Company Registration No. 05817088

Covestor Limited

Annual Report and Financial Statements
For the Year Ended 31 December 2022

Covestor Limited

Report and Financial Statements 2022

Contents

Covestor Limited

Officers and registered office

Directors

Earl Nemser
Bimal Shah

Secretary

Paul Brody

Registered office

Level 12
20 Fenchurch Street
London
EC3M 3BY
United Kingdom

Auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ
United Kingdom

Covestor Limited

Strategic report

Strategy and objectives

The directors present their report and the audited financial statements of Covestor Limited (the "Company") for the year ended 31 December 2022.

The Company is a Registered Investment Advisor with the Securities and Exchange Commission of the United States of America ("U.S.") that has developed an online marketplace connecting investors with asset managers.

The Company is wholly owned by Covestor, Inc., a corporation incorporated in Delaware, U.S. Covestor, Inc. was purchased by IB Exchange Corp, a corporation incorporated in Delaware, U.S. on 1 May 2015. IB Exchange Corp is a wholly-owned subsidiary of IBG LLC, a U.S. holding company, which is controlled by Interactive Brokers Group, Inc. ("IBG, Inc.") a publicly traded U.S. company with its registered office in One Pickwick Plaza, Greenwich, CT 06830, the ultimate controlling party of the Company.

Corporate Governance; Our Statement on Companies Act Section 172

Business plan

Our plan is designed to have a long-term beneficial impact on the Company and to contribute to its success in delivering an excellent service and user experience for our customers.

Employee consultation

The Company is committed to attracting, retaining, developing and advancing the most qualified persons without regard to their race, ethnicity, religion or belief, gender, age or disability. This commitment is underpinned by policies on equal opportunities, harassment and discrimination, to which all employees are required to adhere.

Business relationships

The Company believes the fair and equitable treatment of customers, suppliers and other persons is critical to fulfilling its vision and goals.

Environmental policy

The nature of the Company's activities is such that it has a minimal direct impact on the environment. However, Management have agreed to adopt Group policies to safeguard the environment, to meet statutory requirements, or where such policies are commercially sensible.

Business conduct

Our intention is to behave responsibly and ensure that Management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan.

Members of the Board

As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

Business performance and future prospects

In 2022, the Company had a net loss of £4.0 million, (2021: £3.6 million), as the Company continues to invest resources in the development and enhancement of its investment management technology platform, for which it qualifies to make Research and Development claims.

The net liabilities of the Company as at 31 December 2022 were £0.9 million (31 December 2021: £1.0 million).

The Company's technology platform allows individual investors ('clients') to match the investment patterns of other 'lead' investors ('portfolio managers') that have offered their own investment strategies as portfolios to be followed.

In 2023, the Company intends to further expand its product offerings and continue to grow its client base. As at 31 December 2022, there were 1,064 clients (as at 31 December 2021: 741 clients).

On 21 September 2022, the Company received a capital contribution of £4.2 million from IBG LLC, used to settle intercompany loans.

Key Performance Indicators

The directors of IBG, Inc. manage the group's operations on a group basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance, or position of the business of the Company. The group financial statements and key metrics can be found at the Investors section of the Interactive Brokers website.

Principal risks and uncertainties

The Company's activities primarily include providing an online marketplace connecting investors with asset managers. These activities do not expose the Company to significant market and credit risk to third parties. The Company may, from time to time, invest in financial instruments that it holds at fair value in its capacity as portfolio manager. Such activity does not expose the Company to material market risks. The Company's transactions with affiliates expose it to credit, capital and liquidity risks with affiliates.

Technology risk exists to the extent that ineffective IT strategy or technological development could impact on our ability to provide leading technology solutions in our market and therefore affecting our competitiveness. The Company mitigates this risk with a developed and communicated IT strategy aligned to our overall business objectives and has considered external factors such as the pace of technology change and internal factors such as the underlying quality required throughout IT.

The Company's parent, Covestor, Inc. and affiliates, including IBG LLC, provide financial support through financing facilities and equity capital. The Company maintains adequate funding for its operations through these funding facilities.

