Registered in England and Wales No. 05372217

Quilter Financial Planning Limited

AMENDED ACCOUNTS

REVISED ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2020

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COMPANY INFORMATION

Directors	C J L Samuel (Chairman) S J Colsell K A Cook M Dean S C Gazard M L Ismail K R Lambden P S Matthews
Secretary	Quilter CoSec Services Limited
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	Telephone: 0808 171 2626 Website: www.quilter.com
	Registered in England and Wales No: 05372217

STRATEGIC REPORT

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

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The principal activity of Quilter Financial Planning Limited ("**the Company**") is that of a holding company together with service provision and strategic and governance oversight to its subsidiary companies. The principal activities of its subsidiary companies include financial planning and mortgage advice through both a network of self-employed intermediaries and employed advisers.

The Company is part of Quilter plc ("**the Group**"), the ultimate holding company of which is Quilter plc. 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 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 PLANNING LIMITED

Quilter Financial Planning Limited forms part of the Quilter Financial Planning Group ("**the QFP Group**"): a network of over 3,600 financial advisers, including 1,842 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, a National and a Network.

National Channel

The focus of the National Channel is to grow the number of clients directly serviced under the Quilter brand, taking greater control of the end-to-end client journey, providing clients with a consistent high-quality service experience. The National Channel covers multiple market segments through both employed and self-employed advisers.

STRATEGIC REPORT (continued)

Network Channel
The Network model continues to focus on mass affluent and high net worth client segments 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 be to drive growth in restricted financial planner numbers to broaden the reach and penetration of the solutions offered by the wider Group, where in the best interests of the client.

LIGHTHOUSE GROUP LIMITED (formerly Lighthouse Group plc) ("Lighthouse") (a subsidiary undertaking)
Prior to Lighthouse being acquired by the Company, 265 British Steel pension scheme members acted on pension transfer advice provided by a subsidiary of Lighthouse, Lighthouse Advisory Services Limited ("**LASL**"), between 2016 and 2018. The Company was advised after the 2019 year end of a number of complaints relating to the advice given in respect of the above. A review of British Steel pension scheme cases advised by Lighthouse was then initiated to assess the standard of advice given to British Steel pension scheme members.

In December 2020, the Group received a skilled person review final requirement notification from the FCA, which includes the requirement for a review of the British Steel pension transfers. A skilled person has been appointed, and they have performed provisional redress calculations on a significant portion of the British Steel complaints received by Lighthouse. The redress calculated on the complaints has been extrapolated to the entire population of British Steel transfers, by subdividing the population into cohorts with similar characteristics, including dividing into transfers pre and post June 2017 when the Trustees of the British Steel pension fund changed the basis on which transfer values were calculated. The timing of any benefits withdrawn by the member after the transfer also has an impact upon the redress calculated. The estimated redress per client as a proportion of the transfer value of the pensions was determined for each cohort and extrapolated to the overall population of cases where advice was provided, and that advice was then acted upon. The methodology employed to assess the calculated redress payable uses assumptions and estimation techniques which are consistent with principles under the FCA's FG17/9 "Guidance for firms on how to calculate redress for unsuitable defined benefit pension transfers".

Within the financial statements of LASL, a provision of £28m (2019: £17m) has been recognised as at 31 December 2020 relating to 265 cases of advice provided by LASL in respect of pension transfers for British Steel pension scheme members. This amount includes £3m to cover anticipated legal and professional fees and other costs associated with the redress process.

The Company carries out an annual impairment test of subsidiaries, as described in Note 12, in which the carrying values of the Company's investments in subsidiaries are compared to the estimated recoverable value to determine whether an impairment is required. As outlined in Note 12 and reflecting the matters outlined above together with the consideration given to the future cash flow benefits of its investment in Lighthouse, the Company recognised an impairment to the carrying value of Lighthouse of £11m within the 2019 financial statements. The Company has not recognised a further impairment to the carrying value of Lighthouse in 2020.

The Company continues to provide financial support to Lighthouse and contributed £55m of capital to Lighthouse during the year, £15m at 21 April 2020, £10m at 29 June 2020 and £30m at 18 August 2020. The capital injection is largely funded by a £45m capital injection from the Company's parent company, Old Mutual Wealth Holdings Limited (see note 21). The Company has confirmed to LASL that it will continue to make funds available to it for at least three years to 31 December 2023, and will not seek repayment of funds provided during that period. The Company has in turn received a capital requirement commitment from Quilter plc its ultimate parent.

STRATEGIC REPORT (continued)

STRATEGY REVIEW AND IMPLEMENTATION
The Company has increased its market coverage with a 2% year-on-year increase in employed and self-employed advisers, to 1,842 (2019: 1,809) Restricted Financial Planners. This growth has been delivered within the context of the challenging external environment and is coupled with an increased focus on supporting customer and adviser relationships.

The Company has developed its business model through the growth of both its National and Network adviser channels and continues to believe in the importance of personalised advice in a UK market which is increasingly complex for retail customers. This complexity, arising from factors including demographics, government reforms such as Pensions Freedom, provides a clear opportunity to demonstrate the value and importance of professional financial advice. The Company continues to monitor developments in this market, including the growth of technology, to maintain strong compliance and a high standard of advice for customers and it continues to evaluate these challenges and opportunities in order to position the business for the future.

In response to the challenges that arose from COVID-19, Quilter and the Company's support to its people, who all came under significant pressure during the UK lockdowns, was fast and effective. Operating plans were implemented that enabled all but a small number of essential staff to work remotely from home. This ensured that the Quilter Financial Planning business could continue to operate, supporting advisers through a global pandemic. The Board kept the business' response to supporting its people under review throughout the period as well as receiving regular briefings on the operational resilience of the business, which were proven to be robust and adapted well to remote working.

Consideration of the impact of the COVID-19 pandemic is provided as necessary throughout the Annual Report and Financial Statements, including within the Key Performance Indicators section of the Strategic Report below.

BUSINESS MATURITY
The Company is a well-integrated business within Quilter plc, with a clear vision of delivering good customer outcomes. The Company continues to build and maintain a robust risk and control environment with overarching governance, ensuring the Company is well placed and operating with the appropriate level of control to remain within the Board's risk appetite, supporting the projected growth of the business.

As a subsidiary within the Quilter Group, the Company is not required to produce financial statements that consolidate the performance of its subsidiary companies.

KEY PERFORMANCE INDICATORS (KPIs)
Management evaluate the performance of the business using a number of measures. Key metrics for Quilter Financial Planning including its subsidiaries were as follows:

	2020	**2019**
Total Restricted Financial Planners	1,842	1,809
Employee number (includes self-employed advisers)	826	676
	£'000	**£'000**
Revenue	108,023	98,550
Administrative expenses	130,801	131,228
Loss before tax	(24,157)	(35,487)
Cash	28,099	113,961
Net assets	305,173	276,062

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS (KPIs) (continued)

As a result of continued emphasis on the integration of acquisitions, together with on-going discretionary investment in infrastructure and the challenging market conditions the Company is reporting a loss before tax of £24.2m (2019: £35.5m). This position is consistent with the Quilter Group's plan and risk appetite and the benefit of the strategy is seen across the Group. The Company remains well positioned, as an integral part of the Quilter Group, in a market environment which is increasing the need for and importance of high-quality financial advice.

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 Old Mutual Wealth Holdings 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.

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 ("**the Group**"). This was evidenced during the year by the capital contributions from the Company's parent, Old Mutual Wealth Holdings Limited, with a £12m capital injection on 21 April 2020, a £23m capital injection on 29 June 2020 and £10m on 22 December 2020, which supported the £55m invested by the Company into Lighthouse Advisory Services Limited for the year ended 31 December 2020 (£15m on 21 April 2020, £10m on 29 June 2020, £30m on 18 August 2020).

Quilter Financial Planning Limited has received confirmation in writing from its parent, Old Mutual Wealth Holdings Ltd, 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. 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.

STRATEGIC REPORT (continued)

GOING CONCERN (continued)
Accordingly, these financial statements have been prepared on the basis of the Company being a going concern.

In light of the commitment of support from the Group, the Company 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.

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 and can feasibly provide the capital support commitment outlined above.

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

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

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

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

Development and implementation of IT systems - The Company continues to implement a programme of IT development including upgrading the policy capture and payments engine Officeweb to Commpay, which was released in February 2021. The Company will continue to focus on updating and enhancing its IT capabilities with a particular focus on delivering operational efficiency and enhancing the risk and control environment. Such IT developments carry inherent execution risk. The Company is managing the execution risk arising on IT implementation through its Change Management Team dedicated to the implementation of projects within the business.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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

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

Financial instruments - The Company's main exposure to risk arising from financial instruments is its exposure to credit risk arising on cash or short-term deposits, Money Market Funds ("**MMFs**") and trade and other receivables. Cash and short-term deposits are placed with high credit-rated banks which significantly reduces credit risk. Where the operational exposure limit is breached with any bank a daily diversification process is triggered. MMFs are sterling denominated and only invest in highly rated short-term commercial paper. Trade and other receivables include adviser loan funding and practice buyout ("**PBO**") loans. All loans are subject to due diligence and sign-off by senior management and the tracking of all loan funding is managed through a monthly Debt Committee.

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 NCCF, AuM, profitability and free cash levels could be materially affected by an extended or volatile economic recovery.

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

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

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

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

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Change strategy and execution risk: Quilter continues to be subject to material change programmes, within Quilter Financial Planning the implementation of 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

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

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

In overseeing the business of the Company during the year, the Board of the Company has paid due regard to its duty to promote the success of the Company for the benefit of Quilter plc, its ultimate parent company, in the long-term, by supporting the delivery of the Group's strategic priorities. In doing so, the Board has appropriately considered its key stakeholders, including customers, advisers, employees and its regulator. Some examples of how it has done so are set out below.

Stakeholder considerations

During the year, the Board spent time evaluating the Company's current business model and debating a range of proposed initiatives aimed at improving customer experience and the future sustainability of the business for the benefit of the Company's shareholder, customers, advisers and people. The result of these discussions is a set of clearly defined project workstreams, each tasked with delivering specific enhancements across the business, including within the National and Network businesses, as well as functions such as Operations. The implementation of these workstreams began towards the end of 2020 and progress is being closely monitored by the Board and its Committees.

The Company and the Board are committed to ensuring good outcomes for our customers via the provision of high-quality support to our advisers. Key to this is maintaining an appropriately controlled advice process and, during 2020, the Board and its Governance Audit and Risk Committee dedicated significant time to scrutinising the Company's control environment and overseeing the development and implementation of improvements, including automating processes that were formerly completed manually, particularly in the advice process. This work is ongoing and the Board continues to monitor progress.

The Board has continued to oversee the plans for, and progress in, delivering new technology solutions that are central to supporting Quilter Financial Planning's advisers, both in terms of the advice that they supply to customers and in ensuring that we satisfy our responsibilities to our advisers.

STRATEGIC REPORT (continued)

SECTION 172 (1) STATEMENT (continued)

During 2020, a number of complaints were received in relation to historic pension transfer advice in respect of the British Steel Pension Scheme provided by Lighthouse prior to its acquisition by the Company in June 2019. This subsequently led to the FCA initiating a skilled person's ("**s.166**") review and an enforcement investigation into whether Lighthouse has breached certain FCA requirements in connection with advising on and arranging defined benefit ("**DB**") pension transfers in the period from 1 April 2015 to 30 April 2019.

We continue to work and co-operate with the FCA and the skilled person who has been appointed in relation to the s166 review, and the review will cover British Steel DB pension transfer advice activity undertaken by Lighthouse, and a representative sample of other Lighthouse DB pension transfer advice activity. The skilled person will also calculate redress, following the FCA's FG17/9 "Guidance for firms on how to calculate redress for unsuitable defined benefit pension transfers" guidance. The skilled person's final report is expected to be submitted to the FCA in the third quarter of 2021.

The Board has ensured that, working closely with the skilled person and the FCA, Lighthouse reviews relevant cases and offers remediation if the historic pension transfer advice in respect of the British Steel Pension Scheme was not suitable; and that any lessons arising the s166 review and these complaints have been fully learnt and embedded. Even though the relevant advice pre-dated our acquisition of Lighthouse, we have ensured that Lighthouse has responded to the situation consistent with our values.

The Board and its Governance Audit and Risk Committee received regular reporting from management on engagement with the Company's regulator, the Financial Conduct Authority ("**FCA**"), during the year. Maintaining a positive relationship with the FCA is a key priority for the Board and it has provided advice and challenge to support management in continuing to ensure a constructive ongoing dialogue with the FCA and the prompt delivery of actions. This dialogue has included proactive engagement regarding the Company's future strategy and associated corporate activity, including the strategic enhancements referred to above.

Ensuring we provide a compelling and competitive proposition for customers and advisers is important and the Board's Investment Oversight Committee ("**IOC**") spent significant time evaluating and challenging the improvements proposed to QFP's investment proposition. This included the addition of Wealth Select, a high-performing, lower cost range of solutions, to the Restricted Investment Matrix (the "**Matrix**"). In addition, following identification of a customer need for ethical, social and governance-focused ("**ESG-focused**") investment options, the IOC assessed and approved the addition of two ESG-focused solutions to the Matrix, which were launched in February 2021.

The Board recognises the importance of the proper management of conflicts of interest in safeguarding customer outcomes and ensures they are appropriately considered in all decision making. For example, the Board has ensured that the implementation of strategic initiatives involving Quilter products is conditional upon the initiatives being in each customer's best interests. In addition, the IOC closely monitors the performance of Quilter products against their stated objectives on the Matrix, and in 2020 it took the decision to remove Generation 2 from the Matrix. This decision was made following a period of disappointing performance, although the product had not performed outside of its stated objectives. In considering the removal, the IOC assessed the impact on customers holistically, including ensuring customers would be able to remain invested in the product if they wished, that the performance of Generation 2 would continue to be monitored appropriately given customers remained invested, and that there were other products available that could meet these customers' needs. Following the removal, the IOC oversaw a review of a representative sample of customer files to ensure customers had been fairly advised regarding the product's objectives.

The Company's people are central to our business and, as usual, the Board conducted two deep-dives into people-related matters in 2020, assessing the status of key indicators such as employee survey feedback and turnover rates. The impact of corporate initiatives, including each element of the business' current transformation programme, on the business' people was taken into account when the Board considered material proposals, including the additional pressure that initiatives may place on key people, and how this could be lessened or avoided.

STRATEGIC REPORT (continued)

SECTION 172 (1) STATEMENT (continued)
Supporting our stakeholders through Covid-19
A big challenge during 2020 was of course Covid-19. Shortly after the first UK lockdown was announced, the Board held an emergency meeting to examine the business' response, particularly how we were able to continue to support customers and advisers. The business' operations were proven to be robust and adapted well to remote working, which enabled QFP to continue to provide substantially the same level of service to our advisers and their customers as before. However, we recognised that advising our customers remotely was a significant shift in the way our advisers supported our customers, and the Board has encouraged the business' continued focus in supporting advisers to communicate with customers and meet their needs remotely. Advisers have also been provided with an online 'hub' of resources to support them personally and professionally through this difficult period.

Another key consideration for the Board during Covid-19 has been QFP's people, all of whom came under significant pressure during the UK lockdowns, including the many parents and carers. The Board kept the business' response to supporting its people under review throughout the period, including by analysing quantitative data provided by Quilter's weekly people surveys and requesting verbal feedback from a range of management who were reporting to the Board. The Board's assessment is that Quilter and QFP's response to supporting its people was fast and effective, including ensuring regular communications from Senior Executives and providing a 'Thrive Hub' of online resources to help people manage through the pandemic. The Board has been heartened to witness the strength, determination and commitment of our people during such an unprecedented and difficult period.

The importance of our suppliers is also acknowledged by the Board. Supplier relationships are managed and maintained in line with Quilter Group policy. Please refer to the Quilter plc 2020 Annual Report for further information on how we foster relationships with our suppliers.

The Quilter Group is committed to managing its environmental impact and supports the CDP (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 have had regard to the impact on the environment is contained within the Quilter plc Annual Report 2020.

