
HOWDEN CAPITAL MARKETS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022



HOWDEN CAPITAL MARKETS LIMITED

COMPANY INFORMATION

Directors	A Davies D Flandro A M Martin M R Shumway M E Wolff (appointed 25 July 2022)
Company secretary	E L Snooks
Registered number	05022286
Registered office	One Creechurch Place London EC3A 5AF
Independent auditor	Ernst & Young LLP Statutory Auditor 25 Churchill Place London E14 5EY

HOWDEN CAPITAL MARKETS LIMITED

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HOWDEN CAPITAL MARKETS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The Directors present their Strategic Report for Howden Capital Markets Limited, for the year ended 30 September 2022.

The Strategic Report has been prepared in accordance with Section 414C of the Companies Act 2006.

Business review

Revenue for the year was £556, down from £876,003 in 2021. Whilst the Company has continued to trade throughout the year, it has not been involved in any successful capital raises which has resulted in a reduction in its revenue.

A loss of £985,149, up from a loss of £366,896 in 2021, followed the reduction of revenue.

On 10 November 2021, 2,000,000 Ordinary shares with a nominal value of £1 each were issued in full.

Key performance indicators

Analysis of the financial key performance indicators of the Company has been presented above. In addition, certain other key performance indicators have been established as described below.

EBITDA

The Company uses Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) to measure the performance of business units against budget and previous years results.

Principal risks and uncertainties

This section sets out some of the risks faced by the Company which have affected its business operations and results during the year. The Company looks to assess and deal with the impact of these external influences by carrying out regular business planning reviews.

Matters generally affecting Company strategy and performance

Commercial strategy

The Company endeavours to operate to the strategic and business plans that it sets itself.

Environmental, market and economic factors

The Company is reliant on finding clients who are looking to raise capital, as well as investors who are willing to support the process. Such ability and willingness is influenced by environmental and economic conditions. The Company has in place controls to ensure it is not overly dependent upon any one investor or capital market.

Key staff

The Company's success is reliant upon attracting and retaining key staff within all its core business operations.

Competition

The investor and capital markets are highly competitive. The Company faces competition from other capital intermediaries within the UK.

HOWDEN CAPITAL MARKETS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Matters generally affecting Company strategy and performance (continued)

Certain business interruption risks

The Company has in place a comprehensive business risk review process, which allows the Company to assess the business risks faced by it and to review them in the context of the appropriateness of the controls it has in place to address those risks.

Loss of IT systems or data

The Company believes its IT systems and those systems provided by third parties are reliable and well protected, notwithstanding that they require regular updating and maintenance to ensure their ongoing suitability for the Company.

Financial crime, bribery and corruption

The Company conducts its business whilst being fully aware of the risks arising from non-compliance with either local or international regulations and operates within a business framework which seeks to minimise the risk of financial crime, including bribery and corruption.

Factors that could reduce operating revenues or increase operating costs

Foreign exchange

The Company is exposed to significant changes in the US Dollar/Sterling and Euro/Sterling exchange rates that directly impact upon turnover of the Company.

Claims against the Company that are not covered by or exceed purchased insurance

The Company believes its insurance cover would substantially mitigate the effect of any claims likely to be brought against it.

Legal and regulatory compliance

Uncertainty regarding compliance matters and higher costs of regulatory compliance can result from ongoing revision to laws, regulations and governance standards.

Risks to the Company's reputation

Corporate governance

The Company has an appropriate corporate governance programme in place commensurate with the scale of the business.

Financial risk management

Financial instruments

HIG Finance Limited, a fellow subsidiary of the Howden Group Holdings group of companies ("the Group"), manages the Company's principal financial instruments which comprise cash and deposits. As part of the Group's pooling arrangements the Group's treasury function manages risks in relation to these as follows;

Liquidity risks

The Group manages the Company's cash and borrowing requirements centrally to maximise interest income and minimise interest expenses, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

HOWDEN CAPITAL MARKETS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Future developments

The Company aims to grow and develop by investing in the following strategic themes:

People First

- To attract, develop and retain talented individuals through leading recruitment, employment & development practices

Global Specialisms

- To be product specialists and to diversify into new and emerging risk areas by recruiting and acquiring likeminded individuals; and
- To be market leaders and makers in the geographies in which the Company operates.

Data and Distribution

- To build a business model focused around clients and their needs.

This report was approved by the Board and signed on its behalf.



A Davies
Director

Date: 20 December 2022

HOWDEN CAPITAL MARKETS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Directors present their report and the audited financial statements for the year ended 30 September 2022.