Approved by the Board of Directors
and signed on behalf of the Board

Bimal Shah
Director
Approved by the directors on 12 July 2023

Covestor Limited

Directors' report

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

Results and dividends

The directors report a loss of £4,029,000 for the year ended 31 December 2022 (2021: £3,614,000). No dividends are proposed (2021: £nil).

In 2022, the Company started acting as an Investment Manager for certain multi-manager funds. In 2023, the Company intends to further expand its product offerings and continue to grow its client base.

Principal risks and uncertainties

Details of principal risks and uncertainties can be found in the Strategic Report on pages 2 to 3.

Directors

The directors who served the Company during the year, and up to the date of this report, were as follows:

Earl Nemser
Bimal Shah

Directors' indemnities

The Company has made qualifying third party indemnity provisions for all directors and officers.

Political contributions

No charitable donations or political donations were made by the Company for the year ended 31 December 2022 (2021: nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and

(2) 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 (as defined) and to establish that the Company's auditor is aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 (2) 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.

Subsequent events

The Company has evaluated the period after the balance sheet date up through 12 July 2023, which is the date that the financial statements were issued, and determined that that there were no subsequent events or transactions that required recognition or disclosure in the financial statements.

Going concern

The Company is part of IBG, Inc. and, currently, it is reliant on funding from its parent and affiliates to provide sufficient capital resources and liquidity to meet its obligations as they fall due and is also reliant on the parent and affiliates for operational support. After making inquiries about the continued availability of operational support and considering the level of liquid capital within the parent and affiliates as well as their intention to provide ongoing financial support to the Company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Covestor Limited

Statement of directors' responsibilities

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 101 "Reduced Disclosure Framework". 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 year.

In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors
and signed on behalf of the Board by

Bimal Shah
Director
12 July 2023

Covestor Limited

Independent auditor's report to the members of Covestor Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Covestor 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

We have nothing to report in respect of these matters.

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 frameworks 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 and 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.

We discussed among the audit engagement team 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 and external legal counsel 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.

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

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 strategic report or 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.

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.

Adam Cichocki FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
12 July 2023

Profit and loss account
For the year ended 31 December 2022

	Notes	2022	2021
		£ (in thousands)	*£ (in thousands)*
Turnover	2	219	195
Gross profit		219	195
Administrative expenses		(4,246)	(3,849)
Other operating (loss) income		(18)	4
Operating loss	3	(4,045)	(3,650)
Finance income		8	-
Finance costs		(65)	(39)
Loss before taxation		(4,102)	(3,689)
Taxation	5	73	75
Loss for the financial year attributable to owners of the Company		(4,029)	(3,614)
Other comprehensive income for the year net of tax		-	-
Total comprehensive loss for the year attributable to the owners of the Company		(4,029)	(3,614)

All activities are derived from continuing operations.

The notes on pages 13 to 22 form part of these financial statements.

Covestor Limited

Balance sheet
As at 31 December 2022

	Notes	2022	2021
		£ (in thousands)	*£ (in thousands)*
FIXED ASSETS			
Tangible assets	6	26	16
		26	16
CURRENT ASSETS			
Investments	7	93	110
Debtors	8	1,200	932
Cash at bank and in hand		126	348
		1,419	1,390
Creditors: amounts falling due within one year	9	(2,340)	(2,442)
NET CURRENT LIABILITIES		(921)	(1,052)
TOTAL ASSETS LESS CURRENT LIABILITIES		(895)	(1,036)
NET LIABILITIES		(895)	(1,036)
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Capital contribution		40,460	36,290
Profit and loss account		(41,355)	(37,326)
		(895)	(1,036)

The notes on pages 13 to 22 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 12 July 2023.
They were signed on behalf of the Board of Directors by

Bimal Shah
Director

Company Registration No. 05817088

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

£ *(in thousands)*	Share Capital £	Capital Contribution £	Profit and Loss Account £	Total £
Balance at 1 January 2021	-	32,853	(33,712)	(859)
Capital contribution	-	3,437	-	3,437
Total comprehensive loss for the year	-	-	(3,614)	(3,614)
Other comprehensive income for the year	-	-	-	-
Balance at 31 December 2021	-	36,290	(37,326)	(1,036)
Capital contribution	-	4,170	-	4,170
Total comprehensive loss for the year	-	-	(4,029)	(4,029)
Other comprehensive income for the year	-	-	-	-
Balance at 31 December 2022	-	40,460	(41,355)	(895)

Profit and loss account represents accumulated retained earnings.