By order of the Board

Mitchell Dean
Director

19 March 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:

K R Baldwin	(resigned 22 February 2020)
S J Colsell	(appointed 01 January 2021)
K A Cook	
S C Gazard	(appointed 30 June 2020)
K R Lambden	(appointed 1 March 2020)
P S Matthews	
D W J Sharkey	(resigned 17 May 2020)
G N Stewart	(resigned 30 June 2020
A B Thompson	(resigned 30 June 2020)
M Dean	(appointed 18 May 2020)
M L Ismail	(appointed 6 April 2020)
C J L Samuel	(appointed 8 April 2020)

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

Qualifying third-party indemnities were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2020 for the benefit of the then Directors, and at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties/powers or office.

BOARD DIVERSITY

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

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

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £18,783,000 (2019: Loss after tax £19,435,000).

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

EMPLOYEES

Quilter Financial Planning Limited employs all staff and the related disclosures are shown in those financial statements.

DIRECTORS' REPORT (continued)

EMPLOYEE ENGAGEMENT STATEMENT

The Company is committed to the development of policies to promote an inclusive culture and equal opportunities in employment for all its employees and ensuring that everyone has the opportunity to fulfill their full potential regardless of diversity characteristics. It continues to support employees under the Equality Act by making reasonable adjustments to their work environment and the nature of their work.

As part of the Quilter plc Group Governance Framework, the Company relies upon Group practices and processes in order to support employees. Monitoring and oversight is described in full in the Quilter plc 2020 Annual Report. In 2020, the Group took additional measures to monitor colleagues' wellbeing and support them from the impact of the global pandemic. Measures included mobilising remote working capabilities and reconfiguring our offices in line with UK Government guidelines to enable modest numbers of staff, where appropriate, to operate in a socially-distanced manner.

An explanation of how the Quilter plc Board has carried out these responsibilities has been set out in the report and accounts of the Quilter plc Annual Report, which does not form part of this report.

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. During the year the Company received a total £45m of capital contributions from its parent, Old Mutual Wealth Holdings Limited: a £12m capital injection on 21 April 2020, a £23m capital injection on the 29 June 2020 and £10m capital injection on 22 December 2020.

BUSINESS RELATIONSHIPS 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 report and accounts of the Quilter plc Annual Report, which does not form part of this report.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

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

DIRECTORS' REPORT (continued)

STATEMENT OF GOING CONCERN

Whilst the Company has reported a loss for the year ended 31st December 2020, the use of the going concern basis of accounting is considered appropriate, reflecting the intention of the Company's parent company, Old Mutual Wealth Holdings Limited, to provide continued capital support for at least the three years to 31 December 2023. An assessment of the impact of COVID-19 on the going concern for the overall 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 AUDITOR

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

By order of the Board

Mitchell Dean
Director

19 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE 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 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.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUILTER FINANCIAL PLANNING LIMITED

Report on the audit of the revised financial statements

Opinion

In our opinion, Quilter Financial Planning Limited 's revised financial statements:

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the company's affairs as at 31 December 2020 and of its loss 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, seen as at the date the original financial statements were approved; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

We have audited the revised financial statements, included within the Revised Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2020; the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended; and the notes to the revised financial statements, which include a description of the significant accounting policies, and which replace the original financial statements approved by the directors on 18 March 2021. The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date the original financial statements were approved.

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 revised 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 revised 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.

Emphasis of matter – revision of the Capital redemption reserve

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 to these revised financial statements concerning the need for revision of the capital redemption reserve. This balance has been re-classified and presented within retained earnings in the current year and restated in the 2019 comparatives to reflect the distributable nature of the balance. The original financial statements were approved on 18 March 2021, and our previous auditors' report was signed on 19 March 2021. We have not performed a subsequent events review for the period from the date of our previous auditors' report to the date of this report.

