.5%**	**Break even movement**
Headroom over carrying value - £'000s	60	22	(13)	1.3%

	Discount rate			
Increase in discount rate – percentage points change	**(1.0%)**	**0.5%**	**1.0%**	**Break even movement**
Headroom over carrying value - £'000s	220	48	(1)	1.0%

Impairment tests of other intangibles
Following the discontinuation of the development of the biometric App an impairment charge of £913,650 (2021: £401,077) was generated in respect of the software development costs.

18 Property, plant and equipment

Group	Right-of-use-assets	Freehold property	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
1 January 2021	5,997,329	314,994	3,975,623	10,287,946
Exchange adjustment	(2,483)	54,745	(74,856)	(22,594)
Lease modifications	(183,819)	-	-	(183,819)
Additions	-	8,693	53,429	62,122
Business combination	138,373	-	231,503	369,876
Disposals	-	(6,538)	(119,696)	(126,234)
31 December 2021	5,949,400	371,894	4,066,003	10,387,297
Exchange adjustment	122,836	-	225,933	348,769
Additions	164,281	-	356,758	521,039
Disposals	(1,813,843)	(371,894)	(111,002)	(2,296,739)
31 December 2022	4,422,674	-	4,537,692	8,960,366
Depreciation				
1 January 2021	3,526,552	285,175	3,239,956	7,051,683
Exchange adjustment	(1,242)	53,397	(80,156)	(28,001)
Lease modification	(109,221)	-	-	(109,221)
Depreciation charged in the year	804,695	11,339	298,627	1,114,661
Business combination	47,224	-	232,186	279,410
Eliminated in respect of disposals	-	(1,194)	(47,497)	(48,691)
31 December 2021	4,268,008	348,717	3,643,116	8,259,841
Exchange adjustment	98,258	-	196,168	294,426
Depreciation charged in the year	533,336	-	341,490	874,826
Eliminated in respect of disposals	(1,244,300)	(348,717)	(100,639)	(1,693,656)
31 December 2022	3,655,302	-	4,080,135	7,735,437
Net book value				
31 December 2022	767,372	-	457,557	1,224,929
31 December 2021	1,681,392	23,177	422,887	2,127,456

The Group's right-of-use assets relate solely to leasehold land and buildings.

The company had no property plant and equipment at 31 December 2022 or 31 December 2021.

19 Investments

Group

	Other investments £
Cost or valuation	
1 January 2021	1,848,131
Valuation changes	491,024
Exchange adjustment	27,898
Disposals	(186,538)
31 December 2021	2,180,515
Valuation changes	(63,415)
Exchange adjustment	539,793
Disposals	(1,369,503)
31 December 2022	1,287,390
Net book value	
31 December 2022	1,287,390
31 December 2021	2,180,515

Other investments represent financial assets held at fair value through other comprehensive income. See note 29 for further information on fair value measurement.

Company

	Group companies £
Cost or valuation	
1 January 2021	1,487
Additions	865,193
Disposals	(489,847)
31 December 2021	376,833
Additions	737,062
31 December 2022	1,113,895
Impairment	
1 January 2021, 31 December 2021 and 31 December 2022	-
Net book value	
31 December 2022	1,113,895
31 December 2021	376,833

20 Subsidiary undertakings

Included within additions during the year is an amount of £5,835 in respect of the investment in the group's 54% ownership interest in OSTC Dubai Partnership Limited (formerly OSTC Aton Partnership Limited), transferred to the company via a dividend in specie from the subsidiary undertaking, OSTC Limited.

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	*Registered office*	*Proportion of nominal value of ordinary shares held directly*	*Nature of business*
O.S.T.C. Limited	Imperial House, 21-25 North Street, Bromley, Kent, England, BR1 1SD	100%	Trading in futures contracts
O.S.T.C. Limited sp. Komandytowa	Warsaw Corporate Centre, ul. Emilii Plater 28, 00-688 Warsaw, Poland	n/a (indirectly held)	Investment management
OSTC Holdings Limited	2nd Floor St Louis House, 17 MGR Gonin Street, Port Louis, Mauritius	100% (indirectly held)	Trading in futures contracts
Estire Research and Analytics Private Limited	B-202 Supreme Business Park, Hiranandani Gardens, 400076 Mumbai City, India	100% (indirectly held)	Research company
OSTC Wales LLP	Technium 2 Unit 13, King Road, Swansea, Wales, SA1 8PH	n/a	Investment management
OSTC Dubai Partnership Limited (formerly OSTC Aton Partnership Limited)	Imperial House, 21-25 North Street, Bromley, Kent, England, BR1 1SD	54%	Intermediate holding company
OSTC Aton Limited Liability Company	Nab. Ovchinnikovskaya D. 20, STR. 1, 105062 Moscow, Russia	54% (indirectly held)	Trading in futures contracts

