Registered number: 04709153

Charles Schwab, U.K., Limited

Annual report and financial statements

for the year ended 31 December 2022

CHARLES SCHWAB, U.K., LIMITED

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Officers and Professional Advisers

Directors

R J Flynn
W F Quinn
M W Canady
E J Twomey

Company Secretary

T C Winn

Registered Office

78-84 Colmore Row
Birmingham
West Midlands
B3 2AB

Bankers

CitiBank
CitiGroup Centre
Canary Wharf
London
E14 5LB

Auditor

Deloitte LLP
Statutory Auditor
London, United Kingdom

Strategic Report

Principal Activity

Charles Schwab, U.K., Limited (CSUK or the Company) was established to refer United Kingdom (UK) initiated brokerage client relationships to its sister company, Charles Schwab & Co., Inc. (CS&Co), in the United States of America (US) with revenue being fees receivable from CS&Co for the referral to them of clients. The Company is registered with The Financial Conduct Authority (FCA) and is regulated in accordance with the FCA's rules and regulations.

Review of Results and Future Prospects

The directors of the Company use financial and non-financial key performance indicators (KPIs) to monitor the business performance of CSUK. However, the nature of CSUK's business and the use of a cost-plus financial model means that the financial performance of the Company is not necessarily reflective of business performance against those KPIs.

The Company's results for the year to 31 December 2022 show a profit before taxation of £204,809 (2021: £940,176) and after taxation of £172,921 (2021: £747,572).

The results for 2022 and 2021 derive principally from the agreement with CS&Co under which CS&Co pays the Company on a monthly basis, cost plus an agreed upon profit margin, for the efforts of the Company in providing customer service to existing customers of CS&Co who reside in the UK and for referring UK-based customers to CS&Co. The Company's profit in 2021 included income received from London Underground Limited (LUL) arising from the compulsory purchase order proceedings in December 2015. The building in which the Company was previously based was purchased by LUL for the expansion of the Bank Station tube system and the Company received the final payments in 2021.

No dividend was paid or proposed during the year (2021: £nil) and £172,921 has been transferred to reserves (2021: £747,572).

The directors expect the Company to continue to operate for the foreseeable future, referring brokerage client relationships to CS&Co. Please also refer to the below discussion under "Going Concern" for additional considerations.

Financial Risk Management Objectives and Policies

The directors of the Company determine business strategy and risk appetite in conjunction with the management of Schwab International Holdings Inc. (the Parent Company). They are responsible for establishing and maintaining the Company's governance arrangements along with the designing and operation of their risk management framework. The directors determine how the risks the business faces may be mitigated and assess on an ongoing basis the arrangements to manage those risks. The directors discuss current projections for profitability, cash flow, regulatory capital management, and business planning and risk management.

The directors manage the Company's business risks through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim of operating a defined and transparent risk management framework. These policies and procedures are updated as required.

The directors have identified that business and operational risks are the main areas of risk to which the Company is exposed. The directors formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness. Where the directors identify material risks, they consider the financial impact of these risks as part of the business planning and capital management and conclude whether the amount of regulatory capital is adequate.

As the Company's business is derived in part from its relationship with the Parent Company, the Company has exposure to business risks to the extent that the Parent Company has similar risk exposures and does not manage them appropriately at the group level. The exposures which arise from the business derive primarily from the ability of the sister company, CS&Co, to continue to meet the requirements of the Transfer Pricing Agreement between it and the Company and the intercompany service agreement between it and the Company. Directors manage this risk through constant dialogue with Parent Company and CS&Co senior personnel. There are strong reporting lines into the Parent Company, regular meetings and support for all aspects of the business. The directors also monitor closely the Company's expenses and intercompany exposures. These circumstances expose the Company to cash flow risk. However, the directors believe that the Company has sufficient facilities to deal with these as they arise.

The Board and management pay close attention to economic conditions in the UK, since the principal activity of the business (referring investors to CS&Co's brokerage services) could be negatively impacted by weak economic conditions. The UK economy has had challenges over the last five years, driven by the consequences of Brexit, the COVID-19 pandemic, the war in Ukraine, and the recent concern of financial institutions in the US and the impact on global institutions as a result of rising interest rates. The Board notes that certain elements of recent economic conditions – particularly the fall in value of the pound sterling – have made US investing more attractive to UK investors. Despite the current challenges faced by the UK, the directors remain confident that there is sufficient demand for the services provided by CS&Co, and that the UK economy will withstand the turbulence it has experienced in recent years.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least the twelve months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements. Further detail regarding the adoption of the going concern basis is detailed in note 1.