The notes on pages 13 to 22 form part of these financial statements.

Covestor Limited

Notes to the accounts
For the year ended 31 December 2022

1. Accounting policies

General information

Covestor Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England. The address of the Company's registered office is on page 1.

These financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates.

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the valuation of current asset investments at market value and in accordance with applicable law and United Kingdom Accounting Standards (FRS 101). The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the Financial Reporting Council ("FRC").

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of comparative information in respect of:

- FRS 101.8 (d) and (e); financial assets
- FRS 101.8 (a); share based payments
- FRS 101.8 (h); presentation of a cash flow statement and related notes
- FRS 101.8 (i); standards not yet effective
- FRS 101.8 (l); details of key assumptions used for the purposes of impairment testing
- FRS 101.8 (k); related party transactions and related disclosures.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and there have been no changes in accounting policies.

Going concern

The Company is part of IBG, Inc. and, currently, it is reliant on funding from its parent and affiliates to provide sufficient capital resources and liquidity to meet its obligations as they fall due and is also reliant on the parent and affiliates for operational support. After making inquiries about the continued availability of operational support and considering the level of liquid capital within the parent and affiliates as well as their intention to provide ongoing financial support to the Company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Financial assets

Financial assets are classified based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets will be measured at FVTPL unless certain conditions are met which permit measurement at FVTOCI or amortised cost.

FVTPL – financial assets that the Company designates on initial recognition as being at fair value through profit or loss are recognised at fair value, with transaction costs being recognised in the profit and loss account and are subsequently measured at fair value. Gains and losses on financial assets that are designated as at fair value through profit or loss are recognised in the profit and loss account as they arise. The Company's equity investments are held at FVTPL as they are held within a business model whose objective is to be achieved by both collecting contractual cash flows and selling financial assets.

Amortised cost – non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables. Amortised cost assets are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses. Interest is recognised by applying the effective interest rate, except for short-term receivables when recognition of interest would be immaterial.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to its initial carrying value.

Tangible assets

All tangible fixed assets are initially recorded at cost less accumulated depreciation over the estimated useful life of the asset. The Company periodically evaluates tangible fixed assets for impairment on at least an annual basis.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset on a straight-line basis as follows:

Computer Equipment	5 years
Furniture & Fixtures	5 years
Office Equipment	7 years

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of tangible fixed assets, and gains on disposal of tangible fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. No deferred tax assets have been recognised as of 31 December 2022 and 31 December 2021.

Turnover

Turnover consists of monthly management fees which are recognised when and to the extent that a right to consideration is received. Management fees are therefore recognised on an accruals basis.

Foreign currencies

Assets and liabilities in foreign currencies are revalued into pounds sterling at the rates of exchange at the balance sheet date. Transactions in foreign currencies are revalued into pounds sterling at the rate of exchange prevailing at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Key accounting judgements and sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. No key judgements, estimates or assumptions have been identified.

2. Turnover

	2022	2021
	£ (in thousands)	*£ (in thousands)*
Asset management fees	154	195
Multi-manager fund management fees	65	-
	219	195

Asset management fee revenue is derived from U.K. continuing operations. Multi-manager fund management fees is derived from United States continuing operations.