20 Subsidiary undertakings (continued)

OSTC Yongan Trading Co. Limited	Room 2103, Tung Chiu Commercial Centre, 193 Lockhard Road, Wan Chai, Hong Kong	51% (indirectly held)	Trading in futures contracts
Zhejoing Yongon Investment Advisory Co. Limited	Room 1401, Building 3, Qianjiang International Times Plaza, Jianggan District, Hangzhou, Zhejiang, 310016, China	51% (indirectly held)	Research company
OSTC Kondor LLP	Kings Lodge, London Road, West Kingsdown, Nr. Brands Hatch, Kent, TN15 6AR	n/a (indirectly held)	Investment management
QO Technologies LLP	Imperial House, 21-25 North Street, Bromley, Kent, England, BR1 1SD	n/a (indirectly held)	Dormant
OSTC Polska Sp. z.o.o.	Warsaw Corporate Centre, ul. Emilii Plater 28, 00-688 Warsaw, Poland	100% (indirectly held)	Investment management
O.S.T.C. Limited sp. jawna	Warsaw Corporate Centre, ul. Emilii Plater 28, 00-688 Warsaw, Poland	100% (indirectly held)	Investment management
Zishi Group Limited	Imperial House, 21-25 North Street, Bromley, Kent, England, BR1 1SD	100%	Intermediate holding company
Zishi Elite Limited	Imperial House, 21-25 North Street, Bromley, Kent, England, BR1 1SD	100% (indirectly held)	Software development
Zishi Adaptive Limited	Imperial House, 21-25 North Street, Bromley, Kent, England, BR1 1SD	100% (indirectly held)	Software development
Market Squared Limited	Imperial House, 21-25 North Street, Bromley, Kent, England, BR1 1SD	97.5% (indirectly held)	Training
Zishi Cornerstone Limited	Imperial House, 21-25 North Street, Bromley, Kent, England, BR1 1SD	90% (indirectly held)	Training

20 Subsidiary undertakings (continued)

FSTP Limited	Imperial House, 21-25 North Street, Bromley, Kent, England, BR1 1SD	100% (indirectly held)	Training
BG Training Limited	Imperial House, 21-25 North Street, Bromley, Kent, England, BR1 1SD	100% (indirectly held)	Training
BG Consulting Group Limited	Imperial House, 21-25 North Street, Bromley, Kent, England, BR1 1SD	100% (indirectly held)	Training

On 1 February 2022 QO Technologies LLP was dissolved.

Subsidiary year-ends
The financial statements of all subsidiaries are prepared to 31 December, except for OSTC Holdings Limited whose year end is 30 June each year.

Audit exemption
The subsidiary entities Zishi Cornerstone Limited, Zishi Elite Limited, Zishi Adaptive Limited, OSTC Dubai Partnership Limited, Market Squared Limited, OSTC Wales LLP, OSTC Kondor LLP, BG Training Limited, BG Consulting Group Limited and FSTP Limited have taken the exemption in section 479A of the Companies Act 2006 (the Act) from the requirements in the Act for their individual accounts to be audited. The guarantee given by the company in respect of these subsidiary entities under section 479C of the Act is disclosed in note 36.

Material non-controlling interests
Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations:

31 December 2022	OSTC Yongan Trading Co. Limited £
Non-current assets	128,415
Current assets	3,022,034
Current liabilities	(763,917)
Non-current liabilities	(122,693)
Total comprehensive income attributable to non-controlling interests	75,257
Dividends paid to non-controlling interests	304,105

20 Subsidiary undertakings (continued)

31 December 2021	OSTC Aton Limited Liability Company £	OSTC Yongan Trading Co. Limited £
Non-current assets	1,003,722	42,940
Current assets	5,203,526	5,105,572
Current liabilities	(1,899,980)	(2,304,780)
Non-current liabilities	(633,623)	(112,856)
Total comprehensive income attributable to non-controlling interests	479,556	787,678
Dividends paid to non-controlling interests	273,252	497,931

The above table excludes amounts attributable to immaterial non-controlling interests.

