Registered in England and Wales No. 04042743

Lighthouse Group Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2021

Lighthouse Group Limited

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COMPANY INFORMATION

Directors	M Dean S C Gazard
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 Website: www.quilter.com
	Registered in England and Wales No: 04042743

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2021.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY
The principal activity of Lighthouse Group Limited ("**the Company**") during the year under review was that of a holding company. The principal activities of its subsidiaries was the provision of financial advice to the market for retail financial products and services through a network of financial advisers. The Company is incorporated in England and Wales and domiciled in the United Kingdom.

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'S STRATEGY
Quilter plc's strategy is focused on growing with its clients and advisers, enhancing the efficiency of its operations, increasing digitalisation across the business and being a responsible wealth manager. This will enable Quilter to increase flows from both its own advisers and independent financial advisers, manage more of those flows in investment solutions and increase the efficiency of doing so, delivering top line growth and operating leverage. Those priorities are underpinned by embodying a diverse and inclusive culture, where colleagues embrace Quilter's cultural values of being pioneering, dependable and stronger together which aids in achieving Quilter's goals and benefits all of the stakeholders.

LIGHTHOUSE GROUP LIMITED STRATEGY
Lighthouse Group Limited forms part of the Quilter Financial Planning Group (**"QFP Group"**), a network of over 2,800 financial advisers, including over 1,600 restricted financial planners, who deliver personalised financial advice tailored to meet the specific needs of the customer to deliver positive customer outcomes. The strategic aim of the QFP 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. The QFP 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. The QFP Group operates a business model with two core channels, National and Network.

Key performance indicators
Management evaluates the performance of the business using a number of measures. Key metrics for the Company were as follows:

	2021	2020
	£'000	£'000
Profit/(loss) before tax	6,928	(14,164)
Net assets	49,060	41,263

STRATEGIC REPORT (continued)

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 in relation to receivables.

Conduct risk management - The delivery of demonstrably suitable customer outcomes continues to be a central focus for the QFP Group. The Company is aware of the customer harm, regulatory and cost implications arising from the provision of unsuitable advice and/or ongoing servicing. The QFP Group 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 control environment. This has been identified as a key strategic priority with investment allocated for the continued strengthening of its risk and control environment.

Customer complaints and redress experience - The controlled distribution model operated by the QFP Group benefits from expertise in defining and reviewing the restricted matrices and panels used by the business and strong governance over adherence to the defined advice standards, including file checking. This strategy combined with the operational approach to provide its customers with the right outcomes through process and root cause analysis seeks to mitigate the risk of repeat instances or scenarios requiring client redress.

Financial instruments - The Company's main exposure to risk arising from financial instruments is its exposure to credit risk arising on receivables. The Company's assets are managed to ensure this risk is mitigated as far as possible.

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.

Disruptive competition: There continues to be increased competition in the wealth management industry and acceleration in technological advancements. A rapidly shifting external environment brings opportunity for greater competitive disruption with the 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 an additional challenge to Quilter's target market. There is a risk of strategic failure to adapt to future customer needs.

STRATEGIC REPORT (continued)

Economic environment: Quilter is exposed to the market conditions of global economic markets. Whilst market conditions generally stabilised during 2021 from the COVID-19 pandemic, the evolving Ukraine crisis is having an impact on the economic environment resulting in short-term market volatility and creates increasing economic and political uncertainty which could impact consumer confidence. Quilter's Net Client Cashflow (**"NCCF"**), Assets under Management (**"AuM"**), profitability and free cash levels could be materially affected by an extended or volatile economic recovery.

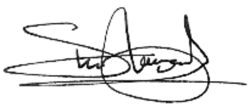
Streamlined Energy and Carbon Reporting
The Group is committed to managing its environmental impact and supports the Carbon Disclosure Project (**"CDP"**), a globally recognised initiative for companies to measure, manage, disclose and reduce their environmental impacts. A full explanation of how the Directors have had regard to the impact on the environment is contained within the Quilter plc Annual Report 2021 as per the requirements of Streamlined Energy and Carbon Reporting. The Company is not required to report Company-specific information as it is a subsidiary of the Group.

SECTION 172 STATEMENT
The Company is a wholly owned 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 2021.

In order to ensure decision-making bodies within Quilter plc 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 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 section 172(1) 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 section 172(1) considerations remain at the heart of the Group's decision-making at all levels.

The Directors of the Company are fully aware of their responsibilities to promote the success of the Company in accordance with section 172(1) of the Companies Act 2006. 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.

Signed on behalf of the Board



S Gazard

Director

23 September 2022

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2021.

The review of the business and principal risks and uncertainties are disclosed within the strategic report.

DIRECTORS

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

S C Gazard
M Dean
P J Smith (Resigned 1 April 2022)

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 2021 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.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2020: £nil).

EMPLOYEES

The Company has no employees. The Company's activities are supported by the employees of Quilter Business Services Limited and Quilter Financial Planning Limited and the related disclosures are shown in the financial statements of those companies.

POLITICAL DONATIONS

No political donations were made during the year (2020: £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, to allocate capital efficiently and return excess capital where appropriate. The Company manages its capital by measuring its resources and cash available on a regular basis. The Company's capital position and the movement in this from the prior year are disclosed within the statement of changes in equity.

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information.

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

DIRECTORS' REPORT (continued)

STATEMENT OF GOING CONCERN
The use of the going concern basis of accounting is considered appropriate, reflecting the intention of the Company's direct parent Company, Quilter Financial Planning Limited, to provide continued capital support to the Company for at least the three years to 31 December 2024.

In turn, Quilter Financial Planning Limited has received a 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.

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.

CLIMATE CHANGE
In 2021, the Quilter climate change strategy was formalised with the objectives of reducing Quilter's contribution to climate change and supporting the transition to a low carbon economy. To achieve this ambition, Quilter has developed a framework which is helping to reduce our direct carbon footprint, embed climate considerations in our investment management and stewardship activity, offer clients climate-focused investment solutions and align with the Taskforce on Climate-related Financial Disclosures (**"TCFD"**).

INVESTING RESPONSIBLY
Quilter has made a commitment to embed responsible investment principles across the business and is a signatory of the UN backed Principles for Responsible Investment (**"PRI"**). We are embedding environmental, social and governance (**"ESG"**) considerations into our standard advice process to help clients invest according to their ESG preferences, and we are embedding ESG considerations even more deeply into our standard investment management processes.

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

Signed on behalf of the Board

M Dean

Director

23 September 2022

Statement of Directors' responsibilities in respect of the Annual report and financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 also 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.

Directors' confirmations
In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have 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 auditors are aware of that information.

Signed on behalf of the Board

M Dean

Director

23 September 2022

Independent auditors' report to the members of Lighthouse Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Lighthouse Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit 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 2021; 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.

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 2021 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 Annual report and 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 those that have a direct impact on the financial statements such as the 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 inappropriate journal entries to either inflate revenue or reduce expenditure, thereby inflating distributable reserves, 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, management, internal audit, management involved in the risk and compliance and legal functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing relevant meeting minutes including those of the Board of Directors.
- Challenging assumptions made by management in accounting estimates and judgements.
- Identifying and testing journal entries posted with unexpected account combinations which may be indicative of the manipulation of revenue or expenses, containing unusual descriptions or unusual amounts, where any such journals were identified.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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 members 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
23 September 2022

Income statement
For the year ended 31 December 2021

	Note	£'000 2021	£'000 2020
Impairment reversal against amounts owed by group undertakings	4	**6,415**	-
Impairment losses in carrying value of subsidiary investments	8	**-**	(14,164)
Total gain/(loss)		**6,415**	(14,164)
Profit on sale of subsidiary	6	**513**	-
Profit/(loss) before tax		**6,928**	(14,164)
Tax on profit/(loss)	7	**-**	-
Profit/(loss) for the financial year		**6,928**	(14,164)

The notes on pages 16 to 30 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended 31 December 2021

	Note	**£'000 2021**	£'000 2020
Profit/(loss) after tax for the financial year		**6,928**	(14,164)
Increase/(decrease) in fair value of equity investment held	9	**869**	(213)
Total comprehensive income/(loss) for the financial year		**7,797**	(14,377)

The notes on pages 16 to 30 form an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2021

	Share capital	Non-distributable reserve	Equity investment fair value reserve	Accumulated losses	Total share-holders' equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 January 2021	**56,399**	**90**	**(585)**	**(14,641)**	**41,263**
Total comprehensive income	**-**	-	869	6,928	7,797
Balance at 31 December 2021	**56,399**	**90**	**284**	**(7,713)**	**49,060**

	Share capital £'000	Non-distributable reserve £'000	Equity investment fair value reserve £'000	Accumulated losses £'000	Total share-holders' equity £'000
Balance at 1 January 2020	**1,399**	**90**	**(372)**	**(477)**	**640**
Total comprehensive (loss)	**-**	-	(213)	(14,164)	(14,377)
Share issues	**55,000**	-	-	-	55,000
Balance at 31 December 2020	**56,399**	**90**	**(585)**	**(14,641)**	**41,263**

The notes on pages 16 to 30 form an integral part of these financial statements.

Statement of financial position
At 31 December 2021

	Note	**£'000 2021**	£'000 2020
Assets			
Investments in subsidiary undertakings	8	**40,836**	40,836
Financial assets	9	**1,296**	427
Trade, other receivables and other assets	10	**7,328**	-
Total assets		**49,460**	41,263
Equity and liabilities			
Equity			
Share capital	11	**56,399**	56,399
Non-distributable reserves[1]		**90**	90
Equity investment fair value reserve		**284**	(585)
Accumulated losses		**(7,713)**	(14,641)
Total equity attributable to equity holders		**49,060**	41,263
Liabilities			
Trade and other payables	12	**400**	-
Total liabilities		**400**	-
Total equity and liabilities		**49,460**	**41,263**

[1]Special non-distributable reserve arose from a reduction in the Company's share premium account undertaken during the year ended 31 December 2008.

The notes on pages 16 to 30 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 23 September 2022 and signed on its behalf by:

....
M Dean
Director

Registered company number: 04042743

General information
Lighthouse Group Limited (**the "Company"**) is a private limited company that is limited by shares, incorporated in England and Wales and domiciled in the United Kingdom (**"UK"**). The principal activities of the Company are disclosed in the strategic report on page 2.

The address of its registered office is disclosed in the Company information section on page 1.

1: Basis of preparation
The financial statements of Lighthouse Group Limited for the year ended 31 December 2021 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (**"FRS 101"**). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d) (statement of cash flows);
    - 16 (statement of compliance with all IFRS);
    - 38A (requirement for minimum of two primary statements, including cash flow statements);
    - 38B-D (additional comparative information);
    - 111 (statement of cash flows information); and
    - 134-136 (capital management disclosures).
- The second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Company.

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

1: Basis of preparation (continued)

New standards, amendments to standards, and interpretations adopted by the Company
There were no new standards or interpretations which became effective from 1 January 2021.

Amendments to standards:

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the Company's financial statements

Going concern
The Directors believe that the Company is well placed to manage its business risks in the context of the current economic outlook and has sufficient financial resources to continue in business for a period of at least 12 months from the date of approval of these financial statements and continue to adopt the going concern basis in preparing the financial statements.

In assessing this, the Directors have considered:
- the liquidity of the Company's assets;
- the written commitment of the Company's direct parent to provide the required level of continued capital support for at least three years to 31 December 2024 along with the managements' consideration of the parent's ability to provide that support.

Quilter Financial Planning Limited (**"QFPL"**), the parent Company of the QFP Group, has received confirmation in writing from its ultimate parent, Quilter plc, that it will continue to make funds available to QFPL for at least three years to 31 December 2024, and will not seek repayment of funds provided during that period. The Group's willingness to provide this ongoing support reflects QFP Group's position as being an integral part of the Group strategy and advice solution offerings.

In light of the commitment of support from the Group, the Company has received confirmation of the ongoing intent to provide capital support from its indirect parent, QFPL, that it will continue to make funds available to the Company for at least three years to 31 December 2024 and will not seek repayment of funds provided during that period, continuing to recognise the strategic importance of the Company within QFP Group.

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.

Liquidity analysis of the statement of financial position
The Company's statement of financial position is in order of liquidity as is permitted by IAS 1 *Presentation of Financial Statements*. For each asset and liability line item, those amounts expected to be recovered or settled after more than twelve months after the reporting date are disclosed separately in the notes to the consolidated financial statements.

2: Critical accounting estimates and judgements

The preparation of financial statements requires management to exercise judgement in applying the Company's significant accounting policies and make estimates and assumptions that affect the reported amounts of net assets and liabilities at the date of the financial statements. The Board Audit Committee reviews these areas of judgement and estimates and the appropriateness of significant accounting policies adopted in the preparation of these financial statements.

Critical accounting judgements
The Company's critical accounting judgements are detailed below and are those that management makes when applying its significant accounting policies and that have the most effect on the net profit and net assets recognised in the Company's financial statements.

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, see Note 10 for further details.

- Impairment of investment in subsidiaries - recognition

In assessing whether an impairment expense should be recognised, the Company evaluates the likelihood of the carrying value of the investment being lower than the recoverable amount, based each cash generating units' value in use and the value the entity generates for the wider group.

Critical accounting estimates
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 net 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 standards and guidance to make predictions about future actions and events. Actual results may differ from those estimates.

- Impairment of amounts invested in subsidiaries

The amount of any impairment expense is calculated by comparing the carrying value of the underlying investment to the recoverable value, being the higher of the value-in-use ("**VIU**") and its fair value ("**FV**") less costs to sell.
Value in use is considered to be net assets (excluding investments and goodwill) plus discounted cash flow of future results as per the approved Company plans.
Fair value, being the value at which any cash generating unit could be sold at arm's length, is considered to be represented by value in use plus the terminal value of margins earned by other Quilter group entities on the administration of assets derived from QFP Group advisers.

Further detail on the estimates adopted and related sensitivities is included in Note 8.

- Contingent consideration on disposal of subsidiary

Following the sale of Carrwood Limited, the Company is due to receive £500,000 annually dependent on the level of assets under administration retained by the acquirer and the levels of ongoing fee income over the three-year post period sale. The Company estimate that the level of attrition experience will be as follows:

Year 1	60%
Year 2	40%
Year 3	20 %

Management estimate that a 20% increase/(decrease) in these key underlying assumptions would have resulted in a £200,000 movement in the year-end contingent consideration balance.

3: Significant accounting policies

The Company's significant accounting policies are described below. There have been no changes to the Company's significant accounting policies as a result of changes in accounting standards during the year.

Financial instruments
Financial instruments cover a wide range of financial assets, including financial investments, trade receivables and cash and cash equivalents and certain financial liabilities, including trade payables. 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 derecognises a financial asset when the contractual rights to receive cash flows have expired or been forfeited by the Company. A financial liability is derecognised 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. The Company determines its strategy in holding the financial asset, particularly considering whether the Company earns 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. These factors enable management to determine which financial assets should be measured at Fair Value Through the Profit and Loss (**"FVTPL"**).

Initial measurement
A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent 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 within 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.

Measurement basis	Accounting policies
Financial assets at FVTPL	These financial assets are subsequently measured at fair value. Net gains and losses, including interest and dividend income, are recognised in profit or loss.
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 profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

3: Significant accounting policies (continued)

Fair value measurement
The Company uses fair value to measure the majority of its assets and liabilities. Fair value is a market-based measure and is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For a financial instrument, the best evidence of fair value at initial recognition is normally the transaction price, which represents the fair value of the consideration given or received.

Where observable market prices in an active market, such as bid or offer (ask) prices are unavailable, fair value is measured using valuation techniques based on the assumptions that market participants would use when pricing the asset or liability. If an asset or a liability measured at fair value has a bid or an offer price, the price within the bid-offer spread that is most representative of fair value is used as the basis of the fair value measurement.

The quality of the fair value measurement for financial instruments is disclosed by way of the fair value hierarchy, whereby Level 1 represents a quoted market price for identical financial assets and liabilities, Level 2 financial assets and liabilities are valued using inputs other than quoted prices in active markets included in Level 1, either directly or indirectly and Level 3 whereby financial assets and liabilities are valued using valuation techniques where one or more significant inputs are unobservable.

Amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and unless recognised as FVTPL on initial recognition applying the Fair Value Option (see below):

- 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 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 for 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.

All other financial assets that are not measured at amortised cost are classified and measured at FVTPL.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, call deposits and other short-term deposits with an original maturity of three months or less.

All cash and cash equivalents are classified as amortised cost which means they are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method and are subject to the impairment requirements outlined below. The carrying amount of cash and cash equivalents approximates to their fair value.

Financial liabilities
Financial liabilities are classified according to the substance of the contractual arrangements entered into. Other financial liabilities, including trade payables, are measured at amortised cost using the effective interest method.

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

Impairment of financial assets
The expected loss accounting model for credit losses applies to financial assets measured at amortised cost, but not to financial assets at FVTPL. Financial assets at amortised cost include trade receivables and cash and cash equivalents

Credit loss allowances are measured on each reporting date according to a three-stage expected credit loss (**“ECL”**) impairment model:

3: Significant accounting policies (continued)

Performing financial assets:
Stage 1
From the initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a stage 1 loss allowance is recognised equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date (**"12-month ECL"**).

Stage 2
Following a significant increase in credit risk relative to the initial recognition of the financial asset, a stage 2 loss allowance is recognised equal to the credit losses expected from all possible default events over the remaining lifetime of the asset (**"Lifetime ECL"**).

The assessment of whether there has been a significant increase in credit risk requires considerable judgement, based on the lifetime probability of default (**"PD"**). Stage 1 and 2 allowances are held against performing loans; the main difference between stage 1 and stage 2 allowances is the time horizon. Stage 1 allowances are estimated using the PD with a maximum period of 12 months, while stage 2 allowances are estimated using the PD over the remaining lifetime of the asset.

Impaired financial assets:
Stage 3
When a financial asset is considered to be credit-impaired, the allowance for credit losses (**"ACL"**) continues to represent lifetime expected credit losses. However, interest income is calculated based on the amortised cost of the asset, net of the loss allowance, rather than its gross carrying amount.

Application of the impairment model
The Company applies the ECL model to all financial assets that are measured at amortised cost:

- Trade receivables, to which the simplified approach prescribed by IFRS 9 is applied. This approach requires the recognition of a Lifetime ECL allowance on day one and thereafter.
- Loans, cash and cash equivalents, and fixed term deposits at amortised cost, to which the general three-stage model (described above) is applied, whereby a 12-month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.

ECLs are probability-weighted estimates of credit losses. ECLs for financial assets that are not credit-impaired at the reporting date are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due in accordance with the contract and the cash flows that the Company expects to receive). ECLs for financial assets that are credit-impaired at the reporting date are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The measurement of ECLs considers information about past events and current conditions, as well as supportable information about future events and economic conditions. The Company has implemented its impairment methodology for estimating the ACL, taking into account forward-looking information in determining the appropriate level of allowance. In addition, it has identified indicators and set up procedures for monitoring for significant increases in credit risk.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3: Significant accounting policies (continued)

Taxation
Current tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. Current tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

Deferred tax
Deferred taxes are calculated according to the statement of financial position method, based on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. 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 assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income. In certain circumstances, as permitted by accounting standards, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not a business combination and at the time of their occurrence affect neither accounting nor taxable profit. Note 6 includes further detail of circumstances in which the Company does not recognise temporary differences.

Provisions, contingent liabilities and contingent assets
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more probable than not that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material, provisions are discounted and represent the present value of the expected expenditure. Provisions are not recognised for future operating costs or losses.

The Company recognises specific provisions where they arise for the situations outlined below:

- Legal uncertainties and the settlement of other claims.

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 statement of financial position unless they are assumed by the Company as part of a business combination. They are however 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.

Contingent assets, which are possible benefits to the Company, are only disclosed if it is probable that the Company will receive the benefit. If such a benefit becomes virtually certain, it is no longer considered contingent and is recognised on the statement of financial position as an asset.

4: Impairment reversal against amounts owed by group undertakings

	£'000	£'000
	2021	2020
Impairment gain	**6,415**	-
	6,415	-

Relates to the reversal of the impairment provision held against amounts due from group undertakings (see note 10).

5: Auditors and Directors remuneration

Auditor's remuneration
Auditors' remuneration for the year is as follows. These costs were born and not recharged by other entities in the Group.

	£'000	£'000
	2021	2020
Fees for audit-related assurance services	**29**	11

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity and as such, only directors ate considered to meet this definition.

The Directors have minimal input in the day-to-day administration of the Company and therefore there is no appropriate basis on why they can apportion part of their remuneration for their services to the Company. The Directors are remunerated by Quilter Financial Planning Limited, and their emoluments are disclosed in those financial statements.

6: Profit on sale of subsidiary

	£'000	£'000
	2021	2020
Profit on sale of subsidiary	**513**	-

On 19 August 2021, the Company entered into an agreement to sell the whole of the issued share capital of its wholly-owned subsidiary, LighthouseCarrwood Limited, to a third-party. The sale completed on 1 November 2021 and the Company recognised a gain on disposal of £513,000 calculated as follows.

	£'000
	2021
Proceeds on disposal	**1,500**
Legal fees	**(400)**
Write down of inter-company receivable	**(587)**
Profit on sale of subsidiary	**513**

LighthouseCarrwood Limited was initially recognised at cost as an investment in subsidiary of £2,121,174. This balance was fully impaired in prior year years resulting in a nil carrying value at the date of disposal.

The Company has received the first tranche amounting to £1,000,000 of the disposal proceeds. As at December 2021, the Company has recognised a further estimated amount of £500,000 to be received relating to the disposal (see note 10).

The receivable of £500,000 recognised represents management's best estimate of the amount receivable in relation to the sale discounted to net present value using the Group's cost of capital. The assessment includes estimates of the percentage of the level of assets under administration retained by the acquirer and the levels of ongoing fee income at

6: Profit on sale of subsidiary (continued)

future dates over the three-year period post sale. Management estimate that a 20% increase/(decrease) in these key underlying assumptions would have resulted in a £200,000 movement in the year-end contingent consideration balance.

Legal fees payable related to the disposal are included within Trade and other payables (see note 11).

7: Tax

Tax charged to the income statement

	£'000 **2021**	£'000 2020
Total tax charged to income statement	**-**	-

Reconciliation of total income tax expense
The income tax charged to profit or loss differs from the amount that would apply if all of the Company's profits jurisdictions had been taxed at the UK standard corporation tax rate. The difference in the effective rate is explained below:

	£'000 2021	£'000 2020
Profit/(loss) before tax from continuing operations	**6,928**	(14,164)
Tax at UK standard rate of 19% (2020: 19%)	**1,316**	(2,691)
Gain on sale of subsidiary not chargeable to tax	**(97)**	-
Movements in amounts owed between group companies not allowed for tax	**(1,219)**	(2,691)
Total tax charged to income statement	**-**	-

The main rate of Corporation Tax is 19%. 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 change in rate having been substantially enacted by 31 December 2021 has been used in recognising the Company's deferred tax assets and liabilities should the reversal be expected to take place after 1 April 2023.

8: Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost, less impairment in value. All shares held are Ordinary Shares.

	2021 Subsidiaries £'000	2020 Subsidiaries £'000
Balance at the beginning of the year	**40,836**	19,840
Investment in subsidiary undertakings	-	55,000
Impairment of subsidiary undertaking	-	(34,004)
Balance at the end of the year	**40,836**	40,836

The carrying value is reported net of the impairment in value provision

	2021 £'000	2020 £'000
Provision for impairment as at 1 January	**(34,004)**	(19,840)
Movement in impairment provisions during the year	-	(14,164)
Provision for impairment as at 31 December	**(34,004)**	(34,004)

8: Investments in subsidiary undertakings (continued)

2021 investment in subsidiaries

On November 1, the Company disposed of LighthouseCarrwood Limited (see note 6 for further details).

2020 investment in subsidiaries

On 23 April 2020, the Company subscribed for 15,000,000 ordinary shares at a cost of £15,000,000 in its subsidiary, Lighthouse Advisory Services Limited.

On 29 June 2020, the Company subscribed for 10,000,000 ordinary shares at a cost of £10,000,000 in its subsidiary, Lighthouse Advisory Services Limited.

On 18 August 2020, the Company subscribed for 30,000,000 ordinary shares at a cost of £30,000,000 in its subsidiary, Lighthouse Advisory Services Limited.

The movement in the impairment provision detailed above arose as a result of the increase or decrease in the recoverable amount of the Company's subsidiary companies derived from the results in 2020 and 2021.

Annual impairment test

In accordance with the requirements of IAS 36 Impairment of Assets, the carrying amounts of the Company's investments in subsidiaries are tested annually for impairment by comparing the carrying value of the underlying investment to the recoverable value, being the higher of the value-in-use ("**VIU**") and its fair value ("**FV**") less costs to sell. If applicable, an impairment charge is recognised in the income statement when the recoverable amount is lower than the carrying value.

Value in use

The VIU test has been calculated with reference to the 2022-2024 business plan, with cashflows beyond this period modelled using a compound annual growth rate for both revenue and expenses. A terminal value is calculated using an advice fee growth rate of 2.0%, expense inflation of 2.0% discounted to present value using a discount rate of 9.9%.

Fair value

The fair value is calculated as the value-in-use, plus the terminal value of forecasted margin earned by other Group entities on assets under their administration derived from Lighthouse Group advisers. This forecast is based on current assets under administration and current average margins discounted to a present value using a discount rate of 9.9%.

The impairment test has not identified any requirement for impairment of investments in subsidiaries.

Sensitivity analysis

Management has performed sensitivity tests to assess the impact of changes to underlying assumptions on the FV calculation and to stress the FV. These sensitivity tests indicate:

- Reducing the starting advice fee revenue per the business plan by 10% would create an impairment of £4,000,000.
- Applying expense inflation of 10% over the first three years of the impairment model and 4.0% thereafter would create an impairment loss of £15,000,000.
- Reducing the advice fee growth rate to 1% would create an impairment of £3,000,000.
- Increasing the discount by one percentage point to 10.9% would not trigger an impairment
- A fall of 25% in the value of assets under management or the margins earned on their management by other Group entities would not trigger an impairment

8: Investments in subsidiary undertakings (continued)

The subsidiary undertakings at the year end, all wholly owned (with 100% voting rights) and registered in England and Wales are:

Company name	Share class	Registered office address
Luceo Asset Management Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4 V 4AB
Lighthouse Wealth Management Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
LighthouseWealth Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
LighthouseXpress Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Benefits Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Financial Adviser Services Limited* (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Lighthouse Support Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Financial Advisers Limited* (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Falcon Financial Advice Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
The Falcon Group Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Pensions Help Limited (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Lighthouse Advisory Services Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Financial Services Advice & Support Limited	Ordinary	C/O Addleshaw Goddard Llp, 19 Canning Street, Edinburgh, Scotland, EH3 8EH
Lighthouse Financial Advice Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Corporate Services Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB

8: Investments in subsidiary undertakings (continued)

Lighthouse Direct Limited (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
LighthouseTemple Limited (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Lighthouse+ Limited (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Lighthouseplus Limited (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN

*Indicates indirect subsidiaries of the Company.

9: Financial assets at fair value through other comprehensive income

	2021	2020
	£'000	£'000
Cost at 1 January	**1,012**	1,012
Cost at 31 December	**1,012**	1,012
Accumulated fair value adjustment as at 1 January 2021	**(585)**	(372)
Movement in fair value adjustment during the year	**869**	(213)
Accumulated fair value adjustment at 31 December 2021	**284**	(585)
Fair value as at 1 January	**427**	640
Fair value as at 31 December	**1,296**	427
Recoverable within 12 months	**1,296**	427
Total financial assets	**1,296**	427

The financial investments recoverability profile is based on the intention with which the financial assets are held.

Financial assets carried at fair value

In 2018, the Company made a subscription of £1,000,000 in cash for 30,487,805 new Ordinary Shares at 3.28 pence per Ordinary Share in a company quoted on the Alternative Investment Market of the London Stock Exchange. The investment is measured at fair value and the cost of £1,012,000 included the direct costs of acquisition associated with the investment and capitalised accordingly of £12,000.

As at 31 December 2021, that company's share price was 4.25 pence per Ordinary Share (2020: 1.40 pence per Ordinary Share), which resulted in the Company recognising a fair value adjustment (increase in carrying value) within other comprehensive income for the year of £869,000 (2020: £213,000 reduction in carrying value).

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's investment in equity securities of £1,296,000 (2020: £427,000) is measured at fair value through other comprehensive income using level 1 fair value measurement techniques as the equity securities are quoted on the Alternative Investment Market of the London Stock Exchange.

As at 31 December 2021, Lighthouse Group Limited holds 5.02% (2020: 5.02%) of the total shares in issue of the relevant company. The Company does not exercise significant influence over the investee's investments. The Company does not have a seat on the investee's board, nor does it participate in the financial and operating decisions made by their management.

10: Trade, other receivables and other assets

This note analyses total trade, other receivables and other assets.

	£'000 2021	£'000 2020
Due from Group undertakings	**6,828**	-
Other receivables	**500**	-
Total trade, other receivables and other assets	**7,328**	-
To be settled within 12 months	**7,328**	-
To be settled after 12 months	**-**	-
Total trade, other receivables and other assets	**7,328**	-

Other receivables relate to amounts receivable on disposal of Carwood (see note 5).

All amounts due from Group undertakings are short term and interest free with the carrying amount approximating to fair value and are subject to the 12-month ECL model. There have been no non-performing receivables or material impairments in the financial year that require disclosure. None of the receivables reflected above have been subject to the renegotiation of terms. All other receivables are also current, short term and interest free and are carrying at fair value.

In the year, the Company changed the basis of estimating when provision is required on balances due from subsidiaries of Lighthouse Group Limited. In prior years, provision was made if the balance receivable exceeded the recoverable net assets of the entity. Provision is now made if the balance receivable exceeds the recoverable net assets of the entity, and that entity does not have any commitment from support from elsewhere in the Group.

As a result, the provision for amounts owed by subsidiaries of Lighthouse Group Limited £6,415,000 has been released in the year (see note 4).

11: Share capital

The Company's Ordinary Share capital and Ordinary Share premium at the end of the year is as follows:

Ordinary shares of £0.01 each – allotted and fully paid	**Number of shares**	**£'000 Nominal value**	**£'000 Share capital**
At 31 December 2020	5,639,864,270	56,399	56,399
At 31 December 2021	**5,639,864,270**	**56,399**	**56,399**

12: Trade and other payables

	£'000 2021	£'000 2020
Expense accrual	**400**	-
Total trade and other payables	**400**	-

All amounts due to be settled within 12 months.

The accruals balance relates to professional fees incurred in connection with the LighthouseCarrwood Limited disposal.

The Directors consider that the carrying amount of accruals approximates to their fair value. All trade and other payables are short term and interest free. Amounts due to Group undertakings are unsecured, interest-free and current.

13: 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.

Key management personnel transactions

Remuneration of key management personnel is disclosed in note 5.

Key management personnel of the Company and members of their close family have had no other transactions with the Company.

14: Ultimate parent company

The Company's immediate parent company is Quilter Financial Planning Limited, a company registered in England and Wales.

The ultimate parent company, controlling party and the smallest and largest group to consolidate these financial statements is Quilter plc, registered in England and Wales. The consolidated financial statements are available from:

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

15: Events after the end of the reporting period

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