3. Operating loss

	2022	2021
	£ (in thousands)	*£ (in thousands)*
Operating loss is stated after charging/(crediting):		
Depreciation of tangible fixed assets	7	5
Foreign exchange (gain) / loss	(3)	15
Services provided by the Company's auditor:		
Audit of the Company's annual accounts	34	38
Other services related to taxation	14	25
	48	63

Covestor Limited

Notes to the accounts
For the year ended 31 December 2022

4. Employee remuneration

	2022	2021
	£ (in thousands)	*£ (in thousands)*
Employee costs		
Wages and salary	1,464	1,383
Social security costs	208	160
Pension contribution	52	47
	1,724	1,590
Average number of persons employed		
Administration	5	4
Software Development	6	6
	11	10
Director's emoluments		
Emoluments	270	303
Stock incentive compensation	51	21
Pension contributions	13	10
	334	334

During the year, one director was remunerated by the Company (2021: one).

5. Taxation

No provision has been made in the financial statements for deferred tax amounts. The Company had losses before taxation of £4,102,000 for the year ended 31 December 2022 (2021: loss £3,689,000). Accordingly, no corporation tax amounts are incurred or provisioned.

	2022	2021
	£ (in thousands)	*£ (in thousands)*
Analysis of tax charge		
UK Corporation tax	-	-
Research and development tax credits	73	75
Total tax credit for the year	73	75
Factors affecting total tax charge		
Loss before tax	(4,102)	(3,689)
Loss multiplied by Corporation Tax rate in the UK of 19% (2021: 19%)	(779)	(701)
Effects of:		
Losses for which no deferred tax asset recognised	779	701
Research and development tax credits	73	75
Total tax credit for the year	73	75

Factors affecting the tax credit for the year

The Company is eligible for enhanced allowances and tax credits in respect of its research and development activities.

The Company has a receivable for research and development tax credits for the year ended 31 December 2022 in the amount of £73,000 (2021: £75,000).

Factors that may affect future tax charges

If the Company continues to be eligible for enhanced allowances and tax credits in respect of its research and development activities, then it is likely to recognise a tax credit in future years.

The Company has not recognised any deferred tax assets related to accumulated taxable losses from prior years as of 31 December 2022 or 31 December 2021 as the Company does not expect to have future profits to utilise a deferred tax asset. As at 31 December 2022, such accumulated taxable losses amounted to £41,355,000 (31 December 2021: £37,326,000).

The standard rate of tax is 19% (2021: 19%). The March 201 Budget announced an increase to the main rate of corporation tax to 25% from 1 April 2023.

Covestor Limited

Notes to the accounts
For the year ended 31 December 2022

6. Tangible assets

	Computer Equipment	Furniture & Fixtures	Office Equipment	Total
Cost £ *(in thousands)*				
As at 1 January 2021	12	22	3	37
Additions	(1)	1	-	0
Retired assets	-		-	-
As at 1 January 2022	2	23	-	25
Additions	17	-	-	17
Retired assets	-	-	-	-
As at 31 December 2022	19	23	-	42
Depreciation £ (in thousands)				
As at 1 January 2021	(9)	(4)	(3)	(16)
Charge for the year	(2)	(3)	-	(5)
Retired assets	9	-	3	12
As at 1 January 2022	(2)	(7)	-	(9)
Charge for the year	(3)	(4)	-	(7)
Retired assets	-	-	-	-
As at 31 December 2022	(5)	(11)	-	(16)
Net book value £ (in thousands)				
As at 31 December 2022	14	12	-	26
As at 31 December 2021	-	16	-	16

7. Investments

	2022	2021
	£ *(in thousands)*	**£ *(in thousands)***
Equity investments held at FVTPL	93	110
	93	110

All equity investments are classified as Level 1 of the fair value hierarchy. Such Level 1 financial instruments, which are valued using quoted market prices as published by exchanges and clearing houses or otherwise broadly distributed in active markets, comprise active listed stocks.

8. Debtors

	2022	2021
	£ (in thousands)	*£ (in thousands)*
Trade debtors	60	25
Amounts owed from group undertakings	1,021	765
Prepayments and accrued income	16	12
Other debtors	103	130
	1,200	932

Amounts owed from group undertakings are primarily related to an account held with an affiliated undertaking in order to support trading. They are unsecured, interest free and repayable on demand. The amounts outstanding will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed from group undertakings.