21 Trade and other receivables

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Current				
Trade receivables	1,160,841	650,056	-	-
Amounts due from clearing agent	6,154,975	10,623,165	-	-
Amounts due from group	-	-	64,296	1,219,744
Other receivables	736,885	320,573	-	-
Prepayments and accrued income	1,735,298	1,601,730	-	-
	9,787,999	13,195,524	64,296	1,219,744
Non-current				
Amounts due from group	-	-	519,744	-

The directors consider that the carrying value of trade and other receivable approximates their fair value as the impact of discounting is not significant.

Lifetime expected credit losses for trade receivables and amounts due from clearing agents are calculated using a portfolio approach. Receivables are grouped based on the credit terms offered and the transaction type. The probability of default is determined at the year-end based on both the aging of the receivables and historical data about default rates on the same basis. That data is adjusted if it is determined that historical data is not reflective of expected future conditions due to changes in the nature of the counterparties and how they are affected by external factors such as economic and market conditions.

21 Trade and other receivables (continued)

Credit risk associated with trade receivables is considered to be low, and accordingly any impairment provision is considered to be immaterial. No impairment losses have been recognised on trade receivables (2021: £nil).

The credit risk relating to the unsettled amounts due from clearing agents is considered extremely low due to the short settlement period involved and the external credit ratings of the counterparties. Potential impairment is measured on a 12-month expected loss basis to reflect the short maturities of the exposures, and the estimated probability of default range considered was 0.5% (2021: 0.5%). Expected credit losses are considered to be immaterial and consequently no impairment losses have been recognised on amounts due from clearing agents (2021: £nil).

See note 35 for details of margin requirements included in amounts due from clearing agents above.

22 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash at bank and in hand	9,472,584	2,581,651	27,895	-

Cash and cash equivalents consists of cash in hand and balances held with banks.

There is no material difference between the fair value and the carrying amount of cash and cash equivalents.

23 Trade and other payables

	Group		Company	
	2022	2021 As restated	2022	2021 As restated
	£	£	£	£
Current				
Trade payables	670,257	931,918	-	-
Other tax and social security	497,010	712,606	-	-
Amounts due to group	-	-	239,899	155,111
Due to members of subsidiary LLPs	14,968,007	9,699,020	-	-
Other payables	135,984	269,715	-	-
Accruals and deferred income	4,441,944	12,640,933	-	-
Share based payment liability	118,052	-	118,052	-
	20,831,254	24,254,192	357,951	155,111
Non-current				
Accruals and deferred income	3,003,586	-	-	-
Contingent consideration	-	145,000	-	-
Share based payment liability	-	375,346	-	375,346
Other payables	1,314,041	422,510	1,314,041	422,510
	4,317,627	942,856	1,314,041	797,856

23 Trade and other payables (continued)

The carrying value of trade and other payables approximates their fair value.

Included within Group other payables is £nil (2021: £20,080) of unpaid pension contributions at the year end.

Included in non-current accruals and deferred income is £3,003,586 of deferred income which will be recognised as revenue in future periods or, to the extent not recognised, falls to be repaid by 30 September 2024. In the comparative year the amount of deferred income totalled £9,638,777 and is held within current accruals and deferred income.

Included within non-current other payables is £1,314,041 (2021: £422,510) relating to the present value of the put and call options on shares issued. The option, if exercised by either party, requires the Company to acquire the shares issued at a predetermined price. The other payable is measured at amortised cost.

24 Contract liabilities

Contract liabilities included within accruals and deferred income are as follows:

Group	2022 £	2021 £
Contract liabilities	3,003,586	9,638,777

Reconciliation of the carrying values at the beginning and end of the current and previous financial years are set out below:

	2022 £	2021 £
Opening balance	9,638,777	9,438,434
Payments received in advance	-	2,191,861
Transfer to revenue	(1,921,164)	(2,076,984)
Formalised into loan (note 26)	(6,189,662)	-
Foreign exchange	1,475,635	85,466
	3,003,586	9,638,777

The performance obligations unsatisfied at the year-end of £3,003,586 (2021: £9,638,777) will be recognised as revenue or repaid by 30 September 2024, subject to meeting the revenue recognition criteria.

