Registered in England and Wales No. 04086656

Lighthouse Corporate Services Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2020

CONTENTS

Company information	1
Strategic report	2
Directors’ report	7
Statement of directors’ responsibilities in respect of the strategic report, directors’ report and the financial statements	9
Independent auditor’s report	10
Income statement	13
Statement of comprehensive loss	14
Statement of changes in equity	15
Statement of financial position	16
Notes to the financial statements	17

COMPANY INFORMATION

Directors	M Dean	(appointed 3 July 2020)
	S C Gazard	(appointed 3 July 2020)
	P J Smith	
Secretary	Quilter CoSec Services Limited	
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT	
Registered office	Senator House 85 Queen Victoria Street London EC4V 4AB	
	Telephone: 0808 171 2626	
	Registered in England and Wales No: 04086656	

STRATEGIC REPORT

The directors present their strategic review for Lighthouse Corporate Services Limited (**“Lighthouse”** or the **‘Company’**) for the year ended 31 December 2020.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The Company is registered in England and Wales and provides services to other group companies which provide either financial advisory services across the UK or regulatory authorisation and services to a network of financial advisers operating from locations across the UK.

The Company is part of the Quilter plc Group (the "**Group**" or "**Quilter**"). Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter plc provides the Company with strategic and governance oversight.

QUILTER PLC STRATEGY

Quilter aims to be the leading UK and cross-border full service wealth manager, providing advice-led investment solutions and investment platforms, focusing on delivering good customer outcomes. The breadth of the Group’s model helps to generate prosperity for customers by providing the services to develop suitable financial plans, manage customers’ investments in risk-based solutions and by helping customers access modern wealth wrappers via the Group’s platforms. Quilter’s purpose and strategy are underpinned by core beliefs, which include: the belief in the value of trusted advice, the right product choice for the customer and the belief modern, simple and transparent products should be easily accessible and good value. The Directors of Quilter plc believe that the Group’s competitive advantage lies in its strong positions in attractive markets and its ability to offer high quality solutions across each element of the value chain at competitive, transparent and unbundled prices. Quilter’s strategic objectives include delivering on customer outcomes, advice and wealth management growth, wealth platforms growth, and optimisation and efficiency.

Management is confident in the Group's strategic path and growth prospects. Short term market, economic and political uncertainty may temper momentum in near term flows, business volumes and the level of assets under administration, as experienced in 2020 with the adverse impact of COVID-19 on equity market levels, but the Group operates in a large and fragmented market that has good long-term growth potential.

LIGHTHOUSE CORPORATE SERVICES LIMITED STRATEGY

Lighthouse Corporate Services Limited forms part of the Quilter Financial Planning Group (the ‘**QFP group**”), a network of over 3,600 financial advisers, including over 1,800 restricted financial planners, who deliver personalised financial advice tailored to meet specific needs of the customer to deliver positive customer outcomes. The strategic aim of the Quilter Financial Planning Group is to provide a market leading customer experience through controlled distribution and a focus upon the delivery of full financial planning within our target markets of mass affluent and affluent customers. The Quilter Financial Planning Group is committed to offering a controlled advice proposition that delivers excellent customer outcomes, with a structure which ensures strong leadership and a strategic focus for advisers and clients in different market segments.

KEY PERFORMANCE INDICATORS (KPIs)
Management evaluate the performance of the business using a number of measures. Key metrics for the Company were as follows:

	2020 £m	2019 £m
Revenue	11.0	12.6
Administrative expenses	(12.4)	(12.7)
Loss before tax	(1.3)	(5.8)
Cash and cash equivalents	0	0
Total equity attributable to equity holder	(15.8)	(14.2)

The loss after tax for the year was £1.6 million (2019: £5.6 million)

The Company's income derives from recharging expenditure to other group companies and is therefore dependent on the level of expenditure incurred. The decrease in revenues from £12.6m to £11.0m arose from the lower level of activity recorded across Lighthouse Group of Companies. This is reflected in the decrease of administrative expenses from £12.7m in 2019 to £12.4m in 2020.

FUTURE DEVELOPMENTS
The withdrawal of the UK from the EU on 31 January 2020 continues to generate a level of uncertainty in the UK financial services sector. The effect of this uncertainty is the extent to which this translates into an impact upon advice income. The Company actively supports advisers in their communication with customers in order to mitigate the adverse impact of this uncertainty.

The Company's strategy is focused on customers domiciled in the UK and so there is limited direct impact on the Company as a result of the UK's withdrawal from the European Union. The Company will continue to closely monitor potential impacts alongside the wider Quilter Group. The Company is however exposed to additional risks, such as reducing investor confidence and adverse market reaction, as a result of the significant downturn in the markets due to the impact of COVID-19. As part of its capital adequacy planning the Company performs adverse scenario assessments to ensure it remains adequately capitalised to cover such scenarios. The Company will continue to benefit from ongoing capital support from Quilter Financial Planning Limited, the parent company of the immediate parent company, Lighthouse Group Limited plc, and the broader Quilter Group.

Climate change and Environmental, Social and Governance ("**ESG**") matters are areas of increasing focus. The frequency of climate-related risk events or a disorderly transition to a low carbon economy could give rise to additional costs and adversely impact asset values and customer outcomes. The acceleration of government, regulatory and corporate activity in support of meeting climate change targets requires Quilter to develop its approach to the identification and management of the risks associated with climate change. There is increasing focus on sustainability and sustainable investing, bringing opportunity and also increased pressure from investors and customers to bring about change. Quilter is focused on delivering against its climate and ESG responsibilities, including developing the required Taskforce on Climate-related Financial Disclosures ("**TCFD**") for the 2021 financial year.