The directors are in regular contact with management of CS&Co and have noted the recent concern of financial institutions in the US and the impact on global institutions as a result of rising interest rates. The Board is confident in the management of CS&Co and CSUK's ultimate parent, The Charles Schwab Corporation, and in the strength and resiliency of CS&Co's business model even in the current economic conditions.

The reality of climate change is noted by the Board, and CSUK management has considered the possible impact of climate-related interruptions to the business. Following analysis done as part of our business continuity planning process, it was determined that the risk of climate-related matters impacting the ongoing business is minimal and there has been no material impact to the Company's financial statements, including the useful lives of assets, expected amount and timing of cash outflows for provisions and other liabilities, or fair value of assets and liabilities from climate change.

Future Developments

The directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board and signed on its behalf by:

DocuSigned by:
Richard Flynn
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Richard Flynn

Director

3 April 2023

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2022. The directors have reviewed the business in detail in the strategic report, which includes the financial risk management objectives and policies of the Company and an indication of likely future developments in the business. The directors look forward to building on the Company's performance in the years to come.

There have been no events subsequent to year end that require disclosure in the financial statements.

Directors

The following directors served during the year:

Directors	Appointed
W F Quinn	7 December 2010
R J Flynn	17 June 2019
M W Canady	5 June 2020
E J Twomey	5 June 2020

Future Developments

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Dividends

The directors do not recommend or intend to propose the payment of a dividend for the year (2021: £ nil).

Political Contributions

The Company did not make political donations or incur political expenditures during 2022 (2021: £ nil).

Qualifying Third Party Indemnity Provisions

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2022 for the benefit of the then directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur in connection with their duties, powers or office.

Regulatory Requirements

The Company is authorised and regulated by the FCA and is categorised as an IPRU-INV Chapter 3 firm as at December 2022. The Company is regulated by the FCA as a standalone entity and is not part of a UK consolidation group.

Directors' Report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms 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 he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

DocuSigned by:
Richard Flynn
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Richard Flynn

Director

3 April 2023

Directors' Responsibilities Statement

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARLES SCHWAB, U.K., LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Charles Schwab, U.K. Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included relevant Financial Conduct Authority regulations.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Financial Conduct Authority.

Report on other legal and regulatory requirements

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

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.

Giles Lang FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
3 April 2023

Statement of Comprehensive Income
For the Year Ended 31 December 2022

Year Ended 31 December	Note	2022	2021
		£	£
Business development income	3	2,255,985	2,457,569
Total turnover		2,255,985	2,457,569
Staff costs	8	(1,297,953)	(1,432,413)
Depreciation	11	(76,276)	(83,118)
Other operating expenses	5	(676,947)	(719,123)
Other operating income	4	—	717,261
Operating profit		204,809	940,176
Profit on ordinary activities before taxation	6	204,809	940,176
Income tax expense	10	(31,888)	(192,604)
Profit and comprehensive income for the year attributable to the equity holder of the company		172,921	747,572

All amounts related to the comprehensive income above relate to continuing operations.

There were no recognised gains or losses for 2022 (2021: £nil) other than those included in the statement of comprehensive income.

Balance Sheet
At 31 December 2022

At 31 December	Note	2022	2021
Fixed assets		£	£
Property, plant and equipment	11	552,350	628,626
Current assets			
Debtors (including £211,500 (2021: £211,500) falling due after more than one year)	12	508,700	689,884
Cash at bank and in hand		4,190,002	3,861,500
Current liabilities			
Creditors: amounts falling due within one year	13	(369,593)	(512,762)
Net current assets		4,329,109	4,038,622
Total assets less current liabilities		4,881,459	4,667,248
Provisions for liabilities	14	(113,396)	(125,325)
Net assets		4,768,063	4,541,923
Capital and reserves			
Called-up share capital	17	391,000	391,000
Accumulated deficit		(5,638,941)	(5,811,862)
Capital contributions	18	10,016,004	9,962,785
Shareholder's funds		4,768,063	4,541,923

The financial statements of Charles Schwab, U.K., Limited registered number 04709153 were approved by the Board of Directors on 3 April 2023.

They were signed on its behalf by:

DocuSigned by:
Richard Flynn
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Richard Flynn
Director

Statement of Changes in Equity
For the Year Ended 31 December 2022

	Note	Called-up Share Capital	Retained Earnings (Accumulated Deficit)	Capital Contributions	Total
		£	£	£	£
At 1 January 2021		391,000	(6,559,434)	9,900,164	3,731,730
Profit for the year		—	747,572	—	747,572
Capital contributions from Parent Company	18	—	—	62,621	62,621
At 31 December 2021		391,000	(5,811,862)	9,962,785	4,541,923
Profit for the year		—	172,921	—	172,921
Capital contributions from Parent Company	18	—	—	53,219	53,219
At 31 December 2022		391,000	(5,638,941)	10,016,004	4,768,063

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General Information and Basis of Accounting

Charles Schwab, U.K., Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private company limited by shares and is registered in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions. Exemptions have been taken in relation to share-based payments, financial instruments, related party transactions, presentation of a cash flow statement and remuneration of key management personnel.

b. Going Concern

After consideration of the Company's business model and its risks and uncertainties, including those arising from the current inflationary environment, the recent concern of financial institutions in the US and the impact on global institutions as a result of rising interest rates, ongoing market volatility, and the ongoing COVID-19 pandemic, and having considered the Company's forecasts under the current cost-plus structure of the inter-affiliate agreement with CS&Co, as well as consideration of the Company's liquidity and capital needs, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, being at least the twelve months from the date of approval of the financial statements. Accordingly, the going concern basis continues to be used in preparing these financial statements.

c. Property, Plant and Equipment

Property, plant and equipment is stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment	3 years
Leasehold improvements	Shorter of useful life or lease term
Furniture and fixtures	5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

d. Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a 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.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument with the exception of certain items described in the next sentence. Debt instruments classified as 'basic' (as further described below) that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which comply with all of the conditions of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, it is considered whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are subsequently measured at amortised cost using the effective interest method.

Other debt instruments, if any, not meeting the conditions to be considered 'basic' described above are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

e. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

f. Provision for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

g. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

h. Turnover

Turnover is accounted for on an accrual basis, net of VAT.

i. Employee benefits

Contributions to the defined contribution pension scheme are charged to comprehensive income in the period to which they relate.

Termination benefits are recorded immediately to expense and a liability for any amounts unpaid is recognised when the Company is demonstrably committed to either: (a) terminate the employment of an employee or group of employees before the normal retirement date; or (b) to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The Company considers itself demonstrably committed when it has a detailed formal plan for the termination that is approved by relevant management personnel with the required authority and is without realistic possibility of withdrawal from the plan. The amount of termination benefits recorded is the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

j. Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

k. Leases

The Company as lessee

Assets held under finance leases are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to comprehensive income over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

l. Share-based payments

The ultimate parent company, The Charles Schwab Corporation (CSC), issues equity-settled share-based payments to certain employees within the Company. The equity-settled share-based payments consist of stock options and restricted stock units. Equity-settled share-based payment transactions are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. Fair value of restricted stock units awards is based on the market price of CSC shares and fair value of stock options awards is estimated using an options pricing model, which takes into account the option's exercise price, its contractual term, the risk free interest rate, and the dividend yield and expected volatility of the market price of CSC shares. See note 21 for further details on share-based payments.

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 Company's estimate of the number of restricted stock units or options that will eventually vest, adjusted for the effect of non-market-based vesting conditions. The expense is recorded within "Staff costs" with the corresponding credit within equity as "Capital contributions from Parent Company".

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management did not make any estimates or judgements which may have a significant effect on the financial statements.

3. Turnover

Business development income

Business development income are fees receivable from CS&Co for providing customer service to existing customers of CS&Co who reside in the UK and for referring UK-based customers to CS&Co. The Company has an agreement with CS&Co under which CS&Co pays the Company on a monthly basis, cost plus an agreed upon profit margin, for these services.

4. Other Operating Income

There was no other operating income for the year ended 31 December 2022. Other operating income for the year ended 31 December 2021 primarily consists of £716,793 of final payments received in 2021 from London Underground Limited (LUL) arising from the compulsory purchase order proceedings by LUL in December 2015. The building in which the Company was previously based was purchased by LUL for the expansion of the Bank Station tube system.

5. Other Operating Expenses

Year Ended 31 December	2022	2021
	£	£
Occupancy and equipment	395,769	392,822
Professional services	169,453	230,193
Other	111,725	96,108
Total other operating expenses	676,947	719,123

6. Profit On Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

Year Ended 31 December	2022	2021
	£	£
Depreciation of property, plant and equipment (note 11)	76,276	83,118
Operating lease rentals	235,000	235,000
Foreign exchange loss (gain)	280	(468)

7. Auditor's Remuneration

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

Year Ended 31 December	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	62,200	55,800
Total audit fees	62,200	55,800
Audit-related assurance services	13,500	12,500
Total non-audit fees	13,500	12,500

8. Staff Numbers and Costs

Year Ended 31 December	2022	2021
Average number of persons employed during the year	9	9

The persons employed by the Company during 2022 and 2021 were sales/service professionals.

Their aggregate remuneration comprised:

Year Ended 31 December	2022	2021
	£	£
Wages and salaries	772,030	662,670
Bonus incentives	269,662	498,918
Social security costs	140,662	134,231
Other pension costs (see note 20) [1]	81,078	58,287
Other staff costs	34,521	78,307
Total staff costs	1,297,953	1,432,413

[1] Other pension costs include only those items included within the statement of comprehensive income. Items reported elsewhere have been excluded.

9. Directors' Remuneration and Transactions

Year Ended 31 December	2022	2021
Directors' remuneration	£	£
Emoluments [1]	294,080	276,500
Company contributions to money purchase pension schemes	19,600	17,023
Total directors' remuneration	313,680	293,523
The number of directors who:		
Are members of a money purchase pension scheme	1	1
Exercised options over shares in the Company	—	—
Had awards receivable in the form of shares under a long term incentive scheme	1	1
Remuneration of the highest paid director:		
Emoluments [1]	294,080	276,500
Company contributions to money purchase pension schemes	19,600	17,023
Total remuneration of the highest paid director [2]	313,680	293,523

[1] Includes amounts accrued but unpaid of £67,864 (2021: £77,710).
[2] The remaining directors do not receive remuneration from the Company for their service as directors.

The highest paid director did not exercise share options in 2022 (2021: did not exercise share options) and did receive shares under a long-term incentive scheme in 2022 (2021: did receive shares).

10. Income Tax Expense

Income tax expense comprises:

Year Ended 31 December	2022	2021
Current income tax expense (benefit)	£	£
UK corporation tax	47,989	194,301
Adjustments in respect of prior years:		
UK corporation tax	—	3,631
Total current tax	47,989	197,932
Deferred tax		
Origination and reversal of timing differences	(16,101)	(10,385)
Effect of changes in tax rates	—	5,057
Total deferred tax (see note 15)	(16,101)	(5,328)
Total income tax expense	31,888	192,604

The standard rate of tax applied to reported profit is 19% (2021: 19%). At Budget 2021, the government announced an increase to the Corporate Tax rate for the year starting 1 April 2023, setting the rate at 25%.

The difference between the total income tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to profit before tax is as follows:

Year Ended 31 December	2022	2021
	£	£
Profit on ordinary activities before taxation	204,809	940,176
Tax on profit at standard UK corporation tax rate of 19% (2021: 19%)	38,914	178,633
Effects of:		
Expenses not deductible for tax purposes	(7,026)	15,397
Rate change adjustment	—	(5,057)
Adjustments in respect of prior years	—	3,631
Total income tax expense for period	31,888	192,604

11. Property, Plant and Equipment

	Furniture and Fittings	Leasehold Improvements	Office Equipment	Total
Cost	£	£	£	£
At 1 January 2022	103,416	898,486	10,616	1,012,518
Purchase	—	—	—	—
Disposal	—	—	—	—
At 31 December 2022	103,416	898,486	10,616	1,012,518
Depreciation				
At 1 January 2022	89,735	283,541	10,616	383,892
Charge for the year	13,681	62,595	—	76,276
Disposal	—	—	—	—
At 31 December 2022	103,416	346,136	10,616	460,168
Net book value				
At 31 December 2021	13,681	614,945	—	628,626
At 31 December 2022	—	552,350	—	552,350

12. Debtors

At 31 December	2022	2021
Debtors: amounts falling due within one year	£	£
Amounts owed by group undertakings	251,448	351,590
Prepayments	33,588	103,809
VAT receivable	6,969	21,227
Other debtors	5,195	1,758
Total debtors falling due within one year	297,200	478,384
Debtors: amounts falling due after more than one year		
Other debtors	211,500	211,500
Total debtors	508,700	689,884

13. Creditors: Amounts Falling Due Within One Year

At 31 December	2022	2021
	£	£
Bonus incentive accrual	164,580	174,848
Audit and related accruals (see note 7)	75,700	68,300
Corporation tax liabilities	44,945	100,238
Defined contribution pension scheme accrual (see note 20)	9,946	4,253
Other taxation and social security	6,792	68,246
Other accruals	67,630	96,877
Total creditors falling due within one year	369,593	512,762

14. Provisions for Liabilities

	Dilapidation provision	Deferred tax provision	Total
	£	£	£
At 1 January 2022	95,966	29,359	125,325
Charged (credited) to comprehensive income	4,172	(16,101)	(11,929)
At 31 December 2022	100,138	13,258	113,396

The Company moved into a new office in September 2017. The dilapidation provision represents the directors' estimate of amounts expected to be paid by the Company on termination of the current lease on its premises. See note 15 for further discussion of the deferred tax provision. Future minimum rentals payable under non-cancellable operating leases are disclosed in note 19.

15. Deferred Tax

Deferred tax is provided as follows:

	2022	2021
	£	£
At 1 January	(29,359)	(34,687)
Benefit for the year, per statement of comprehensive income	16,101	5,328
At 31 December	(13,258)	(29,359)

The deferred taxation balance relates to:

At 31 December	2022	2021
	£	£
Capital allowances in arrears of depreciation	(30,745)	(45,362)
Other timing differences	17,487	16,003
Provision for deferred tax	(13,258)	(29,359)

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

16. Financial Instruments

The carrying values of the Company's financial assets (liabilities: nil) approximate fair value and are summarised by category below:

At 31 December	2022	2021
Financial assets	£	£
Debt instruments measured at amortised cost		
Other debtors (see note 12)	468,143	564,848
Cash at bank and in hand	4,190,002	3,861,500
Total financial assets	4,658,145	4,426,348

17. Called-up Share Capital

At 31 December	2022	2021
	£	£
Allotted, called-up and fully-paid 391,000 ordinary shares of £1 each	391,000	391,000

The Company has one class of ordinary shares which carry no right to fixed income.

18. Capital Contributions

	Capital Contributions
	£
At 1 January 2021	9,900,164
Capital contributions from Parent Company (see note 21)	62,621
At 31 December 2021	9,962,785
Capital contributions from Parent Company (see note 21)	53,219
At 31 December 2022	10,016,004

19. Operating Lease Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

At 31 December	2022	2021
	£	£
Within 1 year	235,000	235,000
> 1 year - 5 years	940,000	940,000
> 5 years	920,417	1,155,417
Total operating lease commitments	2,095,417	2,330,417

The Company had no change in lease payments that arose from rent concessions occurring as a direct consequence of the COVID-19 pandemic for the year ended 31 December 2022 (2021: £nil).

20. Employee Benefits

Defined Contribution Schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit in the year ended 31 December 2022 was £81,078 (2021: £58,287). There was a £9,946 defined contribution pension scheme accrual as at 31 December 2022 (2021: £4,253).

21. Share-Based Payments

CSC's share-based incentive plans provide for granting options and restricted stock units to employees and directors under equity settled share-based compensation. The required disclosures are included in the consolidated financial statements of CSC.

- *Restricted Stock Units*

  CSC has granted restricted stock unit awards to some of the employees of the Company. Awards under this plan are subject to vesting over a four year period from the grant date contingent upon continued employment and to restrictions on sale, transfer or pledge without the written consent of CSC. All or a portion of an award may be cancelled if employment is terminated before the end of the relevant restriction period. All or a portion of an award will also immediately be cancelled and will expire in the event that the Company terminates employment on account of conduct contrary to the best interest of CSC. If CSC pays cash dividends on shares, recipients of the restricted stock units will receive cash equal to the dividend per share multiplied by the number of unvested restricted stock units.

- *Stock Options*

  CSC has also granted stock option awards. Options are granted for the purchase of shares of common stock at an exercise price not less than market value on the date of the grant and expire within ten years from the date of grant, subject to accelerated expiration upon termination of employment. Stock option awards have vesting, restrictions and cancellation provisions that are generally similar to those in restricted stock units.

22. Related Party Transactions

The Company's USD $400 million credit facility with CSC expired on 31 December 2022. There were no amounts drawn during the year ended 31 December 2022 (2021: £nil).

The Company has taken advantage of the disclosure exemption for transactions with group companies as provided by section 33 of Financial Reporting Standard 102.

23. Ultimate Parent Company

The Company is a subsidiary of Schwab International Holdings, Inc. The ultimate parent company and controlling party is CSC, a company incorporated in the United States of America and registered at 3000 Schwab Way, Westlake, TX 76262. The consolidated financial statements of CSC are the largest and smallest consolidated financial statements prepared for the group of which the Company is a member. Copies of the consolidated financial statements of CSC can be obtained from the parent company's website, https://aboutschwab.com/annual-report.

24. Subsequent Events

There have been no events subsequent to year end that require disclosure in these financial statements.