Registered in England and Wales No. 06784783

Quilter Financial Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2020

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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: 06784783

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2020.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

The principal activity of Quilter Financial Limited ("**the Company**") during the year under review was the provision of support services to independent and restricted financial advisers. The Company is incorporated and domiciled in England and Wales.

The Company is authorised and regulated by the Financial Conduct Authority ("**FCA**"). The Company is part of the Quilter plc Group ("**the Group**"). Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter plc provides the Company with strategic and governance oversight. The Company forms part of the Advice and Wealth Management segment of the Group.

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.

QUILTER FINANCIAL LIMITED STRATEGY

Quilter Financial Limited forms part of the Quilter Financial Planning Group ("**QFP Group**"), a network of over 3,600 financial advisers, including 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 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 of mass affluent and affluent customers. 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 a Network.

Quilter Financial Limited is aligned with the Network channel and the Company will continue to support its existing adviser population with a whole of market financial planning proposition.

STRATEGIC REPORT (continued)

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

	2020	**Restated 2019**[1]
Adviser headcount	228	240
	£'000	**£'000**
Revenue	44,999	43,274
Administrative expenses	(5,288)	(4,490)
Profit before taxation	1,367	2,343
Cash and cash equivalents	114	606
Net assets	8,811	7,704

[1]See note 2 for details regarding restatement.

During the year under review the Company made a profit before tax of £1,367,000, compared to a prior year profit before tax of £2,343,000. The reduction in profit in the year is driven by a decrease in other operating income, as a result of a decrease in fees collected from exiting advisers. There has also been an increase in administrative expenses due to increased regulatory fees charged to the Company and increased customer complaints in the year.

The Company remains well capitalised with good levels of regulatory solvency headroom and a strong financial position.

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 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 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 and the broader Quilter group.

COVID-19 has been recognised by the World Health Organisation as a global pandemic and may continue to impact global supply chains, global market growth and employee availability over the next few years. The Company will be adversely impacted by falls in equity market levels, adverse investor sentiment affecting revenue and increased operational risks depending on the extent of employment availability. The length and severity of the impact from COVID-19 remains a clear risk, although the Company would not expect this to materially change the underlying long-term prospects and going concern basis of the business.

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 above, along with recognising the strategic importance of the Company to Quilter plc.

Quilter Financial Planning Limited ("**QFPL**"), the parent company of the QFP Group, has received confirmation in writing from its parent, Quilter Holdings Limited (formerly named Old Mutual Wealth Holdings Ltd), that it will continue to make funds available to the QFPL for at least three years to 31 December 2023, 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, QFPL has confirmed its ongoing intent to provide capital support to its subsidiaries for a minimum of three years to 31 December 2023, continuing to recognise the strategic importance of the QFP Group as an integral part of the wider 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 Company's Board 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.

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.

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.

Development and implementation of IT systems – In 2021, the Company continues to focus on updating and enhancing its IT capabilities. 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.

Customer complaints and redress experience - The controlled distribution model operated by the business 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 cash or short-term deposits and trade and other receivables. The Company's cash and cash equivalents are all deposited with Metro Bank plc which has a Fitch rating of B+.

STRATEGIC REPORT (continued)

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 the Pandemic 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 Net Client Cash Flow ("**NCCF**"), Assets Under Management ("**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 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.

SECTION 172 (1) STATEMENT
Quilter Financial Limited 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. In doing so, the Board has appropriately considered its key stakeholders, including customers, advisers, employees and its regulator.

The Board of the Company has previously approved a delegation of authority to Quilter Financial Planning Limited, the Company’s parent company, to determine the strategic direction of the business of the Company, undertake day-to-day business decisions and oversee the operational, financial and risk management of the Company’s business. Under this delegation of authority, the Board of Quilter Financial Planning Limited has overseen the actions being taken to develop the Company's business, ensure that the advice process is appropriately controlled, manage conflicts of interest and improve the investment proposition available to the Company’s advisers, all of which supports the successful delivery of good customer outcomes and fosters strong business relationships with our advisers and customers.

The Board of Quilter Financial Planning Limited has also overseen employee related matters and has regularly considered the impact of the business’ plans and other strategic initiatives on the business’ people.

Signed on behalf of the Board

Stephen Gazard

Director

24 September 2021

DIRECTORS' REPORT

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

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:

D W J Sharkey	(resigned 3 July 2020)
D Rance	(resigned 30 September 2020)
S C Gazard	(appointed 3 July 2020)
M Dean	(appointed 3 July 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.

DIVIDENDS

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

EMPLOYEES

The Company has no employees. Quilter Financial Planning Limited employs all staff and the related disclosures are shown in those financial statements.

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, to meet external capital requirements set by the Financial Conduct Authority, 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. The Company met all external regulatory capital requirements during the year.

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 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.

Signed on behalf of the Board

Mitchell Dean

Director

24 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 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 international accounting standards in conformity with the requirements of the Companies Act 2006.

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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUILTER FINANCIAL LIMITED

Report on the audit of the company financial statements

Opinion

In our opinion, Quilter Financial 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 profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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, the Statement of changes in equity and the Statement of cash flows 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 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;
- 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

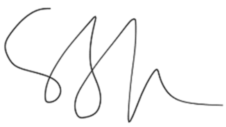
This report, including the opinions, has been prepared for and only for the company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other 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
24 September 2021

INCOME STATEMENT
for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000 Restated[1]
Revenue	4	44,999	43,274
Cost of sales		(38,499)	(36,802)
Gross profit		6,500	6,472
Administrative expenses	5	(5,288)	(4,490)
Other operating income		155	361
Profit before tax		1,367	2,343
Taxation	7	(260)	(130)
Profit after tax		1,107	2,213
Attributable to equity holders		1,107	2,213

[1]See note 2 for details regarding restatement.

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

The notes on pages 20 to 37 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

	2020 £'000	2019 £'000 Restated[1]
Profit after tax	1,107	2,213
Total comprehensive income for the year		
All attributable to equity holders	1,107	2,213

[1]See note 2 for details regarding restatement.

The notes on pages 20 to 37 are an integral part of these financial statements.

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

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Restated balance at 1 January 2020	2,290	200	5,529	8,019
Profit after tax	-	-	1,107	1,107
Balance at 31 December 2020	2,290	200	6,636	9,126

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 January 2019	2,290	200	1,539	4,029
Adjustment to b/fwd retained earnings[1]	-	-	1,777	1,777
Restated balance at 1 January 2019	2,290	200	3,321	5,811
Profit after tax	-	-	2,213	2,213
Balance at 31 December 2019 restated[1]	2,290	200	5,529	8,019

[1]See note 2 for details regarding restatement.

The Company did not recognise any other income or expense directly in equity (2019: £nil).

The notes on pages 20 to 37 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2020

	Note	2020 £'000	31 December 2019 £'000 Restated[1]	1 January 2019 £'000 Restated[1]
Current assets				
Trade and other receivables	8	15,584	15,076	11,480
Contract assets	9	3,494	2,875	3,528
Cash and cash equivalents	10	114	606	740
Total assets		19,192	18,557	15,748
Equity and liabilities				
Equity				
Share capital	13	2,290	2,290	2,290
Share premium		200	200	200
Retained earnings		6,636	5,529	3,316
Total equity		8,811	8,019	5,806
Current liabilities				
Provisions	12	1,235	1,795	1,898
Trade and other payables	11	8,508	8,652	7,811
Current tax payable		323	91	233
Total liabilities		10,066	10,538	9,942
Total equity and liabilities		19,192	18,557	15,748

[1]See note 2 for details regarding restatement.

The notes on pages 20 to 37 are an integral part of these financial statements.

Approved at a meeting of the board of directors on 24 September 2021 and signed on its behalf by:

Mitchell Dean
Director

Company registered number: 06784783

STATEMENT OF CASH FLOWS
for the year ended 31 December 2020

	2020 £'000	2019 £'000 Restated[1]
Cash flows from operating activities		
Profit before tax	1,367	2,343
Increase in trade and other receivables	(508)	(3,596)
(Increase)/decrease in contract assets	(619)	653
(Decrease)/increase in trade and other payables	(144)	841
Corporation tax paid	(28)	(272)
Movement in provisions	(560)	(103)
Total net cash flows used in operating activities	(492)	(134)
Net decrease in cash and cash equivalents	(492)	(134)
Cash and cash equivalents at beginning of the year	606	740
Cash and cash equivalents at end of the year	114	606

[1]See note 2 for details regarding restatement.

The statement of cash flows is prepared according to the indirect method.

The notes on pages 20 to 37 are an integral part of these financial statements.

1 GENERAL INFORMATION

The Company is a limited company which is limited by shares and is incorporated and domiciled in the United Kingdom ("**UK**").

The principal activity of the Company is the provision of support services to independent and restricted financial advisers.

All activities are carried out in the UK.

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

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis. They have been prepared in sterling and are rounded to the nearest thousand pounds.

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

In assessing the basis of preparation management have considered:

- the liquidity of the Company's assets;
- the projected regulatory capital position of the Company;
- the QFP group's assessment from the impact of COVID-19 through scenario testing and modelling of a significant downturn in markets; and
- the written commitment of the Company's indirect parent to provide the required level of continued capital support for at least three years to 31 December 2023 along with the managements' consideration of the parent's ability to provide that support.

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 2023, 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 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 2023 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior year restatements

Reclassification of expenses
In 2020 management have deemed that amounts previously recognised as cost of sales should in fact be administrative expenses, as this more accurately represents the nature of the transactions. As such, at 31 December 2019 £2,469,000 that was previously disclosed as cost of sales has been reclassified to administrative expenses to conform with current year presentation.

Revised principal to agent statement of practice
Historically, fellow Caerus Group companies Caerus Wealth Limited ("**CWL**") and Caerus Wealth Solutions Limited ("**CWSL**") were used as onboarding entities for appointed representatives of the Company whilst their firms were being established. As a result, commission revenue and associated expenses were all recognised in CWL and CWSL and in turn those entities paid a management fee to the Company.

During the year, the management has determined the Company has contractual right over the revenue previously recognised in CWL and CWSL. The revenue in financial statements now includes this recognition change in current year and restated prior period.

Any assets and liabilities that relate to such revenue and expenses have also been reallocated from these entities to the Company.

As CWL and CWSL will no longer be recording any operations then the Company will no longer charge them a management fee.

There has been no restatement of corporate tax expense in relation to these adjustments as any changes to the calculated tax expense are to be offset by group loss relief at £nil cost.

During management's review of the performance obligations of the entities it has been concluded that the revised statement of practice has in fact been in existence since the Caerus Group purchased the Company in October 2013. As such, revenue and expenditure that has been booked to CWL and CWSL since that date, should have been disclosed in the financial statement of the Company. In line with the revised policy the brought forward retained earnings of the Company have been restated from 1 January 2014 to 1 January 2019.

Comparative information at 31 December 2019 has been restated to comply with the revised agreement.

The impact of the above restatements on the Company's income statement for the year ended 31st December 2019, and statement of financial position at 31st December 2019 and 1st January 2019 can be seen in the tables below.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME STATEMENT 31 December 2019

	2019 £'000	Reallocate cost of sales to admin expenses £'000	Remove intercompany revenue £'000	Reallocate CWL income and expenses to QFL £'000	Reallocate CWSL income and expenses to QFL £'000	2019 £'000 Restated
Revenue	3,110	-	(3,110)	25,398	17,876	43,274
Cost of sales	(2,469)	2,469	-	(21,140)	(15,662)	(36,802)
Gross profit	641	2,469	(3,110)	4,258	2,214	6,472
Administrative expenses	(308)	(2,469)	-	(1,313)	(400)	(4,490)
Other operating income	361	-	-	-	-	361
Profit before tax	694	-	(3,110)	2,945	1,814	2,343
Taxation	(130)	-	-	-	-	(130)
Profit after tax	564	-	(3,110)	2,945	1,814	2,213

STATEMENT OF FINANCIAL POSITION 31 December 2019

	As reported at 31 December 2019 £'000	Reallocate assets and liabilities from CWL £'000	Reallocate assets and liabilities from CWSL £'000	Income statement revisions & bfwd retained earnings adjustment £'000	Restated at 31 December 2019 £'000
Current assets					
Trade and other receivables	6,096	4,648	906	3,426	15,076
Contract assets	-	2,134	741	-	2,875
Cash and cash equivalents	606	-	-	-	606
Total assets	6,702	6,782	1,647	3,426	18,557
Equity and liabilities					
Equity					
Share capital	2,290	-	-	-	2,290
Share premium	200	-	-	-	200
Retained earnings	2,103	-	-	3,426	5,529
Total equity	4,593	-	-	3,426	8,019
Current liabilities					
Provisions	168	1,142	485	-	1,795
Trade and other payables	1,850	5,640	1,162	-	8,652
Current tax payable	91	-	-	-	91
Total liabilities	2,109	6,782	1,647	-	10,538
Total equity and liabilities	6,702	6,782	1,647	3,426	18,557

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

STATEMENT OF FINANCIAL POSITION 1 January 2019

	As reported at 1 January 2019	Reallocate assets and liabilities from CWL	Reallocate assets and liabilities from CWSL	Adjustment to bfwd retained earnings from 1 January 2014	Restated at 1 January 2019
	£'000	£'000	£'000	£'000	£'000
Current assets					
Trade and other receivables	4,895	3,551	1,257	1,777	11,480
Contract assets	-	2,389	1,139	-	3,528
Cash and cash equivalents	740	-	-	-	740
Total assets	5,635	5,940	2,396	1,777	15,748
Equity and liabilities					
Equity					
Share capital	2,290	-	-	-	2,290
Share premium	200	-	-	-	200
Retained earnings	1,539	-	-	1,777	3,316
Total equity	4,029	-	-	1,777	5,806
Current liabilities					
Provisions	45	1,244	609	-	1,898
Trade and other payables	1,328	4,696	1,787	-	7,811
Current tax payable	233	-	-	-	233
Total liabilities	1,606	5,940	2,396	-	9,942
Total equity and liabilities	5,635	5,940	2,396	1,777	15,748

STATEMENT OF CASH FLOWS

31 December 2019	**2019**	**Prior Years Adjustment**	**2019**
	£'000	£'000	£'000
			Restated
Cash flows from operating activities			
Profit before tax	694	1,649	2,343
Increase in trade and other receivables	(1,201)	(2,395)	(3,596)
Increase in contract assets	522	131	653
(Decrease)/increase in trade and other payables	(272)	1,113	841
Corporation tax paid	123	(395)	(272)
Movement in provisions		(103)	(103)
Total net cash flows used in operating activities	(134)	(0)	(134)
Net decrease in cash and cash equivalents	(134)		(134)
Cash and cash equivalents at beginning of the year	740		740
Cash and cash equivalents at end of the year	606		606

New standards, amendments to standards, and interpretations adopted by the Company
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 IFRS 3 *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; and
- amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments:* Disclosures – Interest Rate Benchmark Reform

Future standards, amendments to standards, and interpretations not early adopted in the 2020 annual financial statements
Certain new standards, interpretations and amendments to existing standards have been published by the IASB that are mandatory for the Company's annual accounting period beginning after 1 January 2021. The Company has not early adopted these standards, amendments and interpretations.
The following standards have been issued by the International Accounting Standards Board, and are expected to be either not relevant or not applicable for the Company:

- IFRS 17 *Insurance contracts* (yet to be endorsed by the EU)

Significant accounting judgements, estimates and assumptions
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key estimates that have the most significant impact on the financial statements relate to provisions and revenue from customers which are detailed in note 12.

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 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, 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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. One category is applicable to the Company: 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
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.

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.

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. These assets are subject to the impairment requirements outlined below.

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. 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.

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 entered into. 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets
The IFRS 9 impairment model applies to financial assets measured at amortised cost, contract assets, but not to investments in equity instruments. Financial assets at amortised cost include trade receivables and cash and cash equivalents.

Under IFRS 9, credit loss allowances are measured on each reporting date according to a three stage Expected Credit Loss ("**ECL**") impairment model.

Performing financial assets
Stage 1
From 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 judgment, 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 IFRS 9's ECL model to two main types of 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 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 a probability-weighted estimate 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes events such as significant financial difficulty of the borrower or issuer, a breach of contract such as a default or past due event or the restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider.

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

Write-offs
Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of the amount being recovered. This is generally the case when the Company concludes that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Unallocated cash receipts are held as a liability until they can be matched to a provider statement and transferred as appropriate. If after a period of six year they remain unallocated they are then taken though the income statement and shown as other income.

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 statement of profit or loss 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 statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue is recognised on the satisfaction of performance obligations. Revenue is measured at the fair value of the consideration received, excluding VAT.

Revenue primarily represents fees on advice provided by financial advisers. All revenue relates to continuing operations in the United Kingdom.

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. Provisions are detailed in note 11.

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 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 strategic objectives of the business, and contractual and regulatory requirements; and
- **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; and
- performance management encourages and incentivises good risk management practices.

3 RISK MANAGEMENT FRAMEWORK (continued)

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 to advisors where there is a risk of default. 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 Company is exposed to limited credit risk. Some credit risk on liquid funds is present because the counterparty is a bank rated as B+ by Fitch. The rating indicates that default risk is present, but a margin of safety still exists. It also indicates that financial commitments are being met but it is vulnerable to adverse movements in the economic climate.

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

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 GBP.

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 is exposed to minimal liquidity risk as all its investments and bank accounts are available either on demand or next day settlement, and sufficient to meet day-to-day outgoings. There are no external borrowings.

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 a result of the significant downturn in the markets due to 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 immediate parent company and the broader Quilter group.

3 RISK MANAGEMENT FRAMEWORK (continued)

Capital Management

As a member of the Quilter Group, the Company applies Quilter Group capital management policy.

The Group manages its capital with a focus on capital efficiency and effective risk management. The capital management objectives are to maintain the Group's ability to continue as a going concern while supporting the optimisation of return relative to the risks. The Group ensures that it can meet its expected capital and financing needs at all times having regard to the Group's business plans, forecasts, strategic initiatives and regulatory requirements in all businesses in the Group. Capital forecasts have been reviewed regularly during 2020 in response to the emerging impacts of the COVID-19 pandemic which has evolved over the year end and, where appropriate, management actions have been taken in response to these forecasts.

The Group's overall capital risk appetite is set with reference to the requirements of the relevant stakeholders and seeks to:

- maintain sufficient, but not excessive, financial strength to support stakeholder requirements;
- optimise debt to equity structure to enhance shareholder returns; and
- retain financial flexibility by maintaining liquidity including unutilised committed credit lines.

The primary sources of capital used by the Company are equity shareholders' funds of £7,034,000 (31 December 2019: £5,928,000[1]). The Company retains sufficient capital resources to continue as a going concern and support its operations with any surplus capital distributed as a dividend.

[1]Reported as £4,593,000 in financial statements to 31 December 2019 but has been restated. See note 2 for full details on restatement.

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.

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 increased existing risks as well as created 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.

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 its immediate parent company and the broader Quilter Group.

4 REVENUE

Revenue primarily represents income receivable on advice provided by financial advisers and is derived from continuing operations in the United Kingdom.

5 ADMINISTRATIVE EXPENSES

Administrative expenses include £2,154,000 (2019: £1,882,000)[1] relating to recharges to the Company by Caerus Holdings Limited, £5,000 (2019: £19,000) by Quilter Financial Planning Limited and £1,345,000 of directly incurred costs (2019: £1,376,000). Auditors' remuneration is charged to and settled by Caerus Holdings Limited. Of the total amount recharged from Caerus Holdings Limited £15,000 related to auditors' remuneration (2019: £30,000).

[1]Reported as £152,000 in the 2019 financial statements. £1,230,000 of additional recharges from Caerus Holdings Limited have been reclassified from cost of sales in 2019 to conform with current year presentation, and £500,000 of recharges previously recognised in CWL and CWSL have been reclassified to conform with the revised intercompany agreement (see note 2 for full details).

Auditors' remuneration for audit services consists of fees in respect of the statutory audit. There are no non-audit fees (2019: £nil).

6 REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

The Directors have minimal input in the day to day administration of the Company. The Directors are remunerated by Quilter Financial Planning Limited and not recharged to the Company. The aggregate Directors emoluments disclosed in those financial statements are £1,399,000 (2019: £968,000).

7 TAXATION

	2020 £'000	2019 £'000 Restated[1]
Current year corporation tax payable		
Adjustments in respect of prior periods	260	445
Tax payable for the year	-	-
	260	445

The total tax charge for the year can be reconciled to the accounting profit as follows:

	2020	2019
Profit before tax	1,367	2,343
Tax on profit at the applicable tax rate 19% (2019: 19%)	260	445
Group relief at £nil cost on restatement of current year results	-	(315)
	260	130

[1]See note 2 for details regarding restatement.

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

8 TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000 Restated[1]
Due from fellow group undertakings	11,496	9,671
Due from parent undertaking	3,020	3,918
Other receivables	985	1,294
Trade receivables	27	157
Prepayments and accrued income	61	36
	15,589	15,076

[1]See note 2 for details regarding restatement.

For terms and conditions relating to related party transactions, refer to note 13. Trade receivables and other receivables are non interest bearing and are generally on 30 day terms.

9 CONTRACT ASSETS

	2020 £'000	2019 £'000 Restated[1]
Contract assets opening balance as reported in 2019 financial statements	-	-
Contract assets opening balance restated[1]	2,875	3,528
Contract assets movement	619	(653)
Contract assets closing balance	3,494	2,875

[1]See note 2 for details regarding restatement.

10 CASH AND CASH EQUIVALENTS

	2020 £'000	2019 £'000
Cash and cash equivalents	114	606

All cash and cash equivalents are current and do not earn interest. The carrying amount of these assets approximates to their fair value.

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

11 TRADE AND OTHER PAYABLES

	2020 £'000	2019 £'000 Restated[1]
Due to fellow group undertakings	1,601	1,573
Other payables	2,569	3,293
Trade payables	1,308	1,202
Accruals and deferred income	3,030	2,584
	8,508	8,652

[1]See note 2 for details regarding restatement.

Trade and other payables are non-interest bearing. For terms and conditions on related party transactions, refer to note 14.

12 PROVISIONS

	Indemnity commission provision £'000 Restated[1]	Complaints provision £'000 Restated[1]	Total £'000 Restated[1]
Balance at 1 January 2019	1,709	174	1,883
Charged to income statement	-	214	214
Disposals	(180)	(2)	(182)
Utlilised during the year	(120)	-	(120)
At 31 December 2019	1,409	386	1,795
Charged to income statement	47	285	332
Reversal of unused amounts	-	(30)	(30)
Utilised during the year	(502)	(360)	(862)
At 31 December 2020	954	281	1,235

[1]See note 2 for details regarding restatement.

Provision for complaints
An asset is held for the amount recoverable from the professional indemnity insurers caused by the above within other receivables. As at 31 December 2020 this stood at £84,000 (2019: £172,000), making the net liability £197,000 (2019: net liability £214,000).

Indemnity commission provision
Provision is made for repayment of indemnity commission to the product provider in the event that a policy may lapse within the indemnity period. Given the nature of these policies it is uncertain what the number and monetary value will be of any such lapses.

An asset is held for the amount recoverable from advisers for any liability caused by the above and is included within other receivables. As at 31 December 2020 this stood at £751,000 (2019: £1,185,000), making the net liability £203,000 (2019: £224,000).

If the underlying assumption that future clawback pattern is assumed to reflect the historical actual clawbacks is to change by +/- 9% of the movement in the year, this would have a proportional impact on the movement in the year of +£86,000 or -£86,000 (2019: +/- 9% +£127,000 or -£127,000) with a corresponding impact on the year on year movement of the amounts recoverable from advisers of +£68,000 or -£68,000 (2019: +/- 9% +£107,000 or -£107,000).

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

13 SHARE CAPITAL

	2020 £'000	2019 £'000
2,260,075 (2019: 2,260,075) ordinary 'A' shares of £1 each	2,260	2,260
30,025 (2019: 30,025) ordinary 'B' shares of £1 each	30	30
Shares classified in shareholder funds	2,290	2,290

Each ordinary A share carries one voting right, an entitlement to receive a dividend, and a return of capital on liquidation or otherwise up to £10,000,000, after the payment of any unpaid creditors, in priority to the ordinary B shares.

The ordinary B shares do not have any voting or dividend rights but rank pari passu on return of capital after the priority payment noted above.

14 RELATED PARTY TRANSACTIONS

Outstanding balances are unsecured and interest free, and payable on demand. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2020 the Company has not recognised an ECL on inter-company balances (2019: £nil).

Revenue and other income includes recharges by the Company to other group companies during the year, at cost. Details on administrative expenses recharged to the Company by fellow group undertakings are disclosed in note 5.

	2020 £'000	2019 £'000 Restated[1]
Quilter Investors Portfolio Management Limited (Quilter PLC subsidiary undertaking)	-	330
Caerus Wealth Limited (subsidiary undertaking)	-	-
Caerus Wealth Solutions Limited (subsidiary undertaking)	-	-
	-	-

[1]See note 2 for details regarding restatement.

During the year, there was no waiver of amounts due from trading subsidiaries (2019: £nil).

Year end balances for related party transactions are as follows:

	2020 £'000	2019 £'000 Restated[1]
Caerus Capital Group Limited (Quilter PLC subsidiary undertaking)	(368)	(341)
Caerus Holdings Limited (immediate parent company)	2,520	3,918
Caerus Wealth Limited (subsidiary undertaking)	8,539	7,898
Caerus Wealth Solutions Limited (subsidiary undertaking)	3,457	1,773
Quilter Financial Planning Limited ((Quilter PLC subsidiary undertaking)	(1,233)	(1,232)
Quilter plc* (ultimate parent company)	(638)	(406)
	12,227	11,610

[1]See note 2 for details regarding restatement.

Where not stated above, there have been no other related party transactions with other Quilter Group companies.
* Current tax payable in respect of tax due to Quilter plc.

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

15 EVENTS AFTER THE REPORTING DATE

Non adjusting event: on 30 April 2021 the Company issued 4,000,00 additional shares with the nominal value of £1 each to its parent company, Caerus Holdings Limited.

16 ULTIMATE PARENT COMPANY

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

The largest and smallest group in which the results of the Company are consolidated is 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