9. Creditors: amounts falling due within one year

	2022	2021
	£ (in thousands)	*£ (in thousands)*
Trade creditors	23	28
Amounts owed to group undertakings	1,953	2,005
Other tax and social security	25	6
Accruals and deferred income	339	403
	2,340	2,442

Amounts owed to group undertakings are unsecured, repayable on demand and interest free with the exception of an intra-group loan with principal balance as at 31 December 2022 of £1,190,000 (31 December 2021: £1,366,780). The loan is unsecured, repayable on demand and interest is charged at a market rate. As explained in the Directors' report, the Company is reliant on funding from its parent and affiliates to provide sufficient capital resources and liquidity to meet its obligations as they fall due and is also reliant on the parent and affiliates for operational support. Interest charged on the loan in 2022 was £65,000 (2021: £39,000) and is included in finance costs in the Profit and Loss Account. In all cases, the amounts owed to group undertakings are unsecured and will be settled in cash. No guarantees have been given or received.

10. Share capital

Allotted, called up and fully paid:

	2022		2021	
	Number of shares	Share capital (in £)	Number of shares	Share capital (in £)
Ordinary A shares of £0.00001 each	19,700,000	197	19,700,000	197
Ordinary B shares of £0.00001 each	1,162,500	12	1,162,500	12
Preference A1 shares of £0.00001 each	3,000,000	30	3,000,000	30
Preference A2 shares of £0.00001 each	2,670,000	27	2,670,000	27
		266		266

All shares in issue rank pari passu but in the event of liquidation or winding up, the assets available for distribution shall be applied in the following priority:

(i) 1st in payment pari passu to holders of Series A1 and Series A2 preferred shares.
(ii) 2nd in payment pari passu to holders of Ordinary shares.

11. Financial instruments and risk management

Overall

The Company's principal and business activities result in the use of financial instruments. Such activity does not expose the Company to material market risks. The total gain on equity investments held at FVTPL in the year was £22,623 (2021: £16,380).

Credit risk

The Company's transactions with affiliates expose it to credit risk. To counteract against default risk, the Company manages the credit exposure to each if its group counterparties typically by keeping the minimum required balances at each counterparty.

No amounts due from counterparties are impaired (2021: none).

Liquidity and interest rate risk

Liquidity risk is the risk that an entity may encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. The Company's parent, Covestor, Inc. and affiliates, including IBG LLC, provide financial support through financing facilities and equity capital. The Company maintains adequate funding for its operations through these funding facilities.

The Company's exposure to interest rate risk is considered by the directors to be immaterial.

Fair value of financial instruments

The carrying amount of other financial assets and financial liabilities approximates fair value due to their maturities of less than one year.

Covestor Limited

Notes to the accounts
For the year ended 31 December 2022

Categories of financial instruments

Details of the significant accounting policies in respect of each class of financial instrument are disclosed in note 1 to the accounts.

	2022	2021
	£ (in thousands)	*£ (in thousands)*
Financial assets		
Equity investments held at FVTPL	93	110
Cash	126	348
Amortised cost	1,081	790
Financial liabilities		
Amortised cost	1,976	2,033

All equity investments are classified as Level 1 of the fair value hierarchy. Such Level 1 financial instruments, which are valued using quoted market prices as published by exchanges and clearing houses or otherwise broadly distributed in active markets, comprise active listed stocks.

12. Ultimate controlling party

The Company's immediate parent company is Covestor, Inc. a company incorporated in the United States.

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is IBG, Inc., a company incorporated in the United States. This is also the parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared. Copies of the group financial statements of IBG, Inc. are available from its registered office at 1 Pickwick Plaza, Greenwich, CT, 06830, USA.

13. Subsequent events

The Company has evaluated the period after the balance sheet date up through 12 July 2023, which is the date that the financial statements were issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements.