Registered in England and Wales No. 06784783

Quilter Financial Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2023

Quilter Financial Limited

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Quilter Financial Limited

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 2023.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The principal activity of Quilter Financial Limited (the **"Company"**) is to provide financial planning advice and related services through a network of intermediaries. The Company is incorporated in England and Wales and domiciled in the United Kingdom (**"UK"**).

The Company is authorised and regulated by the Financial Conduct Authority ("**FCA**").

The Company is part of the Quilter plc Group (the **"Group"** or **"Quilter"**), consisting of Quilter plc and its direct and indirect subsidiaries. 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 Affluent segment of the Group.

Affluent segment
This segment is comprised of Quilter Investment Platform, Quilter Investors and Quilter Financial Planning.

Quilter Investment Platform is a leading investment platform provider of advice-based wealth management products and services in the UK, which serves a largely affluent customer base through advised multi-channel distribution.

Quilter Investors is a leading provider of investment solutions in the UK multi-asset market. It develops and manages investment solutions in the form of funds for the Group and third-party clients. It has several fund ranges which vary in breadth of underlying asset class.

Quilter Financial Planning is a provider of financial planning advice offered through a restricted and independent financial adviser network as well as through a wholly owned national business. It operates across all markets, from wealth management and retirement planning advice through to dealing with property wealth and personal and business protection needs.

QUILTER'S STRATEGY
Quilter's strategy is focussed 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 the Group's 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 its stakeholders.

Energy and Carbon Reporting: The Group is committed to managing its environmental impact and discloses annually to CDP (formerly known as the Carbon Disclosure Project), a globally recognised initiative for companies to measure, manage, disclose and reduce their environmental impacts. A full explanation of how the Directors regard the impact on the environment is contained within the Quilter plc Annual Report 2023. The Company is exempt from reporting company-specific information as it is a subsidiary of the Group.

STRATEGIC REPORT (continued)

QUILTER FINANCIAL LIMITED STRATEGY

Quilter Financial Limited forms part of the Quilter Financial Planning Group ("**QFP Group**"), a network of 2,366 financial advisers, including 1,419 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. 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.

The Company is aligned with the Network channel.

Network Channel

The Network model continues to focus on affluent clients through its model of partnering with third party firms who generate and service their own client base, but still want access to a leading client proposition under a relationship whereby the regulatory control framework and associated responsibilities are robustly managed through the QFP Group. The focus of the Network continues to drive growth in restricted financial planner numbers to broaden the reach and penetration of the solutions offered by the wider Group, where it is in the best interests of the client.

KEY PERFORMANCE INDICATORS

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

	2023	Restated 2022[1]
Adviser headcount number at year end for advisers operating under Quilter Financial Limited	**179**	180
	£'000	£'000
Revenue gross of payments to Appointed Representatives[2]	**37,320**	40,851
Fee income and other income from service activities	**4,818**	5,990
Other operating and administrative expenses	**(2,464)**	(4,598)
Profit/(loss) before taxation	**2,728**	(4,521)
Cash and cash equivalents	**12,052**	4,165
Net assets	**10,801**	8,460

[1]See note 1 for details regarding restatement.
[2]Revenue gross of payments to Appointed Representatives" is an alternative performance measure of the Company used by management to assess financial performance and is disclosed to provide additional comparability and understanding of the financial results.

Decrease in Fee income can be attributed to the high inflationary pressure, cost of living crisis and reduced investment confidence experienced during the year that have an adverse effect on markets which impacts on the initial and recurring revenue that the Company earns.

The Company moved from a loss before tax for last year of (£4.5m) to a profit before tax for this year of £2.7m largely due to a one off £6.0m charge booked in the prior year relating to the impairment of intercompany receivables. This charge was offset at the Quilter counterparty so no impact to Group results.

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

STRATEGIC REPORT (continued)

ALTERNATIVE PERFORMANCE MEASURES ("APMs")

"Fee income and other income from service activities" is comprised of "Revenue gross of payments to Appointed Representatives" less "Payments to Appointed Representatives", which are two of the APMs of the Company used by management to assess our financial performance and are disclosed to provide additional comparability and understanding of the financial results. The APMs are defined below:

Revenue gross of payments to Appointed Representatives – Amounts received or receivable from Product providers of plans, Mortgage and Protection Plan providers, and General Insurance providers where the Company has an agreement with the Provider.

Payments to Appointed Representatives – Amounts paid or payable to Appointed Representatives is determined as the amounts received or receivable from Product Providers less the Company's retention amount as detailed within the Company's Agreement with the Appointed Representative.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy is subject to a number of risks. The Company has adopted the Risk Management framework of the Group which supports the evaluation and management of business opportunities, uncertainties and threats in a structured and disciplined manner. The key risks facing the business are outlined below:

Business strategy and performance: The Company is exposed to the condition of global economic markets. Geopolitical risk remains high due to ongoing conflicts in Ukraine and the Middle East. Throughout 2023, external economic conditions have remained challenging, and this has impacted flows and revenues. The Company has continued on its transformation journey during 2023 through strategic initiatives relating to business efficiency, cost reduction and proposition enhancement. The Company's focus is to maintain pace of strategic delivery and agility in order to continue to provide a compelling proposition in a rapidly changing industry.

Business operation: Operational complexity and the efficacy of controls and processes related to the day-to-day running of the business pose an inherent risk to the Company. The Company's operations provide services to customers and as such need to be effective and resilient to ensure that good customer outcomes are delivered and maintained. The Company has continued to work towards simplifying its operational environment, where team synergies are being harnessed to support a reduction in duplication, inconsistency and complexity.

Technology and security: A stable, reliable and up-to-date technology environment underpins the delivery of our services to customers and advisers and ensures that the Company has technical resilience proportionate to its risk appetite. Disruption to the stability and availability of the Company's technology could result in damaging service outages. The risk of an information security incident is a constant and evolving risk which has the potential to impact the Company's reputation, regulatory standing, and the services it provides to customers.

Customer and product proposition: The Company's purpose is underpinned by having processes in place to ensure that foreseeable harm is identified and addressed. Delivery of quality advice, including the delivery of ongoing servicing and a high level of adviser conduct and competency is essential. A lack of robust oversight by the Company could lead to delayed identification of unsuitable advice or products resulting in poor outcomes for customers. As such, the Company continually looks to improve its control environment in relation to the oversight of advice and remains focused on ensuring that products and services are designed and maintained in line with the Consumer Duty.

Regulatory, tax and legal: The Company is subject to conduct and prudential regulation in the UK, provided by the FCA. This includes the Consumer Duty, which sets a higher standard of consumer protection in financial services. The Company is also subject to the privacy regulations enforced by the Information Commissioners Office. The Company faces risks associated with compliance with these regulations, and changes to regulation or regulatory focus in the markets in which the Company operates and other statutory requirements. Failure to manage regulatory, tax or legal compliance effectively could result in censure, fines or prohibitions which could impact business performance and reputation.

People: Quilter is reliant on its talent to deliver its service to customers and to drive strategic enhancements. Failure to attract and retain talented and diverse staff can result in impacts to Quilter's strategy and business growth. A competitive labour market and a high inflation environment has resulted in a challenging environment for staff retention during 2023.

STRATEGIC REPORT (continued)

Emerging risks: The Company monitors risks which are less certain in terms of timescales and impacts. This assessment is carried out regularly and 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, feeding into our strategic planning process. The most significant emerging risks to the Company are:

Geopolitical landscape: The UK General Election is likely to be held during 2024. Whilst party policies have not yet been defined nor an election date agreed, we recognise that any change in UK Government is likely to have some impact on customers' circumstances and may therefore affect attitudes toward financial investments. Shifts in the global political landscape are also expected in the near term. While the Ukraine crisis and conflict in the Middle East continue, the global economic impacts may be increased by elections in the US, Russia, Ukraine and Taiwan.

Cyber Threat: There is increased malicious cyber activity in conflict zones and around upcoming elections. The rapid growth of artificial intelligence is likely to increase the nature and sophistication of attacks.

Disruptive competition & technology: The potential entrance of "big tech" firms into financial service delivery, coupled with the white labelling of platforms and the alignment of private equity firms could see competitors acquire skills and technology, accelerating their digital capabilities. This, alongside advancements in digital/hybrid advice could see new players in the already highly competitive market, having the potential to erode Quilter's market share and increase fee pressure across the value chain.

Generational shifts: A significant proportion of UK household wealth is held by the over-45s. The likelihood of intergenerational inequality increases as this population engages in inheritance planning and institutions (employers, the State and financial service providers) transfer pensions risk to individuals. Attitudes towards wealth management are shifting with younger generations being increasingly attracted by digital propositions and by funds with greater positive social and environmental impacts. These trends present both opportunities and threats to Quilter in the form of changing consumer demands and expectations.

Advice evolution: Increased demand from younger generations for digital propositions and digital/hybrid advice, and the potential increase in advice accessibility as a result of the FCA consultation on Advice Guidance Boundary, presents opportunities and threats for the advice market as consumers demand more advice at lower cost. Adviser consolidation is likely to continue given consumer duty and the ageing demographic of financial advisers, provided the macroeconomic landscape is relatively stable.

Climate change: To avoid a climate catastrophe, global emissions must reach net-zero by 2050. The speed of this transition to a greener economy impacts certain sectors and financial stability. For Quilter's customers, this is likely to impact the desirability of investment in sectors such as coal, oil, gas and manufacturing. Opportunities exist in the shift to a greener economy. Physical climate risks continue to crystallise and are expected to become more extreme and more frequent in future, threatening the stability of the UK's infrastructure. This poses challenges to both Quilter's and its critical third parties' operations which must be considered as part of operational resilience planning.

FCA Consumer Duty

The new FCA Consumer Duty came into effect on 31 July 2023 and sets higher and clearer standards of consumer protection across the UK financial services industry and requires firms to put the needs of their customers first. Quilter is committed to treating customers fairly and remains focussed on delivering good outcomes for customers to support them in meeting their lifetime goals.

STRATEGIC REPORT (continued)

Ongoing advice

The Company is committed to treating customers fairly and remains focussed on delivering good outcomes for customers to support them in meeting their lifetime goals. During the normal course of business, from time to time, the Company receives complaints and claims from customers including, but not limited to, complaints to the Financial Ombudsman Service and legal proceedings related thereto, enters into commercial disputes with service providers and other parties, and is subject to discussions and reviews with regulators. The costs, including legal costs, of these issues as they arise can be significant and, where appropriate, provisions have been established.

As reported in the preliminary results announcement of Quilter PLC on 6 March 2024, subsequent to the year-end date, on 15 February 2024, the FCA wrote to around 20 advice firms, including Quilter, requesting information regarding ongoing servicing to assess what, if any, further regulatory work the FCA may undertake in this area. Quilter committed to undertake a review of historical data and practices across the Quilter Financial Planning Limited network of appointed representative firms (“AR Firms”). The purpose of this review being to determine if the AR Firms have met their ongoing servicing obligations to customers and, if not, remediate customers to the extent appropriate. Following discussion with the FCA, the review will be conducted by a skilled person. This may lead to remedial costs but it is too early to quantify. Until the Company has further clarity of its position on this matter, there remains uncertainty as to the potential financial and non-financial implications that may arise.

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 2023.

To ensure that Quilter achieves its purpose of helping create prosperity for the generations of today and tomorrow, it is critical for the Board to balance the needs, interests and expectations of our key stakeholders. At times these competing stakeholder views can be contradictory and in order to achieve long term success, it is the Board’s role to navigate these complexities. The Board, with support from Corporate Secretariat, continues 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. Insights into how Quilter plc has ensured that section 172 (1) considerations remain at the heart of the Group’s decision-making at all levels and the outputs of these decisions have been set out in the Quilter plc 2023 Annual Report.

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 and acknowledge that effective and meaningful engagement with stakeholders is key to promoting the success of the Company. Given the activities of the Company, the key stakeholders are limited to the Company’s sole shareholder, other Group entities, customers, advisers, suppliers, and regulators of our subsidiary entities. Consideration is given to these stakeholders when deliberating at Board meetings to the extent appropriate. Further details of how the Company has had regard for its stakeholders can be found in the Directors’ Report.

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.

Being part of the Quilter plc Group, the Board is supported by strong and comprehensive management governance which has day to day responsibility for performance, financial and operations, and risk and control matters. The composition of these management committees and forum include the executive directors and other colleagues who hold Senior Manager Responsibility under the SMCR Regime, A key part of the management governance structure is an escalation route to the Boards should matters require specific Board consideration.

The following are some examples of how the Directors have had regard to the matters set out in section 172 (1) when discharging their duties.

STRATEGIC REPORT (continued)
SECTION 172 (1) STATEMENT (continued)

The Board is committed to ensuring good client outcomes. During the year, the Directors have overseen the implementation of the regulator's Consumer Duty which came into effect on 31 July 2023. The implementation of this new duty aligns with a core part of the Company's strategic rationale to deliver good outcomes for clients.

During the year, Quilter Partners was launched to complement existing offerings of the Quilter Financial Planning business. Quilter Partners will deliver a franchise-style model where firms will operate under a co-branded arrangement, using the well-regarded investment and platform propositions from across the Group. The proposition has received positive initial engagement with certain adviser firms.

Maintaining an open and transparent relationship with the regulators of our subsidiaries is a key priority and the Directors receive regular briefings on key regulatory engagement. The Directors received regular updates on regulatory developments in 2023, including a number of Dear CEO letters.

The Company's people are central to our business and, the Directors dedicate time throughout the year to consider the interests of colleagues across the Quilter Financial Planning Group. The Board recognises the importance of attracting and retaining talented people in a highly competitive job market, particularly in light of the ongoing cost of living challenges. The Directors have also spent time reviewing the employee survey scores, sought views and feedback from management to contextualise the data and reviewed proposals to address feedback from our people during the year.

The importance of our suppliers is acknowledged by the Board and supplier relationships are managed and maintained in line with Quilter Group policy. Please refer to the Quilter plc 2023 Annual Report for further information on how we foster relationships with our suppliers.

Signed on behalf of the Board

S C Gazard

Director

26 April 2024

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The review of the business and principal risks and uncertainties, as well as likely future developments in the business, 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

The Company Secretary during the year was Quilter CoSec Services Limited.

DIRECTORS' THIRD-PARTY INDEMNITY PROVISIONS

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the year ended 31 December 2023 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. In addition, the Company maintains Directors' and Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

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 managed to ensure this risk is mitigated.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2022: £nil).

EMPLOYEES

The Company has no employees (2022: nil). Quilter Financial Planning Limited (**"QFPL"**) and Quilter Business Services Limited employ all staff and the related disclosures are shown in those financial statements.

POLITICAL DONATIONS

No political donations were made during the year (2022: £nil).

BUSINESS RELATIONSHIP STATEMENT

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

An explanation of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, has been set out in the section 172(1) Statement above and in the Quilter plc Annual Report, which does not form part of this report.

DIRECTORS' REPORT (continued)

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 FCA, and to allocate capital efficiently to support growth and return 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 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.

STATEMENT OF GOING CONCERN
The use of the going concern basis of accounting is considered appropriate, reflecting the commitment of the Company's indirect parent company, Quilter plc, to provide continued capital support to the Company for at least the three years to 31 December 2026.

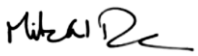
In light of the above there are no material uncertainties, related events or conditions that may cast significant doubt over the ability of the Company to meet its liabilities as they fall due, for at least 12 months from the date of approving these financial statements.

CLIMATE CHANGE
Quilter considers the climate-related risks and opportunities for its operations and investments and reports on these annually. The framework is aligned with the Task Force on Climate-related Financial Disclosures disclosure requirements. Further details can be found online at: plc.quilter.com/responsible-business/reports-and-statements. Quilter has set operational carbon emissions targets, and these are part of the Executive Directors' Long-Term Incentive Plan. In our role as an investor, we continually work to embed climate considerations in our investment management and stewardship activity and offer clients climate focused investment solutions.

INVESTING RESPONSIBLY
Within our investment management businesses, we embed Environmental, Social and Governance factors within our investment process and Quilter is a signatory of the UK Stewardship code and the UN-backed Principles for Responsible Investment. Within our advice and suitability processes we enable our clients to invest in accordance with their responsible investment preference.

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

26 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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 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.

The directors are responsible for the maintenance and integrity of the company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

26 April 2024

Independent auditors’ report to the members of Quilter Financial Limited

Report on the audit of the 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 2023 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, including 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 2023; the Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 2023 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 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 breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 overstatement of revenue by posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the those charged with governance, internal audit, management involved in the risk and compliance functions and the Quilter group's legal function;
- Reviewing relevant meeting minutes of the Board of Directors;
- Reviewing correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Identifying and testing journal entries, in particular any journals which meet the defined risk criteria;
- Challenging assumptions made by management in accounting estimates and judgements; and
- Designing and performing 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.

Sarah Chandler

Sarah Chandler (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 April 2024

Statement of comprehensive income

For the year ended 31 December 2023

	Note	2023 £'000	Restated 2022[1] £'000
Income			
Fee income and other income from service activities	4	**4,818**	5,990
Receipts gross of payments to Appointed Representatives[2]		**37,320**	40,851
Payments to Appointed Representatives[2]		**(32,502)**	(34,861)
Other income	5	**374**	42
Total income		**5,192**	6,032
Expenses			
Other operating and administrative expenses		**(2,464)**	(4,598)
Impairment loss on reversal of amounts owed by Group undertakings		**-**	(5,955)
Total expenses	6	**(2,464)**	(10,553)
Profit/(loss) before tax		**2,728**	(4,521)
Tax charge on profit/(loss)	7	**(387)**	(275)
Profit/(loss) after tax		**2,341**	(4,796)
Total comprehensive income for the financial year		**2,341**	(4,796)

[1]See note 1 for details regarding restatement.
[2]Revenue gross of payments to Appointed Representatives" and "Payments to Appointed Representatives" are two of the alternative performance measures ("APMs") of the Company used by management to assess our financial performance and are disclosed to provide additional comparability and understanding of the financial results.

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

The notes on pages 18 to 35 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2023

	Ordinary Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2023	**6,290**	**200**	**1,970**	**8,460**
Profit after tax	-	-	2,341	2,341
Total comprehensive income	**-**	**-**	**2,341**	**2,341**
Balance at 31 December 2023	**6,290**	**200**	**4,311**	**10,801**

	Ordinary Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2022	**6,290**	**200**	**6,766**	**13,256**
Loss after tax	-	-	(4,796)	(4,796)
Total comprehensive income	**-**	**-**	**(4,796)**	**(4,796)**
Balance at 31 December 2022	**6,290**	**200**	**1,970**	**8,460**

Total comprehensive income includes Profit\(loss) and the total comprehensive income presented is equal to the Profit\(loss) in both years presented.

The notes on pages 18 to 35 form an integral part of these financial statements.

Statement of financial position
At 31 December 2023

	Note	**£'000 2023**	£'000 2022
Assets			
Contract assets	8	**847**	1,360
Trade, other receivables and other assets	9	**11,627**	16,049
Current tax assets		**44**	-
Deferred tax assets	10	**7**	8
Cash and cash equivalents	11	**12,052**	4,165
Total assets		**24,577**	21,582
Equity and liabilities			
Equity			
Ordinary Share capital	12	**6,290**	6,290
Share premium		**200**	200
Retained earnings		**4,311**	1,970
Total equity attributable to equity holders		**10,801**	8,460
Liabilities			
Provisions	13	**1,028**	1,779
Current tax liabilities		**703**	299
Trade, other payables and other liabilities	14	**12,045**	11,044
Total liabilities		**13,776**	13,122
Total equity and liabilities		**24,577**	21,582

The notes on pages 18 to 35 form an integral part of these financial statements.

The financial statements on pages 15 to 35 were approved by the Board of Directors and authorised for issue on 26 April 2024 and signed on its behalf by:

Mitchell Dean

………………………
M Dean
Director

General information
Quilter Financial Limited (the **"Company"**), is a private company limited by shares incorporated in England and Wales and domiciled in the 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 Quilter Financial Limited for the year ended 31 December 2023 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, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. These financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates.

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 Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to the presentation of a cash flow statement, disclosures relating to capital management, contracts with customers, fair value measurement, financial instruments, impairments, related party transactions, share capital and comparative information for certain types of assets. The Company has also taken advantage of the exemption from the requirement to disclose information when the Company has not applied a new accounting standard that has been issued but is not yet effective. Where required equivalent disclosures are included in the consolidated financial statements of Quilter plc.

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

New standards, amendments to standards, and interpretations adopted by the Company

There were no new standards or interpretations which became effective from 1 January 2023 which had a material impact upon the Company.

Amendments to standards:

The Company has applied the narrow scope amendment to IAS12 in respect of the OECD Pillar II international tax rules issued in the current period. In doing so, the Company has applied the exception in IAS12.4A and shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar II income taxes.

1: Basis of preparation (continued)

Prior year restatements

During the year, the Company has reviewed the presentation of Fee income and other income from service activities and Fee and commission expenses under IFRS 15 (Revenue from Contracts with Customers). As a result of the assessment, management has determined that revenue should be presented net of fees and commissions payable to Appointed Representatives of Quilter companies and therefore we have restated the prior year balances in the statement of comprehensive income and notes 4 and 6 to correct the presentation.

The only impact is to regroup Fee income and other income other income from service activities and Fee and commission expenses within the Income statement for the year ended 31 December 2022 with no impact to Loss before tax, as shown below:

As previously reported		Fee and Commission expenses		Restated
Income	£'000	£'000	£'000	**Income**
Fee income and other income from service activities	40,851	(34,861)	5,990	Fee income and other income from service activities
Other income	42	-	42	Other income
Total income	40,893		6,032	**Total income**
Expenses				**Expenses**
Fee and commission expenses	(34,861)	34,861	-	Fee and commission expenses
Other operating and administrative expenses	(4,598)	-	(4,598)	Other operating and administrative expenses
Impairment loss on reversal of amounts owed by Group undertakings	(5,955)	-	(5,955)	Impairment loss on reversal of amounts owed by Group undertakings
Total expenses	(45,414)		(10,553)	**Total expenses**
Loss before tax	(4,521)	-	(4,521)	**Loss before tax**
Taxation	(275)	-	(275)	Taxation
Loss after tax	(4,796)	-	(4,796)	**Loss after tax**

As noted in the Strategic report and recognising how the Company manages Business operations, alternative performance measures of the Company used by management to assess financial performance are disclosed in the Statement of comprehensive income to provide additional comparability and understanding of the financial results.

There has been no impact to the Company's Statement of financial position and therefore there is no restatement of the Statement of financial position presented.

1: Basis of preparation (continued)

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 projected regulatory capital position of the Company;
- 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 2026 along with the management consideration of the parent's ability to provide that support.

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.

On this basis management has a reasonable expectation that the Company has adequate resources available to it in order 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

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 12 months after the reporting date are disclosed separately in the notes to the financial statements.

2: Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The Quilter plc and Affluent Boards Audit Committees review these areas of judgement and estimates and the appropriateness of material 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 material accounting policies and that have the most effect on the net profit and net assets recognised in the Company's financial statements.

- *Contract assets*

  Management has applied the following judgements in the calculation of contract assets:

  1. Contract assets will only be calculated for retail investment and pension business. Other classes of business require further conditions to be met after the provision of advice (e.g., acceptance of risk by insurers on protection business). Therefore, for these other classes of business, the uncertainty over whether advice will result in income is sufficiently high that a contract asset cannot be recognised at the point of providing advice.

  2. The calculation of the contract asset does not need to include any factor for the time value of money. This is because any contract asset is expected to be received within months of the year end date.

- *Recognition of revenue*

  Given the Company's business model for advice, management is required to exercise significant judgment in assessing the capacity in which the Company is contracting for the purposes of recognising revenue from the advice business under IFRS 15 (Revenue from Contracts with Customers). As a result of the assessment, management has determined that revenue from the advice business should be presented net of certain fees and commissions payable to Appointed Representatives of Quilter companies.

  Recognising how the Company manages Business operations, alternative performance measures of the Company used by management to assess financial performance are disclosed to provide additional comparability and understanding of the financial results.

2: Critical accounting estimates and judgements (continued)

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.

- *Contract assets*

  Contract assets are calculated as the expected outstanding fee receivable in respect of investment or pension transfer advice given.

  In making this calculation, management has made the following estimates;

  1. The average period between when the performance obligation is met and when the revenues are received. For ongoing business, this has been based on the average periods between provider statement dates (as an approximation of when fees are deducted from customers) and cash receipt. For new business, this has been based on the average period between when the advice has been recorded (as a best approximation of when the advice was given) and cash receipt.
  2. The average level of revenues to which the average lag between meeting the performance obligation and receiving payment will be applied. For both ongoing and new business, this has been set at the average monthly revenue over the preceding quarter. This is considered to reflect any trends in business volumes and market values.

  Per note 8, the asset amounted to £847,000 as at 31 December 2023 (31 December 2022: £1,360,000). A decrease of 10% to the expected market value of new investments placed or pension transfer values would decrease the asset by £61,000 (2022: £92,000). An increase or decrease of 25% to the lag between meeting the performance obligation on new business and receiving payment would increase/decrease the asset by £153,000 (2022: £230,000).

3: Material accounting policies

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

Fee income and other income from service activities

Fee income and other income from service activities represent the fair value of services provided, net of fee and commission payable to advisers and value added tax in accordance with IFRS 15. Revenue is only recognised to the extent that management is satisfied that it is highly probable that no significant reversal of the revenue recognised will be required when uncertainties are resolved. In circumstances where refunds are expected on a portion of the income, including indemnity commission on policies sold, an estimate of the reduction of revenue is made and charged to profit and loss at the point of sale, based upon assumptions determined from historical experience.

"Fee income and other income from service activities" is comprised of "Revenue gross of payments to Appointed Representatives" less "Payments to Appointed Representatives", which are two of the APMs of the Company used by management to assess our financial performance and are disclosed to provide additional comparability and understanding of the financial results.

Financial instruments

Financial instruments cover a wide range of financial assets, including financial investments, trade and intercompany receivables and cash and cash equivalents and certain financial liabilities, including trade and intercompany 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 the liability is extinguished.

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 Fair value through the Profit and Loss (**"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. Two categories 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 derecognition is recognised in profit or loss.

3: Material accounting policies (continued)

Fair value measurement
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.

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.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, money market collective investment funds and other short-term deposits with an original maturity of three months or less and no significant credit risk.

Cash and cash equivalents held within money market collective investment funds are classified as FVTPL. All other 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 equate to fair value.

Financial liabilities
Financial liabilities, being the Company's 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.

3: Material accounting policies (continued)

Impairment of financial assets
The expected loss accounting model for credit losses applies to financial assets measured at amortised cost. Financial assets at amortised cost include trade and intercompany 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:

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 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.

3: Material accounting policies (continued)

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

- Trade and intercompany 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.
- Cash and cash equivalents, 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 would trigger 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). Full provision is made for amounts due from advisers on termination of their relationship with the Company. 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 impairments
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Contract assets
Contract assets are not classified as financial assets. Due to their short-term nature, their carrying amount is considered to be the same as their fair value.

The expected loss accounting model for credit losses applies to contract assets, The Company applies the ECL model to contract assets, which are measured at amortised cost. The simplified approach prescribed by IFRS 9 is applied to contract assets. This approach requires the recognition of a Lifetime ECL allowance on day one and thereafter.

3: Material 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 profit and loss, except when it relates to items recognised directly in equity or in other comprehensive income.

The Company has applied the narrow scope amendment to IAS12 in respect of the OECD Pillar II international tax rules issued in the current period. In doing so, the Company has applied the exception in IAS12.4A and shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar II income taxes.

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 profit and loss, 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.

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:
- Client compensation and related costs, when the Company compensates clients in the context of providing fair customer outcomes.
- 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: Fee income and other income from service activities

		Restated
	£'000	£'000
	2023	2022[1]
Revenue gross of payments to Appointed Representatives[2]	**37,320**	40,851
Payments to Appointed Representatives[2]	**(32,502)**	(34,861)
Fee income and other income from service activities	**4,818**	5,990

[1]See note 1 for details regarding restatement.
[2]Revenue gross of payments to Appointed Representatives" and "Payments to Appointed Representatives" are two of the alternative performance measures ("APMs") of the Company used by management to assess our financial performance and are disclosed to provide additional comparability and understanding of the financial results.

Fee income and other income from service activities represents income receivable on advice provided by financial advisers and is derived from continuing operations in the UK.

5: Other income

	£'000	£'000
	2023	2022
Bank interest receivable	**327**	42
Other income	**47**	-
Total other income	**374**	42

Other income relates to insurance proceeds received in the year relating to complaints.

6: Total expenses

This note provides further details in respect of the items appearing in expenses on the statement of comprehensive income.

	£'000 2023	£'000 2022
Management recharges from Group companies	**274**	1,040
Financial Conduct Authority levies	**458**	839
Complaints, remediations and bad debts	**(22)**	1,508
Other administrative expenses	**1,754**	1,211
Total other operating and administrative expenses	**2,464**	4,598

In the prior year a table was included that reported Fee and Commission expense as part of Total expenses. This has been restated in the current year, see note 1 for details.

The credit on Complaints, remediations and bad debts arising due to the release of unused provision of approximately £567,000 (2022: nil) in the year. The large charge in prior year can be attributed to two specific cases amounting to £489,000 and £225,000.

Directors' remuneration

	£'000 2023	£'000 2022
Proportion of Directors' emoluments paid by third parties attributable to the Company		
Remuneration	**88**	76
Pension	**1**	-
Total share-based payments	**45**	38

1 Directors had money paid to money purchase schemes during the year (2022: 2).
No Directors received, or were due to receive, shares or share options under a long-term incentive scheme (2022: 2).
2 Directors exercised options during the year (2022: 1).

During the year, there was no compensation for loss of office paid to Directors (2022: £nil); this includes the estimated money value of the following benefits: payment in lieu of notice, loss of participation in the Save As You Earn scheme, pay-out of contractual long-term incentive, pension contributions, bonus and statutory redundancy.

The Directors' remuneration was paid by other QFP Group entities.

Auditors' remuneration
Audit fees were paid by QFPL on behalf of the Company.

	£'000 2023	£'000 2022
Fees payable for audit services	**55**	55
Fees for audit-related assurance services	**14**	14
Total Company auditors' remuneration	**69**	69

Impairment Loss	**£'000 2023**	£'000 2022
Impairment loss	**-**	5,955
Total Impairment loss	**-**	5,955

7: Tax charge on profit/(loss)

Tax charged to profit and loss

	£'000	£'000
	2023	2022
Current tax		
UK	**703**	273
Adjustments to current tax in respect of prior periods	**(317)**	1
Total current tax charge	**386**	274
Deferred tax		
Origination and reversal of temporary differences	**1**	1
Total deferred tax charge	**1**	1
Total tax charged to profit and loss	**387**	275

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 had been taxed at the UK standard Corporation. The difference in the effective rate is explained below:

	£'000	£'000
	2023	2022
Profit/(loss) before tax	**2,728**	(4,521)
Corporation tax charge/(credit) at 23.5% (2022: 19%)	**641**	(859)
Effect of: Tax rate		
Expenses not deductible for tax purposes	**63**	1,133
Adjustments to current tax in respect of prior years	**(317)**	1
Total tax charged to profit and loss	**387**	275

The main rate of corporation tax increased from 1 April 2023 from 19% to 25%. The blended rate of 23.5% has been used in calculating current tax for financial year 2023 (2022: 19%). The Company's deferred tax assets and liabilities have been recognised at 25%.

The Company has recognised deferred tax assets as disclosed in note 10. The Company considers that future years' profits will be sufficient to utilise the tax asset carried forward.

On the 20 June 2023, The Finance (No.2) Act 2023 was substantively enacted in the UK, introducing the Pillar II minimum effective tax rate of 15%. The legislation implements a Multinational Top-up Tax ("**MTT**") and a Domestic Top-up Tax ("**DTT**"), effective for accounting periods starting on or after 31 December 2023. As these rules are not in effect in the current period, these rules have had no current tax impact in 2023. The Company has applied the exception under IAS12.4A and will neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar II income taxes.

The company continues to assess the full impact of the introduction of Pillar II taxes in the UK. The rules are complex and there remains areas of uncertainty in HMRC guidance. Management has assessed the likely impact based current guidance and historical data and although may expect the UK ETR to be close to 15% in the near term there are scenarios where the rate may fall below the minimum rate. The company is therefore currently unable to estimate with any reasonable level of certainty any future charge.

8: Contract assets

	£'000 **2023**	£'000 2022
Opening balance	**1,360**	2,068
Movement in year	**(513)**	(708)
Total contracts assets	**847**	1,360

Contract assets represent fees and commissions earned but not yet received from investment and pension providers.

There was no material revenue recognised in the year from performance obligations satisfied, or partially satisfied, in previous periods.

9: Trade, other receivables and other assets

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

	£'000 **2023**	£'000 2022
Trade receivables	**862**	1,040
Amounts due from fellow Group undertakings	**10,222**	14,360
Prepayments and accrued income	**97**	39
Amount recoverable from advisers for indemnity commission	**446**	446
Amount recoverable from professional indemnity insurance	**-**	164
	11,627	16,049

All balances are expected to be settled within 12 months.

Trade receivables mainly relate to trade debtors, tax debtors and other debtors.

None of the receivables reflected above have been subject to the renegotiation of terms. All receivables are interest free and are carried at fair value.

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.

A provision is made against amounts due from other group undertakings 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 Quilter group.

As a result, during 2022 the provision for amounts owed by subsidiaries of Caerus Group Limited increased by £5,955,000. No movements in the current year.

A number of advisers (and former advisers) are indebted to the Company. This debt ordinarily arises from indemnity commission or complaint insurance excesses applied to the adviser's account. Each one of these is reviewed regularly in conjunction with the amounts retained from advisers to cover potential indemnity commission and provision made where recovery is deemed necessary. All the Company's financial assets included in this note are classified as assets at amortised cost. Impairments of financial assets are assessed using an 'expected loss' model.

9: Trade, other receivables and other assets (continued)

Trade, other receivables, and other assets are presented net of the following provision. Included in this balance is the £5,955,000 provision against amounts due from group undertakings previously referenced. Remaining balance relates to amounts receivable from advisers.

	£'000	£'000
Expected credit loss utilisation	**2023**	2022
Balance brought forward	**5,984**	18
(Credited)/charged to profit and loss	**(8)**	5,966
Balance carried forward	**5,976**	5,984

10: Deferred tax assets

Recognised deferred tax assets
Deferred income taxes are calculated on all temporary differences at the tax rate applicable to the country in which the timing differences arise.

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

	Other temporary differences £'000's	Closing deferred tax asset £'000's
Asset at 1 January 2022	10	10
Tax charged to profit and loss	(2)	(2)
Asset at 31 December 2022	8	8
Tax charged to profit and loss	(1)	(1)
Asset at 31 December 2023	7	7

Deferred tax assets or liabilities are recognised to the extent that temporary differences are expected to reverse in the foreseeable future. The timing of reversals are estimated based on the company's annual business plan. Deferred tax assets are recognised to the extent that they are supported by the company's business plan or where appropriate the group's business plan.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, being where, on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted.

Sensitivity analysis demonstrates headroom in the recoverable amount of the deferred tax asset over the taxable profits contained within the 3 year planning horizon. The impacts of a 20% decrease in profitability have been assessed and do not give rise to concerns over recoverability.

11: Cash and cash equivalents

	£'000	£'000
	2023	2022
Cash at bank	**5,552**	165
Money market funds	**6,500**	4,000
Total cash and cash equivalents	**12,052**	4,165

Management do not consider that there are any amounts of cash and cash equivalents which are not available for use in the Company's day-to-day operations.

12: Ordinary Share capital

The Company's Ordinary Share capital at the end of the year is as follows:	Number of shares (authorised, allotted and fully paid)	£'000 Nominal value
At 1 January 2022		
'A' Ordinary Shares of £1 each	6,260,075	6,260
'B' Ordinary Shares of £1 each	30,025	30
Total Ordinary Share capital at 31 December 2022	6,290,100	6,290
Total Ordinary Share capital at 31 December 2023	**6,290,100**	**6,290**

There has been no movement in the share capital in the current or prior year.

13: Provisions	Indemnity commission provision £'000	Complaints provision £'000	**Total £'000**
At 1 January 2022	968	232	**1,200**
(Credited)/charged to profit and loss	(22)	1,433	**1,411**
Unused amounts reversed	(331)	-	**(331)**
Utilised during the year	-	(501)	**(501)**
At 31 December 2022	**615**	**1,164**	**1,779**
Charged to profit and loss	108	438	**546**
Unused amounts reversed	331	(567)	**(236)**
Utilised during the year	(511)	(550)	**(1,061)**
At 31 December 2023	**543**	**485**	**1,028**

Indemnity commission provision
In the event of a clawback of indemnity commission in respect of policies cancelled during the indemnity period, the Company has an obligation to settle the liability. The provision for clawback of indemnity commission represents the expected cost of clawbacks from product providers for subsequent policy cancellations and mid-term adjustments in respect of policies written at 31 December 2023.

The provision is calculated by reference to historical data resulting from past claims, referenced to present day sales of indemnity products. The amount provided represents the gross obligation, discounted at a cost of capital of 10.3% (2022:11.9%) and, where these amounts can be recovered from advisers, an asset is recognised (and similarly discounted). This provision is charged as a reduction of revenue at the point of sale of each policy. The provision was reviewed at the end of 2023. The impact of discounting was £31,423 (2022: £60,521).

An asset is held for the amount recoverable from advisers for any liability caused by the above within trade, other receivables and other assets (note 9). As at 31 December 2023 this stood at £446,000 (2022: £446,000).

Complaints provision
Provision is made for expected settlements on open complaints and costs to compensate previous or existing customers.

14: Trade, other payables and other liabilities

	£'000	£'000
	2023	2022
Trade and other payables	**3,122**	4,799
Amounts due to fellow Group undertakings	**8,923**	6,245
Total trade and other payables	**12,045**	11,044

Trade and other payables principally comprise amounts due to advisers. The Directors consider that the carrying amount of trade and other payables approximates to their fair value. All trade and other payables are short-term and interest-free.

Amounts due to parent and fellow Group undertakings are unsecured, interest-free and current.

15: Contingent liabilities

Complaints, disputes and regulations

The Company is committed to treating customers fairly and remains focussed on delivering good outcomes for customers to support them in meeting their lifetime goals. During the normal course of business, from time to time, the Company receives complaints and claims from customers including, but not limited to, complaints to the Financial Ombudsman Service and legal proceedings related thereto, enters into commercial disputes with service providers and other parties, and is subject to discussions and reviews with regulators. The costs, including legal costs, of these issues as they arise can be significant and, where appropriate, provisions have been established.

As reported in the preliminary results announcement of Quilter PLC on 6 March 2024, subsequent to the year-end date, on 15 February 2024, the FCA wrote to around 20 advice firms, including Quilter, requesting information regarding ongoing servicing to assess what, if any, further regulatory work the FCA may undertake in this area. Quilter committed to undertake a review of historical data and practices across the Quilter Financial Planning Limited network of appointed representative firms ("AR Firms"). The purpose of this review being to determine if the AR Firms have met their ongoing servicing obligations to customers and, if not, remediate customers to the extent appropriate. Following discussion with the FCA, the review will be conducted by a skilled person. This may lead to remedial costs but it is too early to quantify. Until the Company has further clarity of its position on this matter, there remains uncertainty as to the potential financial and non-financial implications that may arise.

16: Ultimate parent company

The Company's immediate parent company is Caerus Holdings 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
plc.Quilter.com

17: Events after the end of the reporting period

In January 2024, the Company's immediate parent Company changed to Quilter Financial Planning Limited.

Other than the above item and matters referred to in the Strategic report and Contingent liabilities note, there are no further items to disclose.