STRATEGIC REPORT (continued)

GOING CONCERN
In evaluating going concern the Directors have given consideration to the matters outlined in this Strategic report, along with recognising the strategic importance of the Company to Quilter Financial Planning Group and the wider Quilter Group. Furthermore, Quilter plc, the Company's ultimate parent company, has confirmed its intention to provide continued capital support for at least the three years to 31 December 2023 to Quilter Financial Planning Limited.

In light of this commitment of support from Quilter plc, the Company has received confirmation of ongoing intent to provide capital support from its indirect parent, Quilter Financial Planning Limited, for a minimum of three years to 31 December 2023, continuing to recognise the strategic importance of the Company within Quilter Financial Planning group.

Accordingly, these financial statements have been prepared on the basis of the Company being a going concern.

Going concern has been evaluated at Group level by the Directors of Quilter plc and has been re-assessed by the Directors of the Company at the date of signing these financial statements. The use of the going concern basis of accounting is considered appropriate for the Group, reflecting future expected profitability. An assessment of the impact of COVID-19 on the going concern for the Group has been completed, concluding that the Group can withstand a severe but plausible downside scenario for at least the next 12 months and can feasibly provide the capital support commitment outlined above.

PRINCIPAL RISKS AND UNCERTAINTIES
The key business risks and uncertainties relate to investment market performance, adviser and customer persistency, expense levels and risks within operational activities associated with systems, processes, people and external influences. The Company does not seek market risk from trading securities with its own funds. The Company has limited risk appetite for credit risk via loans to Appointed Representatives and company cash held with counterparties. The risk management objectives and policies of the Company are disclosed in note 3. The principal risks and uncertainties facing the Company are those which impact upon the ability of its regulated subsidiaries to deliver sustainable advice profits that support this ongoing investment in the business. These include:

Conduct risk management - The delivery of demonstrably suitable customer outcomes continues to be a central focus for the advice businesses. The Company is aware of the customer harm, regulatory and cost implications arising from the provision of unsuitable advice and/or ongoing servicing. It continues to provide adviser supervision and advice assessments through its compliance operations, monitoring arrangements and executive governance arrangements, with oversight of its systems and controls at the core of the Company's control environment. This has been identified as a key strategic priority with investment allocated for the continued strengthening of its risk and control environment.

Cost of service provision - The Company acts as a service provider to the trading subsidiaries in which it has invested, the cost of which is charged to these businesses. Failure to provide a cost-effective service commensurate with the activities being undertaken will limit the advice profits that may be able to be generated. The business continues to adapt its structure and resourcing both in light of the ongoing expansion of the business and its business maturity journey as it further integrates within the Group.

Investment in growth and development - The Quilter plc Board sets the overall Business strategy for the Group, which is tested and challenged by the Board of the Company.

Development and implementation of IT systems - The Company continues to implement a programme of IT development. The Company will continue to focus on updating and enhancing its IT capabilities with a particular focus on delivering operational efficiency and enhancing the risk and control environment. Such IT developments carry inherent execution risk. The Company is managing the execution risk arising on IT implementation through its Change Management Team dedicated to the implementation of projects within the business.

Risk management - Management recognises the need for a risk and control environment commensurate with the size and complexity of the business, together with the obligations required as a result of being part of a FTSE 250 group through its ultimate parent company, Quilter plc. The Company will continue to invest to further strengthen its risk and control environment through improved governance and risk reporting and to align with the wider Quilter Enterprise Risk Management Framework.

Regulatory change - The Company actively manages compliance with changes in regulatory requirements through processes including horizon scanning, commissioning and delivery of regulatory change projects and compliance monitoring. Where necessary the Company engages third parties to provide support and assurance in respect of its delivery of regulatory change.

Financial instruments - The Company's main exposure to risk arising from financial instruments is its exposure to credit risk arising on cash or short-term deposits, Money Market Funds ("**MMFs**") and trade and other receivables. Cash and short-term deposits are placed with high credit-rated banks which significantly reduces credit risk. All deposits are with NatWest which is rated A with Fitch, indicating there is a low associated credit risk. Where the operational exposure limit is breached with any bank a daily diversification process is triggered.

Emerging risks

Quilter is a long-term business and as such we monitor risks which are less certain in terms of timescales and impact. The emerging risk profile is subject to regular review by management committees and the Board. The identification of these risks contributes to our stress and scenario testing which feeds into our strategic planning process and informs our capital calculations. The following are the emerging risks we feel are the most significant.

Pandemic evolution: The resurgence of COVID-19 in late 2020 and early 2021 is causing further economic pressure as well as direct impacts on our customers, people, advisers and operations. The rapid roll-out of the vaccine in the UK gives reason for optimism in the medium-term outlook, though further disruption is likely in the short-term and there remains uncertainty as to the pace and shape of economic recovery. Quilter's NCCF, AuM, profitability and free cash levels could be materially affected by an extended or volatile economic recovery.

Disruptive competition: There is increased competition in the wealth management industry and an acceleration in technological advancements. A rapidly shifting external environment brings opportunity for greater competitive disruption with potential to erode Quilter's market share.

Margin pressure: There is increasing competitive pressure to provide wealth management services at a lower overall cost to customers (there is a need to reduce the sum of advice fees, platform costs and fund management costs to remain competitive).

Cyber threat developments: Evolving sophisticated cyber criminality presents a persistent threat of attack, capable of compromising the continuity of operations, or the security and integrity of information. Quilter's cyber risk landscape is made more complex by the current remote working environment.

Generational shifts: The UK is experiencing shifts in generational wealth accumulation with newer generations potentially less able to accumulate wealth and assets from income. Existing intergenerational tensions are being further accelerated by an ageing population and the impact of the COVID-19 pandemic on the economic outlook. Robotics, and in the longer term, artificial intelligence and the increased need to manage natural resources all have the potential to materially change the nature of the future labour force (for example, through mass unemployment), which represents additional challenge to Quilter's target market. There is a risk of strategic failure to adapt to future customer needs.

Change strategy and execution risk: Quilter continues to be subject to material change programmes, within Quilter Financial Planning the implementation of a new commission payment system is due to launch in 2021. In addition, several initiatives to further enhance the control environment will be ongoing in 2021. This delivery profile carries a delivery risk, a risk of implementation issues, and a dependence on key individuals. As 2021 progresses there will be a need to ensure these projects remain on track to deliver the intended benefits, without risking disruption to continuing operations and the control environment.

STRATEGIC REPORT (continued)

SECTION 172 (1) STATEMENT

The Company is a wholly owned indirect subsidiary of Quilter plc and therefore operates in line with the strategy, policies and practices that are set by the Quilter plc Board and are described in the Quilter plc Annual Report. The following statement should therefore be read in conjunction with the Quilter plc Annual Report 2020.

In order to ensure decision making bodies within Quilter continue to take their decisions on a fully informed basis, the Group has taken steps to further embed management's and Directors' understanding of the responsibilities ascribed to directors under section 172 (1) of the Companies Act 2006 ("**s172**") at a Quilter plc level and across its management committees and subsidiaries, including the Company. Quilter Corporate Secretariat continue to engage with management to explain the importance of the considerations referred to in s172 as part of good decision-making, to ensure that proposals coming to the Board contain appropriate information on the potential impact of business decisions on all stakeholders of the Company and other relevant matters. Examples of best practice have been provided and rolled out to the business, with further explanation and guidance on directors' duties, to ensure that s172 considerations remain at the heart of the Group's decision-making at all levels. Directors who joined during 2020 were provided with a full induction including training on their responsibilities set out in s172.

In overseeing the business of the Company during the year, the Board of the Company has paid due regard to its duty to promote the success of the Company for the benefit of Quilter plc, its ultimate parent company, in the long-term, by supporting the delivery of the Group's strategic priorities

On behalf of the Board

S Gazard
Director
30th September 2021

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 December 2020.

The review of the business, including future outlook and principal risks and uncertainties are disclosed within the strategic report.

DIRECTORS

The directors of the Company who held office during the period and up to the date of the signing these financial statements were:

M Dean	(appointed 3 July 2020)
S C Gazard	(appointed 3 July 2020)
P Smith	
D W J Sharkey	(resigned 3 July 2020)
A B Thompson	(resigned 30 June 2020)

The company secretary during the year was Quilter CoSec Services Limited.

Qualifying third-party indemnities were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2020 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 may occur (or have occurred) in connection with their duties/powers or office.

BOARD DIVERSITY

The Board believes that diversity brings benefits for our customers, our business and our colleagues. The Board will continue to seek a diverse range of candidates in the appointment of Directors.

Quilter plc has published its Inclusion and Diversity Statement on its website at quilter.com/careers/inclusion-and diversity

RESULTS AND DIVIDENDS

The loss for the year, after taxation amounted to £1,605,907 (2019: Loss after tax £5,565,232).

The Directors do not recommend the payment of a dividend (2019: £nil).

EMPLOYEES

The Company has 120 employees. Quilter Financial Planning Limited employs all remaining staff and the related disclosures are shown in the financial statements for this entity.

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Company are disclosed in note 3.

POLITICAL DONATIONS

No political donations were made during the year (2019: £nil).

MANAGED CAPITAL

The Company's objectives in managing its capital are to ensure that there are adequate resources to meet the Company's liabilities as they fall due and to allocate capital efficiently to support growth and repatriate excess capital where appropriate. The Company manages its capital by measuring its resources and cash available on a regular basis, and through regular monitoring of excess regulatory capital. The Company's capital position and the movement in this from the prior year are disclosed within the statement of changes in equity.

BUSINESS RELATIONSHIPS STATEMENT

The Company forms part of the Quilter Group, with Quilter plc providing strategic and governance oversight to each of its subsidiaries. During the course of their decision-making the Board of the Company, together with the Board of Quilter plc, have considered their duties to stakeholders, including the need to foster business relationships.

An explanation of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, has been set out in the report and financial statements of the Quilter plc Annual Report, which does not form part of this report.

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as the Directors are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given in accordance with the provisions of the Companies Act 2006.

STATEMENT OF GOING CONCERN

Whilst the Company has reported a loss for the year ended 31st December 2020, the use of the going concern basis of accounting is considered appropriate, reflecting the intention of the Company's indirect parent company, Quilter Financial Planning Limited, to provide continued capital support to the Company for at least the three years to 31 December 2023.

In turn Quilter Financial Planning Limited has received a capital commitment from its ultimate parent, Quilter plc for the same period, reflecting the strategic importance of the Quilter Financial Planning Group in the wider group.

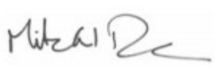
An assessment of the impact of COVID-19 on the going concern for the overall Quilter Group has been completed, concluding that the Group can withstand a severe but plausible downside scenario for at least the next 12 months.

In light of the above there are no material uncertainties, related events or conditions that may cast significant doubt over the ability of the Company to meet its liabilities as they fall due, for at least 12 months from the date of approving these financial statements.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has been appointed by the Company to hold office in accordance with s.485 of the Companies Act 2006.

On behalf of the Board



Mitchell Dean
Director
30th September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosures 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 period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so; and
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIGHTHOUSE CORPORATE SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION
In our opinion, Lighthouse Corporate Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2020; the Income statement, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIGHTHOUSE CORPORATE SERVICES LIMITED (continued)

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

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

Strategic report and Directors' report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to increase revenue of the Company and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with the Board of Directors and with management (Finance, Internal Audit, Legal, Risk and Compliance), including consideration of their process for identifying and responding to the risk of fraud, and any known or suspected instances of fraud or non compliance with laws and regulations;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Board of Directors and the Audit Committee;
- Identifying and testing journal entries, in particular any journal entries with unexpected account combinations, unusual amounts, unusual words, unusual times, and any post closing entries, where any such entries were identified;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIGHTHOUSE CORPORATE SERVICES LIMITED (continued)

- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 September 2021

INCOME STATEMENT
for the year ended 31 December 2020

	Note	2020 £	2019 £
Revenue	4	10,994,815	12,583,608
Gross profit		10,994,815	12,583,608
Expenses			
Administrative expenses	5	(12,405,052)	(12,738,765)
Impairment charge	6	94,570	(3,479,038)
Non-recurring charges		-	(2,144,157)
Total expenses		(12,310,482)	(18,361,960)
Loss before interest and taxation		(1,315,667)	(5,778,352)
Finance Costs		(9,332)	(5,631)
Loss before tax		(1,324,999)	(5,783,983)
Taxation	7	(280,908)	218,751
Loss for the financial year		(1,605,907)	(5,565,232)
Attributable to shareholders		(1,605,907)	(5,565,232)

All the above amounts in the current and prior year derive from continuing activities.

The notes on pages 17 to 32 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

	2020	2019
	£	£
Loss for the financial year after tax	(1,605,907)	(5,565,232)
Total comprehensive loss for the year		
All attributable to equity holders	(1,605,907)	(5,565,232)

The notes on pages 17 to 32 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Share capital	Share premium account	Share-based payments reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 January 2020	53,718	107,821	-	(14,321,232)	(14,159,693)
Loss for the year	-	-	-	(1,605,907)	(1,605,907)
Reserve arising on the capital contribution from ultimate holding company	-	-	-	-	-
Transfer between reserves	-	-	-	-	-
Balance at 31 December 2020	53,718	107,821	-	(15,927,139)	(15,765,600)

	Share capital	Share premium account	Share-based payments reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 January 2019	53,718	107,821	2,166,275	(11,208,282)	(8,880,468)
Loss for the year	-	-	-	(5,565,232)	(5,565,232)
Reserve arising on the capital contribution from ultimate holding company	-	-	286,007	-	286,007
Transfer between reserves	-	-	(2,452,282)	2,452,282	-
Balance at 31 December 2019	53,718	107,821	-	(14,321,232)	(14,159,693)

The notes on pages 17 to 32 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2020

	Note	2020 £	2019 £
Fixed Assets			
Property, plant and equipment	8	251,078	468,301
Deferred tax assets	9	37,491	616,994
Current Assets			
Other receivables (including £310,000 (2019: £310,000) due after 1 year)	10	1,834,520	2,801,325
Cash and cash equivalents		3,140	-
Total assets		2,126,228	3,886,620
Equity and liabilities			
Equity			
Share capital	11	53,718	53,718
Share premium account		107,821	107,821
Share-based payments reserve		-	-
Retained losses		(15,927,139)	(14,321,232)
Total equity attributable to equity holder		(15,765,600)	(14,159,693)
Non-current liabilities			
Other payables	13	68,280	43,633
Current Liabilities			
Deferred tax liabilities	9	-	16,512
Provisions	12	100,000	100,000
Other payables	13	17,723,548	17,886,168
Total liabilities		17,891,828	18,046,313
Total equity and liabilities		2,126,228	3,886,620

The notes on pages 17 to 32 are an integral part of these financial statements.

Approved at a meeting of the Board of directors on 28th September 2021 and signed on its behalf by:

Mitchell Dean
Director

Company registered number: 04086656

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

1 GENERAL INFORMATION

Lighthouse Corporate Services Limited ("**the Company**"), a limited company incorporated and domiciled in the United Kingdom ("**UK**").

The principal activities of the Company are provision of services to other group companies which provide either financial advisory services across the UK or regulatory authorisation and services to a network of financial advisers operating from locations across the UK.

All activities are carried out in the UK.

The address of the registered office is Senator House, 85 Queen Victoria St, London, EC4V 4AB.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("**FRS 101**") and in accordance with the Companies Act 2006.

The accounting policies set out below, have, unless otherwise stated, been applied consistently to all periods presented on these financial statements.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- disclosures in respect of capital management;
- the effects of new but not yet effective FRSs;
- disclosures in respect of the compensation of Key Management Personnel;
- disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives;
- transactions with other wholly owned group companies.
- share based payments

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

On this basis management have a reasonable expectation that the Company has adequate resources to continue in operational existence, for the foreseeable future (being 12 months from the date of this report). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Company is exempt by virtue of S400 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The Company's financial statements are consolidated within the financial statements of the ultimate parent of the Company, Quilter plc.

Senator House
85 Queen Victoria Street
London
EC4V 4AB

Standards, amendments to standards, and interpretations adopted in the 2020 annual financial statements
There have been no new standards or interpretations which became effective 1 January 2020.

Amendments to standards:
The following amendments to the accounting standards, issued by the International Accounting Standards Board ("**IASB**") and endorsed by the EU, have been adopted by the Group from 1 January 2020 with no material impact on the Company's results, financial positions or disclosures:

- amendments to Reference to the Conceptual Framework in IFRS Standards;
- amendments to IFRS3 *Business combinations* – Definition of a Business;
- amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Change in Accounting Estimates and Errors* – Definition of Material;
- amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* – Interest Rate Benchmark Reform; and
- amendments to IFRS 16 *Leases* – COVID-19 Related Rent Concessions.

Financial instruments
Financial instruments cover a wide range of financial assets, including financial investments, trade receivables and cash and cash equivalents and financial liabilities, trade payables, and borrowings.

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. The Company de-recognises a financial asset when the contractual rights to receive cash flows have expired or been forfeited by the Company. A financial liability is de-recognised when, and only when the liability is extinguished.

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best represents the way the business is managed, and information is reported to management. The assessment considers the stated portfolio policies and objectives. It is important to determine whether management's strategy in holding the financial asset is to earn contractual interest revenue, for example to match the duration of financial assets to the duration of liabilities that are funding those assets, or to realise cash flows through the sale of the assets. The frequency, volume and timing of sales in prior periods may be reviewed, along with the reasons for such sales and expectations about future sales activity. This helps management determine whether financial assets should be measured at fair value.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. Reclassifications are expected to occur infrequently.

Measurement
The classification of financial assets depends on (i) the purpose for which they were acquired, (ii) the business model in which a financial asset is managed, and (iii) its contractual cash flow characteristics. The standard has four categories, of which two are applicable to the Company: FVTPL and amortised cost. This classification determines the subsequent measurement basis. The following accounting policies apply to the subsequent measurement of financial assets.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement basis	**Accounting policies**
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including interest and dividend income, are recognised in the income statement
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in income statement. Any gain or loss on de-recognition is recognised in the income statement

Amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest **('SPPI')** on the principal amount outstanding on specified dates.

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration of the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

Financial investments
All other financial assets that are not measured at amortised cost are classified as measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company's interests in pooled investment funds, equity securities and debt securities are mandatorily at FVTPL, as they are part of groups of financial assets which are managed and whose performance is evaluated on a fair value basis. These investments are recognised at fair value initially and subsequently, with changes in fair value recognised in investment return in the income statement.

The Company recognises purchases and sales of financial investments on trade date, which is the date that the Company commits to purchase or sell the assets. The costs associated with investment transactions are included within expenses in the statement of comprehensive income.

Loans and advances
Loans with fixed maturities are recognised when cash is advanced to borrowers or policyholders. Loans and advances are carried at amortised cost using the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash. Cash and cash equivalents held within money market collective investment funds are classified as FVTPL. All other cash and cash equivalents are classified as at amortised cost which means they are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity
Management also determines the classification of financial liabilities at initial recognition. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements. Financial liabilities are measured at amortised cost using the effective interest method.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade payables and receivables
Trade payables and receivables are classified at amortised cost. Due to the short-term nature of trade payables and receivables, their carrying amount is considered to be the same as their fair value.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses on trade receivables. The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Critical accounting estimates and judgements
The preparation of the financial statements requires management to exercise judgement in applying the Company's significant accounting policies. Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Company's business that typically require such estimates are provisions and deferred tax. Each of these areas is discussed in more detail in the relevant accounting policies and notes to the financial statements.

Area	**Critical accounting judgements**	**Notes**
Impairment of amounts owed by group undertakings	In assessing whether an impairment provision should be recognised, the Company evaluates the likelihood of the carrying value of the amount owed being lower than the recoverable net assets of the group entity.	6

The Company's critical accounting estimates are shown below and involve the most complex or subjective assessments and assumptions, which have a significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques that are aligned with relevant accounting guidance to make predictions about future actions and events. Actual results may differ from those estimates.

Area	**Critical accounting estimates**	**Notes**
Deferred tax - measurement	The estimation of future taxable profits is performed as part of the annual business planning process, and is based on estimated levels of assets under management, which are subject to a large number of factors including worldwide stock market movements, related movements in foreign exchange rates and net client cash flow, together with estimates of expenses and other charges The business plan, adjusted for known and estimated tax sensitivities, is used to determine the extent to which deferred tax assets are recognised. In general the Group assesses recoverability based on estimated taxable profits over a 3 year planning horizon.	9

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Current income tax
Current income tax assets and liabilities for the current period and prior periods are measured as the amount expected to be recovered from or paid to the taxation authorities, or paid to or recovered from other group companies in respect of group relief surrendered or received. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement and other comprehensive income.

Deferred income tax
Deferred taxes are calculated according to the statement of financial position method, based on temporary timing differences between reported and tax values of assets and liabilities. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax liabilities are not discounted.

Deferred tax assets are recognised for all temporary timing differences to the extent that it is probable that taxable profit will be available against which the deductible temporary timing difference can be utilised.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Capital contribution

Capital contributions represent the amount received from the parent company and are reflected within equity as there is no obligation to repay the contribution nor is there any interest payable on the contribution.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the entity. If a reliable estimate cannot be made, such items are disclosed as contingent liabilities.

Contingent liabilities

Contingent liabilities are possible obligations of the Company of which the timing and amount are subject to significant uncertainty. Contingent liabilities are not recognised in the consolidated statement of financial position. They are disclosed, unless they are considered to be remote. If a contingent liability becomes probable and the amount can be reliably measured it is no longer treated as contingent and recognised as a liability.

Property, plant and equipment

Fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment in value. Fixtures and fittings are depreciated on a straight-line basis over their useful economic life which in all cases is 5 years. Computer equipment is stated at cost less accumulated depreciation and accumulated impairment in value. Computer equipment is depreciated on a straight-line basis over 3 years. Assets associated with short leaseholds are stated at cost less accumulated depreciation and accumulated impairment in value. Assets associated with short leaseholds are depreciated on a straight line basis over the period of the lease. Depreciation and impairment losses are recognised in the income statement and other comprehensive income within administrative expenses. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. An item of property

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of the asset is included in the income statement and other comprehensive income in the period of de-recognition.

Goodwill
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment.

Impairment of assets
The carrying amount of the Company's goodwill is reviewed at each reporting date to determine whether there is any impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Intangible assets
Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate. The amortisation expense on intangible assets is recognised in the statement of profit or loss and other comprehensive income in administrative expenses.

Deferred consideration
Deferred consideration is the management view of the probable future payment obligations discounted to present value.

Pensions
The Company makes contributions to money purchase pension plans for certain employees. Contributions payable for the period are charged to the profit and loss account as they become payable.

Going concern
Whilst the Company has reported a loss for the year ended 31st December 2020, the use of the going concern basis of accounting is considered appropriate, reflecting the intention of the Company's indirect parent company, Quilter Financial Planning Limited, to provide continued capital support for at least the three years to 31 December 2023. An assessment of the impact of COVID-19 on the going concern for the overall Quilter Group has been completed, concluding that the Group can withstand a severe but plausible downside scenario for at least the next 12 months.

In turn Quilter Financial Planning Ltd has received a capital commitment from its ultimate parent, Quilter plc for the same period, reflecting the strategic importance of Quilter Financial Planning in the wider group. In light of the support committed to by Quilter plc, there are no material uncertainties, related events or conditions that may cast significant doubt over the ability of the Company to meet its liabilities as they fall due, for at least 12 months from the date of approving these financial statements.

3 RISK MANAGEMENT FRAMEWORK

Enterprise-wide risk management

The Board of Quilter has developed an Enterprise-wide Risk Management ("**ERM**") approach that applies to all companies within the Quilter Group, including the Company. Quilter's risk management objective is to operate a robust ERM framework within every part of the Group through embedding a risk and governance framework that supports an efficient and effective operating environment. The ERM framework encompasses a number of elements, including:

- The corporate governance arrangements which set out the way that the organisation is structured and managed;
- The end-to-end processes involved in the identification, assessment, measurement, monitoring and management of risk, including assignment of risk owners and risk reporting; and
- The culture and behaviour that is exhibited and the associated reward mechanisms.

The ERM framework aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities, uncertainties and threats in a structured, disciplined manner. In this way Quilter seeks to ensure that risk and capital implications are considered when making strategic and operational decisions, and to ensure that the risk profile is understood and managed within the agreed risk appetite.

Risk Appetite

The Risk Appetite Framework (**RAF**) is defined as the policies, processes, skills and systems that set out the way that Quilter staff across all businesses and control functions should talk about, think about, and manage risk in relation to Quilter's risk appetite. The RAF builds upon the existing business planning, capital and risk management processes and has three distinctive components:

- **Strategy and Business Planning Process**: quantitative and qualitative strategic risk appetite principles linked to risk limits.
- **The Stress and Scenario Framework**: quantitative risk appetite statements linked to the business's strategic objectives, and contractual and regulatory requirements.
- **The Risk Policy Framework**: quantitative and qualitative risk appetite statements for individual risks embedded into the policy framework. These set out the approach taken to mitigate and manage risks, informed by the policy appetite statements and control standards.

The qualitative and quantitative risk appetite statements are undergoing further development as part of the enhancement to the ERM framework.

Risk Culture

Risk culture is defined as the system of values and behaviours embedded in the Company that shapes risk decisions. The Company's risk culture is defined by the following principles:

- Responsibility and accountability for risk management is clearly assigned throughout the organisation with the aim of fostering an open and transparent organisational culture that encourages the right behaviours.
- Creating a climate for our employees to voice genuine concerns about, and risks within, the business.
- A risk-aware culture is seen as an enabler for management to be empowered to take risks in a manner that is transparent and in line with the business and risk strategy.
- Good risk management practices are encouraged, such that our employees understand how to make educated risk related decisions in their day-to-day roles.
- Training and awareness programmes are in place to ensure that a risk-aware culture is fostered and that employees understand the importance of good risk management.
- Performance management encourages and incentivises good risk management practices.

3 RISK MANAGEMENT FRAMEWORK (continued)

a) Credit and counterparty risk

Credit and counterparty risk is the risk that the Company is exposed to a loss if another party fails to meet its financial obligations, including failing to meet them in a timely manner. The Group has established a credit risk policy which sets out restrictions on the permitted financial transactions with counterparties to control and monitor the level of credit risk to which the Company is exposed.

Credit risk primarily arises from cash held at bank and other receivables, including loans which can fall due for repayment in more than one year. The principal amounts receivable on these balances are materially the same as fair value and as such credit risk has not had a significant impact on the valuation of these balances.

The credit risk on liquid funds is limited because the counterparties are banks and Money Market Funds ("**MMFs**") with high credit ratings assigned by international credit rating agencies

The Company's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the financial statements.

b) Market risk

Market risk is defined as the risk that a change in the value of or income from any asset is not matched by an equal change in the value of the related liability. Market risk arises from fluctuations in variables such as interest rates and foreign exchange rates. The Company is subject to market risk in the following areas:

Interest rate risk
The effective interest rate applicable to interest bearing financial instruments is at a floating rate based on daily bank deposit rates.

Currency risk
The Company is not exposed to currency risk, as all company assets are held in Pounds Sterling.

Liquidity risk
Liquidity risk is the risk that a company, although solvent, does not have available sufficient financial resources to enable it to meet its financial obligations as they fall due, or can secure them only at excessive cost.

The Company, whilst loss making, is exposed to minimal liquidity risk as it has the financial support of Quilter Financial Planning Limited. The Directors of the Company have received written confirmation of continued support from Quilter Financial Planning Limited for at least twelve months from the date of approval of these financial statements.

In turn Quilter Financial Planning Limited have received a commitment of financial support from its ultimate parent, Quilter plc, for a minimum of three years to 31 December 2023.

Furthermore, the Company's investments and bank accounts are available either on demand or next day settlement. There are no external borrowings.

There are no material uncertainties, related events or conditions that may cast significant doubt over the ability of the Company to meet its liabilities as they fall due, for at least 12 months from the date of approving these financial statements in light of the support committed to by Quilter Financial Planning Limited and, in turn, Quilter plc.

3 RISK MANAGEMENT FRAMEWORK (continued)

Capital Adequacy
As part of its capital adequacy planning the Company performs adverse scenario assessments to ensure it remains adequately capitalised to cover such scenarios. In support of this, and as outlined in the Strategic Report, the Company will continue to benefit from ongoing capital support from Quilter Financial Planning Limited and the broader Quilter Group.

Political risk
The withdrawal of the UK from the EU on 31 January 2020 continues to generate a level of uncertainty in the UK financial services sector. The effect of this uncertainty is the extent to which this translates into an impact upon advice income. The Company actively supports advisers in their communication with customers in order to mitigate the adverse impact of this uncertainty.

The Company's strategy is focused on customers domiciled in the UK and so there is limited direct impact on the Company from the UK's withdrawal from the European Union. The Company is part of a pan-Quilter project to manage the impacts on the business of this withdrawal. The Company is however exposed to secondary risks potentially associated with this, such as reducing investor confidence and adverse market reaction. As part of its capital adequacy planning the Company performs adverse scenario assessments to ensure it remains adequately capitalised to cover such scenarios. The Company will continue to benefit from ongoing capital support from Lighthouse Group Limited, the immediate parent company, and the broader Quilter Group.

Risk and capital management
The Quilter Group's capital management policy sets out the key considerations and restrictions with regard to the amount of capital that is retained by each entity within the Group.

In the event of the Company incurring losses resulting in erosion of its capital base it is supported financially by its immediate parent company Lighthouse Group Limited.

c) Operational risk
Operational risk is defined as the risk of adverse business outcomes resulting from inadequate or failed internal processes, personnel and systems, or from external events (other than financial or business environment risks). Operational risk is an unavoidable consequence of being in business as it can never be fully eliminated. However, it can be effectively managed to ensure exposures and associated risk events are kept to a minimum.

The constituent parts of the Operational Risk Framework are:

Risk & Control Self-Assessment
Identify, assess, manage, monitor and report risk exposures arising from people, processes, systems and external events.

Significant Business Change
Comprehensively assess risk arising from new products, significant variations to existing products, new areas to undertake business, regulatory change programmes or other material or transformational programmes.

Scenario Analysis
Assess the possible impact of extreme but plausible operational risk events.

Issues Management
Ensure that all risk issues raised against the business are captured, classified and managed consistently.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

Events Management
Ensure that internal events are identified, assessed, analysed for root causes, managed, monitored and reported.

COVID-19
In early 2020, COVID-19 was recognised by the World Health Organisation as a global pandemic. This will have the impact of increasing existing risks as well as creating new ones through disruption to global supply chains and employee availability along with the negative impact on global market growth. The Company is addressing these risks through the application of the Enterprise-wide Risk Management framework outlined above.

4 REVENUE

Revenue primarily derives from recharging expenditure to other group companies.

	2020 £	2019 £
Management Charge Income	10,897,014	12,166,352
Other Income	97,801	417,256
	10,994,815	12,583,608

5 ADMINISTRATIVE EXPENSES

	2020 £	2019 £
Staff costs	5,099,642	5,847,689
Professional and regulatory costs	3,833,401	2,818,218
Computer costs	1,707,102	1,503,594
Administration and other expenses	1,365,249	2,185,801
Depreciation and amortisation	399,658	383,464
	12,405,052	12,738,766

Administrative expenses include:

	2020 £	2019 £
Auditors' remuneration: audit of financial statements paid to Pricewaterhouse Coopers LLP (2019: RSM UK Audit LLP)	118,214	71,000

Auditors' remuneration for audit services consists of fees in respect of the statutory audit for the Company were £10,864 (2019: £20,000). The Company bore the full costs of audit for both itself and fellow companies in the Lighthouse Group.

6 IMPAIRMENT CHARGE

	2020	2019
	£	£
(Decrease)/increase in provision for amounts owed by group undertakings	(94,570)	3,155,389
Impairment of intangible assets	-	323,649
	(94,570)	3,479,038

Intercompany receivables arise due to recharges to and from fellow group entities resulting in intercompany balances receivable from fellow group entities. The recoverable net assets of fellow group entities are reviewed annually against the gross amount owed by them. Provision for intercompany receivables is recognised when the gross amount owed by fellow group entities is greater than the recoverable net assets of those entities.

The provision for amounts owed by subsidiaries of Lighthouse Group Limited has reduced by £0.1 million (2019: £3.2 million increase).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

7 TAXATION

	2020 £	2019 £
Current year corporation tax credit	(282,083)	-
Deferred tax movement	562,991	218,751
Tax charge for the year	280,908	218,751

The total tax charge/(credit) for the year can be reconciled to the accounting loss as

	2020 £	2019 £
Loss before tax	1,324,999	5,783,983
Tax on loss at the applicable tax rate 19% (2019: 19%)	(251,750)	(1,098,957)
Effect of:		
Expenses not deductible for tax purposes	4,832	240,590
Impairment charge not deductible for tax purposes	-	599,524
Capital allowances compared to depreciation charge, including deferred tax liability	-	20,790
Other timing differences not relieved through deferred tax	-	1,900
Tax relief on exercise of share options in excess of deferred tax asset previously	-	(303,497)
Effect of tax rate on deferred tax	1,943	-
Group relief supplied/(received) free of charge	-	133,095
Deferred tax asset not recognised	590,097	187,804
Prior year adjustment	(64,214)	-
	280,908	(218,751)

The main rate of corporation tax is 19%. The reduction to 17% due to come into effect from 1 April 2020 was cancelled.

8 PROPERTY, PLANT AND EQUIPMENT

	Plant & Machinery	Office equipment	Computer equipment £	Right-of-use asset £	Total £
Cost					
At 1 January 2019	44,293	502,369	1,907,120	-	2,453,782
Disposals	(13,692)	(182,121)	(826,428)	-	(1,022,241)
Additions	5,980	3,259	158,089	343,867	511,195
At 31 December 2019	36,581	323,507	1,238,781	343,867	1,942,736
Disposals	-	-	-	(59,375)	(59,375)
Additions	-	414	21,454	160,567	182,435
At 31 December 2020	36,581	323,921	1,260,235	445,059	2,065,796
Accumulated depreciation					
At 1 January 2019	32,401	494,638	1,598,546	-	2,125,585
Disposals	(13,692)	(182,121)	(826,428)	-	(1,022,241)
Provided during the year	6,507	3,587	179,748	181,249	371,091
At 31 December 2019	25,216	316,104	951,866	181,249	1,474,435
Disposals	-	-	-	(59,375)	(59,375)
Provided during the year	6,607	2,355	210,626	180,070	399,658
At 31 December 2020	31,822	318,459	1,162,492	301,944	1,814,718
Carrying amount					
At 31 December 2019	11,365	7,403	286,915	162,618	468,301
At 31 December 2020	4,758	5,462	97,743	143,115	251,078

Following the acquisition by Quilter Financial Planning Limited of Lighthouse Group plc, the Company's immediate parent company, on 12 June 2019, the Company wrote off a number of assets that were no longer in use. All of the assets had been fully depreciated in prior years therefore there was no profit or loss on sale recorded.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

9 DEFERRED TAX

The following are the deferred tax balances recognised by the Company and the movements thereon, during the current and prior reporting period.

	2020 Recognised £	2020 Not Recognised £	2019 Recognised £	2019 Not Recognised £
Difference between accumulated depreciation and capital allowances	37,491	-	-	-
Trading losses carried forward	-	794,938	616,994	187,804
Deferred tax asset	37,491	794,938	616,994	187,804

On the 3 March 2021 the Chancellor of the Exchequer announced in the Budget a future increase in the Corporation Tax rate from 19% to 25%, effective from 1 April 2023 which has now been enacted. The change in tax rate has no material impact on the unrecognised deferred tax analysed above.

A deferred tax asset on losses carried forward and fixed assets is recognised to the extent that there are other temporary differences expected to reverse in the foreseeable future. In addition, assets have been recognised to the extent it is probable that there will be future taxable profits to utilise the asset. The excess has not been recognised as there is sufficient uncertainty to utilise the asset. Trading losses are available to carry forward without expiry subject to the continuation of the trade.

10 OTHER RECEIVABLES

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	4,496	59,350
Corporation tax debtor	282,084	-
Owed by group undertakings	780,637	855,637
Other debtors	206,546	660,469
Prepayments and accrued income	250,757	915,869
	1,524,520	2,491,325
Amounts falling due after more than one year:		
Owed by group undertakings	310,000	310,000

All receivables are non-discounted. Trade receivables are non-interest bearing and generally on industry terms of up to 90 days.
Amount owed by group undertakings is repayable on demand.

11 CALLED UP SHARE CAPITAL

	2020 £	2019 £
Allotted, issued and fully paid ordinary shares of £0.01 each	53,718	53,718

12 PROVISIONS

	Total
	£
At 1 January 2019	4,000
Utilised in year	(4,000)
Charged to profit and loss account during the year	100,000
At 31 December 2019	100,000
Additions	-
Utilised in year	-
At 31 December 2020	100,000

Provisions comprise £100,000 (2019: £100,000) for estimated dilapidations that might arise at the expiry of the Company's property leases.

13 OTHER PAYABLES

	2020	2019
	£	£
Amount falling due within one year:		
Trade creditors	77,847	976,062
Amounts owed to other group undertakings	16,326,351	14,182,540
Other taxes and social security	87,999	152,416
Other creditors	59,888	79,340
Lease liabilities	95,225	178,178
Accrued expenses	1,076,238	2,317,632
	17,723,548	17,886,168
Amount falling due after one year:		
Lease liabilities	68,280	43,633

All amounts due are short term and interest free.

Terms and conditions of the above financial liabilities:
- Other payables are non-interest bearing and are normally settled in 90 days.

Included in accrued expenses in 2019 was amount of £59,085 (2020: nil) in respect of unpaid pension contributions.

14 RELATED PARTY TRANSACTIONS

The Company is a wholly owned indirect subsidiary of Quilter plc and, in accordance with the exemption conferred under FRS 101, transactions with fellow wholly owned group companies are not disclosed separately in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

15 EVENTS AFTER THE REPORTING DATE

There are no events that have occurred, between the reporting date and the date when the financial statements have been authorised for issue, that require disclosure.

16 ULTIMATE PARENT COMPANY

The Company's immediate parent company is Lighthouse Group Limited, a company registered in England and Wales.

The Company's financial statements are consolidated within the financial statements of Quilter plc, the ultimate parent company and controlling party, registered in England and Wales. The financial statements are available from:

The Company Secretary
Quilter plc
Senator House
85 Queen Victoria Street
London
EC4V 4AB