Directors' responsibilities statement

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

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these audited financial statements, the Directors are required to:

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

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

Principal activity

The principal activity of the Company is that of intermediation of financial and non-life insurance/reinsurance.

Results and dividends

The loss for the year, after taxation, amounted to £985,148 (2021 - a loss of £366,896).

The Company paid no dividends during the year (2021 - £NIL) and does not recommend the payment of a dividend following the year end.

Directors

The Directors who served during the year and up until the date of this report, unless otherwise stated, were:

A Davies
D Flandro
A M Martin
M R Shumway
M E Wolff (appointed 25 July 2022)
E Richardson (resigned 19 April 2022)
B D Rugge-Price (resigned 19 April 2022)

HOWDEN CAPITAL MARKETS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Going concern

As at 30 September 2022 the Company has net assets of £661,781 (2021: Net liabilities of £361,896) and net current assets of £661,781 (2021: Net current liabilities of £361,896).

On 10 November 2021, 2,000,000 Ordinary shares with a nominal value of £1 each were issued in full. On 13 October 2022, the company issued a further 1,000,000 Ordinary shares at par value of £1 each.

The Company's immediate parent company, Howden Reinsurance Brokers Holdings Limited, has undertaken to provide financial support to the Company to meet liabilities as they fall due for the period to 31 December 2023.

Having considered the aforementioned, and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period to 31 December 2023. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Environment

The Company and Group are determined to reduce their environmental impact as much as possible. In 2022, the Group launched the global Environmental policy with a focus on three areas: to raise awareness, reduce emissions and reduce waste. Some of the actions taken in the UK and worldwide were as follows:

- Relaunch of a UK environmental committee to help take action on operational changes across UK offices, with similar committees being created globally.
- Environmental volunteering: River clean ups/tree planting/mangrove planting/plastic fishing. Launch of a sustainability knowledge library on Workplace. Through the library, employees are able to learn about the three pillars of sustainability including what climate change is and how it is impacting the Group. This information is available globally to over 9,000 employees with access to the platform.
- In April, the Group held an in person event in our London headquarters to encourage employees to play The Banana Game and think about the carbon emissions associated with everyday items they use. To celebrate World Earth Day, the Group hosted the game virtually to ensure wider employee engagement. Having bought the game, the Group plan on continuing to deliver awareness events internally as well as, externally with school partners.
- This year, the Howden Group Foundation partnered with The Prince's Trust to develop and launch a new collection of learning resources for The Trust's Achieve programme. These resources support young people across the country to build their awareness around sustainability, and specifically climate change. This project has equipped teachers and education advisors with the framework and content to engage students and develop their knowledge around an important topic as part of the Achieve programme curriculum.
- In November 2021, the Group's attendance at COP26, which included a keynote speech from David Howden at the World Climate Summit, was an important platform for promoting the role of the insurance industry in helping society to respond to the climate crisis. This year the Group participated in COP27 to build on this message and engagement

Directors' indemnity insurance

Howden Group Holdings Limited, the ultimate holding company, has made qualifying third party indemnity provisions for the benefit of the Company Directors which were made during the year and remain in force at the date of this report.

HOWDEN CAPITAL MARKETS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Matters covered in the Strategic Report

The following information has been included in the Strategic Report and incorporated into this report by reference:

- Financial risk management; and
- Future developments

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

On 13 October 2022, the company issued a further 1,000,000 Ordinary shares at par value of £1 each.

There were no further material post balance sheet events arising after the balance sheet date of which the directors are aware.

Independent Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.



A Davies
Director

Date: 20 December 2022

HOWDEN CAPITAL MARKETS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN CAPITAL MARKETS LIMITED

Opinion

We have audited the financial statements of Howden Capital Markets Limited (the 'Company') for the year ended 30 September 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes In Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 31 December 2023.

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

HOWDEN CAPITAL MARKETS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN CAPITAL MARKETS LIMITED

Other information (continued)

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN CAPITAL MARKETS LIMITED

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.

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to elements of Company law and tax legislation, and the financial reporting framework (UK GAAP);
- We obtained a general understanding of how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed minutes of the Board of directors; and gained an understanding of the Company's approach to governance, demonstrated by the Board's approval of the Company's governance framework;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud;
- Further, we performed audit procedures which included testing the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and/or unusual transactions; and
- We designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws and regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, and inquiring about the Company's methods of enforcing and monitoring compliance with such policies.

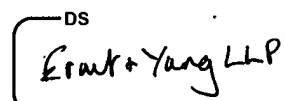
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

HOWDEN CAPITAL MARKETS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN CAPITAL MARKETS LIMITED

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.

^{DS}
The image shows a handwritten signature in black ink, which appears to read 'Ernst & Young LLP'. The signature is written over a horizontal line.

Robert Bruce (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 20.12.2022

HOWDEN CAPITAL MARKETS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	12 months to 30 September 2022 £	9 month period to 30 September 2021 £
Turnover	3	556	876,003
Gross profit		<u>556</u>	<u>876,003</u>
Administrative expenses		(1,218,333)	(1,327,436)
Operating loss		<u>(1,217,777)</u>	<u>(451,433)</u>
Tax rebate	7	232,629	84,537
Loss for the financial year		<u>(985,148)</u>	<u>(366,896)</u>

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 14 to 23 form part of these financial statements.

All amounts relate to continuing operations.

HOWDEN CAPITAL MARKETS LIMITED
REGISTERED NUMBER: 05022286

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	30 September 2022 £	30 September 2021 £
Current assets			
Debtors	8	834,932	31,450
Cash at bank and in hand	9	4,970	5,000
		<u>839,902</u>	<u>36,450</u>
Creditors: amounts falling due within one year	10	(178,121)	(398,346)
Net current assets/(liabilities)		661,781	(361,896)
Total assets less current liabilities		<u>661,781</u>	<u>(361,896)</u>
Net assets/(liabilities)		<u>661,781</u>	<u>(361,896)</u>
Capital and reserves			
Called up share capital	11	2,750,000	750,000
Other reserves	12	8,825	-
Retained earnings	12	(2,097,044)	(1,111,896)
Total equity		<u>661,781</u>	<u>(361,896)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



A Davies
Director

Date: 20 December 2022

The notes on pages 14 to 23 form part of these financial statements.

HOWDEN CAPITAL MARKETS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Other reserves	Retained earnings	Total equity
	£	£	£	£
At 1 October 2021	750,000	-	(1,111,896)	(361,896)
Comprehensive income for the year				
Loss for the year	-	-	(985,148)	(985,148)
Total comprehensive income for the year	-	-	(985,148)	(985,148)
Shares issued during the year	2,000,000	-	-	2,000,000
Share based payment	-	8,825	-	8,825
At 30 September 2022	2,750,000	8,825	(2,097,044)	661,781

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2021	750,000	(745,000)	5,000
Comprehensive income for the period			
Loss for the period	-	(366,896)	(366,896)
Total comprehensive income for the period	-	(366,896)	(366,896)
At 30 September 2021	750,000	(1,111,896)	(361,896)

The notes on pages 14 to 23 form part of these financial statements.

HOWDEN CAPITAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. General information

Howden Capital Markets Limited ("the Company") is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales, company number 05022286. The address of its registered office is One Creechurch Place, London, EC3A 5AF.

The principal activity of the Company is disclosed in the Directors' Report on page 4.

These financial statements have been presented in Pound Sterling (£), this being the functional currency of the Company and the currency of its primary economic environment.

Monetary amounts included within these financial statements have been rounded to the nearest whole £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company meets the definition of a qualifying entity and has therefore taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12 (a) - (e):

- the requirements of Section 7 Statement of Cash Flows and paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraph 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21, and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Howden Group Holdings Limited as at 30 September 2022 and these financial statements may be obtained from One Creechurch Place, London, EC3A 5AF.

HOWDEN CAPITAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.3 Going concern

As at 30 September 2022 the Company has net assets of £661,781 (2021: Net liabilities of £361,896) and net current assets of £661,781 (2021: Net current liabilities of £361,896).

On 10 November 2021, 2,000,000 Ordinary shares with a nominal value of £1 each were issued in full.

On 13 October 2022, the company issued a further 1,000,000 Ordinary shares at par value of £1 each.

The Company's immediate parent company, Howden Reinsurance Brokers Holdings Limited, has undertaken to provide financial support to the Company to meet liabilities as they fall due for the period to 31 December 2023.

Having considered the aforementioned, and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period to 31 December 2023. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pound Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

HOWDEN CAPITAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

HOWDEN CAPITAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

HOWDEN CAPITAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.12 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay, interest free loans and other similar benefits, are recognised as an expense in the period in which they are received. An accrual is recognised for short term compensated absences where entitlement has accumulated, but has not been taken, at the reporting date.

3. Turnover

An analysis of turnover by class of business is as follows:

	12 months to 30 September 2022 £	9 month period to 30 September 2021 £
Management fees and other income	556	876,003

All turnover arose within the United Kingdom.

4. Auditor's remuneration

	12 months to 30 September 2022 £	9 month period to 30 September 2021 £
Fees payable to the Company's auditor in respect of the audit of the Company's annual financial statements	18,000	15,884

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.

HOWDEN CAPITAL MARKETS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

5. Employees

	12 months to 30 September 2022 £	9 month period to 30 September 2021 £
Wages and salaries	652,309	510,658
Social security costs	4,579	10,360
Cost of defined contribution scheme	5,587	4,682
	<u>662,475</u>	<u>525,700</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 No.	2021 No.
Directors and management	2	1
Employees	2	-
	<u>4</u>	<u>1</u>

6. Directors' remuneration

	12 months to 30 September 2022 £	9 month period to 30 September 2021 £
Directors' emoluments	358,746	143,339
Company contributions to defined contribution pension schemes	13,366	-
	<u>372,112</u>	<u>143,339</u>

During the year retirement benefits were accruing to 2 Directors (2021 - Nil) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £206,250 (2021 - £143,339).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,491 (2021 - £Nil).

HOWDEN CAPITAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

7. Taxation

	12 months to 30 September 2022 £	9 month period to 30 September 2021 £
Corporation tax		
Current tax on losses for the year/period	(231,378)	(84,537)
Adjustments in respect of previous periods	(1,251)	-
	<u>(232,629)</u>	<u>(84,537)</u>
Total current tax	<u>(232,629)</u>	<u>(84,537)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Tax rebate for the year/period	<u>(232,629)</u>	<u>(84,537)</u>

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	12 months to 30 September 2022 £	9 month period to 30 September 2021 £
Loss on ordinary activities before tax	<u>(1,217,777)</u>	<u>(451,433)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(231,378)	(85,772)
Effects of:		
Expenses not deductible for tax purposes	-	1,235
Adjustments to tax charge in respect of prior periods	(1,251)	-
Tax rebate for the year/period	<u>(232,629)</u>	<u>(84,537)</u>

HOWDEN CAPITAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

7. Taxation (continued)

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

8. Debtors

	30 September 2022 £	30 September 2021 £
Trade debtors	-	12,945
Amounts owed by group undertakings	814,757	-
Other debtors	12,288	4,538
Prepayments and accrued income	7,887	13,967
	<u>834,932</u>	<u>31,450</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand within 12 months.

9. Cash and cash equivalents

	30 September 2022 £	30 September 2021 £
Cash at bank and in hand	<u>4,970</u>	<u>5,000</u>

HOWDEN CAPITAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

10. Creditors: Amounts falling due within one year

	30 September 2022 £	30 September 2021 £
Amounts owed to group undertakings	-	80,705
Corporation tax	89,833	-
Other taxation and social security	-	44,902
Accruals and deferred income	88,288	272,739
	<u>178,121</u>	<u>398,346</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand within 12 months.

11. Called up share capital

	30 September 2022 £	30 September 2021 £
Allotted, called up and fully paid		
2,500,000 (2021 - 500,000) Ordinary shares of £1.00 each	2,500,000	500,000
250,000 (2021 - 250,000) Preferred shares of £1.00 each	250,000	250,000
	<u>2,750,000</u>	<u>750,000</u>

On 10 November 2021, 2,000,000 Ordinary shares with a nominal value of £1 each were issued in full.

The Company has two classes of shares. Ordinary shares carry voting rights but no right to fixed income. Preferred shares carry voting and income rights as prescribed by the Company's Articles of Association.

12. Reserves

Other reserves

The Other reserve consists of the total contribution to the equity capital of the Company that was not made in exchange for shares.

Retained earnings

Retained earnings consists of current and prior period retained profits and losses, less any dividends paid.

HOWDEN CAPITAL MARKETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

13. Contingent liabilities

The Company is a guarantor for the Group's main lending facilities. This facility was entered into by HGH Finance Limited, HIG Finance 2 Limited and Hyperion Refinance S.a.r.l. and the senior first lien tranche of this facility matures in November 2027, with other junior tranches in security maturing between 2028 to 2031.

14. Related party transactions

The Company has taken advantage of the exemption available under Section 33 of FRS 102 not to disclose related party transactions with subsidiaries that are wholly owned within the group.

15. Post balance sheet events

On 13 October 2022, the company issued a further 1,000,000 Ordinary shares at par value of £1 each.

There were no further material post balance sheet events arising after the balance sheet date of which the directors are aware.

16. Controlling party

On 1 July 2022, Howden Reinsurance Brokers Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales, became the Company's immediate parent company after acquiring 100% of the Company's share capital from HX Group Limited.

The Company's ultimate parent company is Howden Group Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The largest and smallest group of which the Company is a member for which group financial statements are drawn up is that of Howden Group Holdings Limited. Copies of the financial statements of this Company can be obtained from the Group Finance Department at the registered office, One Creechurch Place, London, United Kingdom, EC3A 5AF.