The company had no contract liabilities at 31 December 2022 or 31 December 2021.

25 Lease liabilities

Group	2022 £	2021 £
Current	298,643	740,174
Non-current	549,752	1,336,907
Total lease liabilities	848,395	2,077,081

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 December 2022 and the contractual maturity date.

Group	Within 1 year £	Between 1 to 5 years £	Over 5 years £	Total at 31 December 2022 £
Buildings	327,389	575,493	-	902,882
Future finance charges	(28,746)	(25,741)	-	(54,487)
Present value of lease liabilities	298,643	549,752	-	848,395

Group	Within 1 year £	Between 1 to 5 years £	Over 5 years £	Total at 31 December 2021 £
Buildings	864,228	1,457,725	-	2,321,953
Future finance charges	(124,054)	(120,818)	-	(244,872)
Present value of lease liabilities	740,174	1,336,907	-	2,077,081

The Group leases properties for use in its operations, for which the lease terms range from 1 - 7 years. There are no material future cash outflows which the Group is exposed to which are not reflected in the measurement of the lease liabilities.

The rates of interest implicit in the Group's lease arrangements range from 3.75% to 18.5%.

The fair value of the Group's lease obligations is approximately equal to their carrying amount.

The company had no lease liabilities at 31 December 2022 or 31 December 2021.

26 Borrowings

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Current				
Other loans	827,050	700,000	-	700,000
Non-current				
Other loans	4,588,366	-	-	-
Total	5,415,416	700,000	-	700,000

On 14 May 2021 800,000 £1 loan notes were issued by the group and company of which £100,000 was repaid in November 2021. The remaining balance was included within other loans and accrues interest at 15% per annum. The loan notes were secured by a fixed and floating charge over the assets of the group. The loan notes were repaid in full in April 2022.

During the year the company formalised the outstanding pre-paid incentive amount due on 30 September 2022 into a loan. The loan is unsecured, denominated in USD and accrues interest at 0.25% over the SOFR base rate. The minimum instalment amount is $1,000,000 on 31 December 2023 and $1,500,000 falling due annually on 31 December thereafter.

Reconciliation of liabilities arising from financing activities

Group	1 January 2022 £	Cashflows £	Non-cash changes £	31 December 2022 £
Borrowings	700,000	(1,113,805)	5,829,221	5,415,416
Lease liability	2,077,081	(870,474)	(358,212)	848,395
	2,777,081	(1,984,279)	5,471,009	6,263,811

Group	1 January 2021 £	Cashflows £	Non-cash changes £	31 December 2021 £
Other loans	-	700,000	-	700,000
Lease liability	2,805,269	(730,758)	2,570	2,077,081
	2,805,269	(30,758)	2,570	2,777,081

27 Deferred tax

Provision has been made for deferred taxation as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Deferred tax liabilities	(466,700)	(716,146)	-	-
Deferred tax assets	2,825,769	1,638,428	6,471	6,471
Net position at 31 December	2,359,069	922,282	6,471	6,471

The major deferred tax liabilities and assets recognised are:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Deferred tax liabilities				
Accelerated capital allowances	(5,285)	(244,066)	-	-
Other timing differences	(461,415)	(348,016)	-	-
Capital gains	-	(124,064)	-	-
Total	(466,700)	(716,146)	-	-

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Deferred tax assets				
Tax losses available	2,303,306	614,388	6,471	6,471
Other timing differences	522,463	1,024,040	-	-
Total	2,825,769	1,638,428	6,471	6,471

Net deferred tax (liability) / asset	Group £	Company £
1 January 2021	622,494	-
Credited to the income statement	577,189	6,471
Foreign exchange	(67,261)	-
Acquired on business combinations	(210,140)	-
31 December 2021	922,282	6,471
Credited / (charged) to the income statement	1,343,542	(6,471)
Foreign exchange	93,245	-
31 December 2022	2,359,069	-

28 Provisions

Group

	Trader bonus provision £
1 January 2021	3,632,247
Additional provision in the year	1,468,155
Reversal of provision	(2,489,007)
Utilisation of provision	(118,048)
Exchange adjustment	(305)
31 December 2021	2,493,042
Additional provision in the year	22,809
Reversal of provision	(1,224,747)
Utilisation of provision	(203,822)
Exchange adjustment	81,360
31 December 2022	1,168,642

The company had no provisions at 31 December 2022 or 31 December 2021.

Trader bonus provision
Certain provisions are made for rewarding traders for length of service. Provisions are based on past performance and adjusted for the probability that a trader will still be employed at the pay-out date.

29 Financial instruments and financial risk management

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them. There have been no changes in the exposures to risk or how they arise since the previous period. There have also been no changes in the Group's objectives, policies and processes for managing the risks and the methods used to measure them.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade and other receivables
- trade and other payables
- cash at bank and in hand
- borrowings
- leases

29 Financial instruments and financial risk management (continued)

Capital management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders.

The directors regularly review the capital structure of the Group and related capital risks, and ensure that regulatory capital resources are in excess of capital adequacy requirements.

Categories of financial instrument

	Group	
Financial assets	**2022**	**2021**
	£	**£**
Loan and receivables at amortised cost:		
Trade and other receivables	8,052,701	11,593,794
Cash and cash equivalents	9,472,584	2,581,651
Contract assets	1,269,607	997,231
	18,794,892	15,172,676
Financial assets measured at fair value through other comprehensive income:		
Investments	1,287,390	2,180,515

	Group	
Financial liabilities	**2022**	**2021**
		As restated
	£	**£**
Measured at amortised cost:		
Trade and other payables	17,088,289	11,323,163
Accruals	3,772,661	3,002,157
Borrowings	5,415,416	700,000
Lease liabilities	848,395	2,077,081
Total financial liabilities	27,124,761	17,102,401
Measured at fair value through profit and loss:		
Contingent consideration	-	145,000
Share based payment liability	118,052	375,346
	118,052	520,346

29 Financial instruments and financial risk management (continued)

In relation to the nature of the financial instruments that are measured in the Statement of Financial Position at fair value, IFRS 7 requires them to be put into a fair value measurement hierarchy, based on the lowest level of input significant to the overall fair value, as follows:

Level 1 – quoted prices for similar instruments
Level 2 – directly observable market inputs other than Level 1 inputs
Level 3 – inputs not based on observable market data

The inputs used in determining the fair value of the forward foreign exchange contracts and investments fall within Level 2 of the fair value hierarchy.

The Directors consider the book value of all financial instruments to equate to their fair value.

Financial risk management

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk, market risk and liquidity risk.

The Directors monitor the Group's financial risk management policies and exposure and approve financial transactions. The Director's overall risk management strategy seeks to assist the Group in meeting its financial targets whilst minimising potential adverse effects on financial performance.

Details of these risks and the Group's policies for managing these risks are included below:

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from movements in the foreign exchange *markets as the activities of the Group are conducted in the following foreign currencies:* US Dollar, Euro, Polish Zloty and Russian Ruble. The Group's foreign exchange committee mitigates this risk as much as is prudently possible via hedging with forward transactions.

Foreign currency risk arises when the Group and its overseas companies enter into transactions denominated in a currency other than the functional currency, and the Group's main exposure to movements in foreign currencies arising from financial assets and liabilities held in foreign currencies other than functional currency is illustrated below, which assumes that all other variables remain constant.

A 5% strengthening/(weakening) of sterling against the following foreign currencies would have the following impact on the Group:

At 31 December 2022	**Polish zloty**	**US Dollar**
	£	£
Impact on profit	469,371	268,171

At 31 December 2021	**Polish zloty**	**US Dollar**
	£	£
Impact on profit	13,301	2,017

29 Financial instruments and financial risk management (continued)

Interest rate risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise of cash balances which earn interest at floating rates and loans on which interest is charged at fixed rates. Interest bearing liabilities include loans which attract interest at fixed interest rates.

The Group's policy is to minimise interest charges through active cash management. Interest charged on the Group's borrowings is kept under regular review.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group has implemented policies that require always maintaining appropriate credit limits. The Group's credit risk is primarily attributable to its trade receivables balance. The amounts presented in the balance sheet are net of allowances for impairment losses.

The Company regularly reviews to determine whether there has been a significant increase in the credit risk of its other receivables since their initial recognition. Where a significant increase in credit risk is identified, the loss allowance is measured based on the risk of a default occurring over the expected life of the instrument rather than considering only the default events expected within 12 months of the year-end.

The Company determines that credit risk has increased significantly when:

- there are significant actual or expected changes in the operating results of the entity, including declining revenues, profitability or liquidity management problems; or
- there are existing or forecast adverse changes to the business, financial or economic conditions that may impact the entity's ability to meet its debt obligations; or
- the entity is unable to rely on the support of other group entities to meet its debt obligations.

Deposits with banks are only held with reputable financial institutions with a credit rating of 'A' or above. The credit worthiness is reviewed periodically in order to ensure active management of counter-party risk.

The maximum exposure to credit risk on The Group's financial assets is set out as follows:

	2022	2021
	£	£
Financial assets measured at amortised cost		
Cash and cash equivalents	9,472,584	2,581,651
Trade receivables	1,160,841	650,056
Other receivables	6,891,860	10,943,738
Contract assets	1,269,607	997,231
	18,794,892	15,172,676

29 Financial instruments and financial risk management (continued)

Market risk

Market risk is the risk of loss resulting from unfavourable market movements, such as prices, when positions in financial instruments are held. The value of a financial instrument may fluctuate because of changes in factors such as commodity prices, currency rates and volatilities. The Group's hedging strategies, in combination with the use of straightforward products and continuous monitoring, aim to minimize this risk. The Group's trading philosophy is to hedge positions as perfectly as possible and therefore minimize exposures towards the market.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to maintain sufficient cash and other working capital to always meet its liabilities when they fall due. Liquidity risk and cash requirements are regularly reviewed by reference to short term cash flow forecasts and medium term working capital projections.

The following tables detail the Group's and Company's remaining contractual maturity for non-derivative financial liabilities with agreed maturity periods. These are based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group and Company can be required to pay.

Group

At 31 December 2022	Less than 1 year £	Between 1 and 2 years £	Between 2 and 5 years £	More than 5 years £
Lease liabilities	327,389	229,977	345,516	-
Trade and other payables	15,774,248	1,430,089	-	-
Accruals	3,576,823	-	-	-
Borrowings	827,050	1,241,414	3,346,952	-
Share-based payment liability	118,052	-	-	-
	20,623,562	2,901,480	3,692,468	-

Group

At 31 December 2021, as restated	Less than 1 year £	Between 1 and 2 years £	Between 2 and 5 years £	More than 5 years £
Lease liabilities	740,174	647,616	689,291	-
Trade and other payables	10,900,653	-	422,510	-
Accruals	3,002,157	-	-	-
Borrowings	700,000	-	-	-
Contingent consideration	-	-	145,000	-
Share-based payment liability	-	-	375,346	-
	15,342,984	647,616	1,632,147	-

The group also has access to a margin facility provided by Cannon Bridge Ventures LLP, further details of the margin facility can be found within note 34.

30 Share based payments

Equity-settled share based payments

Options over Ordinary shares in the company have been granted to certain employees at the discretion of the directors and they will be settled in equity, once exercised. If the options remain unexercised after the end of the exercise period, they will expire. Options are forfeited if the employee leaves the group.

Options are granted at a fixed exercise price and the vesting period is four years. There are no performance conditions other than the vesting period and continued employment within the group. The options become exercisable when an "exit event" occurs, which includes an initial public offering of the company.

The fair value of share options, which has been determined by the use of the Black Scholes model, at the date of issue was £nil.

Details of the number of share options and the weighted average exercise price ('WAEP') outstanding during the year are as follows:

	2022		2021	
	Number	WAEP - £	Number	WAEP - £
Outstanding at beginning of year	715	465.10	-	-
Granted during the year	-	-	715	465.10
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at end of the year	715	465.10	**715**	**465.10**
Exercisable at end of the year	-	-	-	-

The weighted average remaining life of share options at the end of the year was 2 years (2021: 3 years).

Cash-settled share based payments

The Group maintained one cash-settled share-based payment arrangement relating to the acquisitions of BG Training Limited and FSTP Limited. This arrangement provides that certain of the selling shareholders in these acquisitions will receive share consideration in future periods if the Group achieves certain performance targets. Where the share consideration is forfeited by key employees who leave the business during the earnout period, the consideration has been accounted for as a share-based payment in accordance with IFRS 2 Share-based payments.

The selling shareholders have also been granted an option allowing them to mandate the Group to repurchase in cash all acquisition and contingent shares at the acquisition share price, exercisable between 1 January 2024 and 31 January 2024, if certain conditions are met. As this option is settled in cash, the share-based payment arrangement is considered cash-settled. Where the put option has been identified as relating to the post-combination remuneration of the selling shareholders the fair value of the put option granted has been accounted for as a share-based payment in accordance with IFRS 2 Share-based payments.

The Group has recorded a total share based payment expense and corresponding liability of £731,227 (2021: £375,346). The fair value has been determined using the Black Scholes model, applying the assumptions noted in the table below:

30 *Share based payments (continued)*

	BG Training Limited	FSTP Limited
Share value at grant	£611	£540
Exercise price	£582	£605
Expected life	2.94 years	2.62 years
Probability of exercise	50%	50%
Risk free rate	0.1%	0.1%
Expected volatility	40%	40%

31 Equity

Share Capital

	120,000 A ordinary shares of £0.01 each	10,427 C ordinary shares of £0.01 each	17,825 D ordinary shares of £0.01 each	2 E ordinary shares of £0.01 each	100 F ordinary shares of £0.01 each	2,512 H ordinary shares of £0.01 each
Allotted, issued and fully paid:						
At 1 January 2022	1,200	105	178	-	1	8
Shares issued	-	-	-	-	-	17
31 December 2022	1,200	105	178	-	1	25

The A ordinary, C ordinary, D and H ordinary share classes rank pari passu in all respects. The shares carry no right to fixed income and each carry the right to one vote at general meetings of the company. The E ordinary and F ordinary shares carry no right to fixed income and do not carry the right to a vote at general meetings of the company.

During the year 1,682 (2021: 830) H ordinary shares were issued for consideration at a fair value totalling £988,521 (2021: £489,847). Of the excess consideration over nominal value, £48,254 (2021: £nil) has been recognised within share premium with the remaining balance of £940,250 (2021: £489,839) being recognised within other reserves in accordance with s612 Companies Act 2006.

Reserves

Share premium account
Consideration received for shares issued above their nominal value net of transaction costs.

Foreign currency reserve
The translation reserve represents foreign exchange gains and losses arising on the retranslation of the financial statements of the company's foreign subsidiaries.

Share based payment reserve
The cumulative share-based payment expense.

Capital redemption reserve
The nominal value of shares repurchased and still held at the end of the reporting period.

Other reserve
The company issued shares as part consideration in a business combination for more than 90% of the issued share capital of two entities. In accordance with s612 Companies Act 2006, the excess of the fair value over the nominal value of the shares issued has been credited to other reserves. Also included in other reserves is the present value of the put and call options on shares issued.

31 Equity (continued)

Equity reserve
The profit on the deemed disposal of shares in subsidiaries, recognised directly within reserves.

Retained earnings
Cumulative profit and loss net of distributions to owners.

32 Notes of cash flow statement

	Group	
	2022	**2021**
	£	**£**
Loss before tax	(1,734,980)	(5,336,960)
Adjustments for:		
Finance costs	966,157	447,016
Finance income	(272,691)	(88,903)
Loss on disposal of property, plant and equipment	80,591	77,543
Profit on disposal of subsidiaries	-	(13,548)
Fair value movements on derivatives	-	424,847
Amortisation and impairment of intangible assets	1,179,552	983,489
Depreciation of property, plant and equipment	874,826	1,114,661
Loss on disposal of other investments	-	186,538
Provision movements	(1,324,400)	(1,089,705)
Operating cash flows before movements in working capital	(230,945)	(3,295,022)
Movements in working capital:		
Decrease in trade and other receivables	3,407,525	5,396,682
Increase/(decrease) in trade and other payables	5,878,043	(5,766,439)
Cash generated from / (used in) operations	9,054,623	(3,664,779)
Interest received	272,691	88,903
Interest paid	(860,586)	(447,016)
Income taxes (paid)/received	(179,785)	280,806
Net cash flows generated from / (used in) operating activities	8,286,943	(3,742,086)

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

32 Notes of cash flow statement (continued)

Consolidated analysis of changes in net debt

	1 January 2022 £	Cashflow £	Other non-cash changes £	31 December 2022 £
Cash at bank balances	2,581,651	7,011,304	(120,371)	9,472,584
Lease liabilities	(2,077,081)	870,474	358,212	(848,395)
Borrowings	(700,000)	1,113,805	(5,829,221)	(5,415,416)
Total net debt	(195,430)	8,995,583	(5,591,380)	3,208,773

Consolidated analysis of changes in net debt – prior year

	1 January 2021 £	Cashflow £	Acquisition £	Other non-cash changes £	31 December 2021 £
Cash at bank balances	9,765,931	(6,834,461)	-	(349,819)	2,581,651
Lease liabilities	(2,805,269)	730,758	(77,168)	74,598	(2,077,081)
Borrowings	-	(700,000)	-	-	(700,000)
Total net debt	6,960,662	(6,803,703)	(77,168)	(275,221)	(195,430)

33 Retirement benefits

Defined contribution schemes

The group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the group in an independently administered fund. The contributions payable by the group charged to profit or loss amounted to £80,016 (2021: £119,248).

34 Related party transactions

Group

Transactions between the group and its related parties are disclosed below:

	2022	
	Other related parties	**Key management personnel**
	£	**£**
Amount of transactions:		
Consultancy fees	-	36,239
Interest expense	389,012	46,004
Dividends paid	304,105	-
Rent and premises costs charged	387,479	-
(Payments)/receipts	(484,973)	-
Amounts outstanding at 31 December:		
Owed to related parties	-	-

	2021	
	Other related parties	**Key management personnel**
	£	**£**
Amount of transactions:		
Consultancy fees	-	53,814
Amounts written off	49,500	-
Interest expense	17,602	87,410
Dividends paid	627,708	143,477
Rent and premises costs charged	392,085	-
(Payments)/receipts	(389,625)	-
Amounts outstanding at 31 December:		
Owed to related parties	-	700,000

All transactions were made on normal commercial terms and at market rates.

Company

Transactions between the company and its related parties are disclosed below:

	2022	
	Fellow group companies	**Key management personnel**
	£	**£**
Amount of transactions:		
Interest (received)/paid	(34,760)	34,760
Amounts outstanding at 31 December:		
Owed to related parties	175,042	-
Owed by related parties	519,744	-

34 Related party transactions (continued)

	2021	
	Fellow group companies	Key management personnel
	£	£
Amount of transactions:		
Interest (received)/paid	(53,369)	53,369
Amounts outstanding at 31 December:		
Owed to related parties	155,111	700,000
Owed by related parties	1,219,744	-

All transactions were made on normal commercial terms and at market rates.

Cannon Bridge Ventures LLP, a related party by virtue of common members, shareholders and directors, had deposited £3,033,940 at the year-end (2021: £900,000 and $1,672,000) with R.J. O'Brien Limited as margin against which the Group was able to trade. A fee of 15% per annum of the amount drawn is payable on the facility.

35 Other financial commitments

There is a requirement for the group to leave a margin at R.J. O'Brien Limited of a minimum balance of £1,000,000 (2021: £1,000,000). This amount is included in amounts due from clearing agents in receivables (see note 21).

The group also has an unlimited cross guarantee given to R.J. O'Brien Limited, guaranteeing any trading losses should any arise across the group.

There is an unlimited guarantee at R.J. O'Brien in respect of OSTC Group Holdings Limited.

OSTC Polska sp. z o.o. has given bank guarantees of PLN 548,197 (£104,082) (2021: PLN 508,869 (£90,773) to secure the performance of office lease agreements.

36 *Contingent liabilities*

OSTC Group Holdings Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2022:

- Zishi Cornerstone Limited (Company Registration no. 09545988);
- Zishi Elite Limited (Company Registration no. 11922349);
- Zishi Adaptive Limited (Company Registration no. 12105324);
- OSTC Dubai Partnership Limited (Company Registration no. 08715268);
- Market Squared Limited (Company Registration no. 09277791);
- OSTC Wales LLP (Company Registration no. OC374817);
- OSTC Kondor LLP (Company Registration no. OC414894);
- BG Training Limited (Company Registration no. 07255914);
- BG Consulting Group Limited(Company Registration no. 06518621); and
- FSTP Limited (Company Registration no. 13169189).

37 Controlling party

The directors consider there to be no single ultimate controlling party.