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 revised financial statements are authorised for issue.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUILTER FINANCIAL PLANNING LIMITED (continued)

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 revised financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the revised 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 revised financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised 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 revised 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 revised 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 revised financial statements and the audit

Responsibilities of the directors for the revised 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 revised 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 revised financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the revised 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 revised financial statements

Our objectives are to obtain reasonable assurance about whether the revised 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 revised financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUILTER FINANCIAL PLANNING LIMITED (continued)

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 revised financial statements. We also considered those laws and regulations that have a direct impact on the revised financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the revised 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 revised financial statements. Audit procedures performed 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 created and approved by the same person, posted with unexpected account combinations, large amounts, posted by unexpected persons, and containing unusual account descriptions, where any such journal entries were identified;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to the investments in subsidiaries impairment assessment and expected credit loss provisions for loans.

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 revised 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 auditor's responsibilities for the audit of the revised financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. In the context of an audit of revised financial statements, in respect of our conclusion relating to going concern, we are only required to consider audit evidence up to the date of our original auditors' report. In other respects, 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 Companies (Revision of Defective Accounts and Reports) Regulations 2008 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

Opinion prescribed by the Companies (Revision of Defective Accounts and Reports) Regulations 2008

The original financial statements for the year ended 31 December 2020 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in note 2 to these revised financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUILTER FINANCIAL PLANNING LIMITED (continued)

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 revised 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

10 September 2021

INCOME STATEMENT
for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue			
Management fees		106,935	96,859
Investment return	4	1,088	1,691
Total revenue		108,023	98,550
Expenses			
Administrative expenses	5	(130,801)	(131,228)
Financing costs	8	(1,379)	(2,809)
Total expenses		(132,180)	(134,037)
Loss before tax		(24,157)	(35,487)
Taxation	9	5,374	16,052
Loss after tax		(18,783)	(19,435)
Attributable to equity holders		(18,783)	(19,435)

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

The notes on pages 24 to 61 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	2020 £'000	2019 £'000
Loss after tax	(18,783)	(19,435)
Total comprehensive loss for the year		
All attributable to equity holders	(18,783)	(19,435)

The notes on pages 24 to 61 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	Capital contributions £'000	Share-based payments reserve £'000	Retained earnings /(losses) £'000	Total equity £'000
Balance at 1 January 2020	182,073	56,800	25,000	2,909	9,280	276,062
Loss after tax	-	-	-	-	(18,783)	(18,783)
Share-based payments	-	-	-	2,977	-	2,977
Share issues during the year	45,000	-	-	-	-	45,000
Tax debit recognised in reserves						
- IFRS 2	-	-	-	(44)	-	(44)
- IFRS 16	-	-	-	-	(39)	(39)
Crystallised share options transferred to retained reserves	-	-	-	(2,213)	2,213	-
Balance at 31 December 2020	227,073	56,800	25,000	3,629	(7,329)	305,173

	Share capital £'000	Share premium £'000	Capital contributions £'000	Share-based payments reserve £'000	Retained earnings /(losses) £'000 Restated	Total equity £'000 Restated
Balance at 31 December 2018	156,973	56,800	25,000	2,332	(71,889)	169,216
IFRS 16 adjustment	-	-	-	-	50	50
Balance at 1 January 2019	156,973	56,800	25,000	2,332	(71,839)	169,266
Loss after tax	-	-	-	-	(19,435)	(19,435)
Share-based payments	-	-	-	1,138	-	1,138
Share issues during the year	125,100	-	-	-	-	125,100
Tax credit/(debit) recognised in reserves						
- IFRS 2	-	-	-	3	-	3
- IFRS 16	-	-	-	-	(10)	(10)
Crystallised share options transferred to retained reserves	-	-	-	(564)	564	-
Share reduction	(100,000)	-	-	-	100,000	-
Balance at 31 December 2019	182,073	56,800	25,000	2,909	9,280	276,062

On 12 December 2019, the Company reduced share capital by 100,000,000 of £1 ordinary shares, with the addition of an equivalent amount to retained earnings. The share capital reduction and increase in retained earnings was required to ensure the Company maintained sufficient distributable reserves under s845 of Companies Act 2006 to complete the transfer at net book value of Quilter Investors Portfolio Management Limited from Caerus Holdings, a subsidiary of the Company, to Quilter plc and ultimately on to Quilter Investors Ltd.

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

The notes on pages 24 to 61 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2020

	Note	2020 £'000	2019 £'000 Restated[1]
Assets			
Property, plant and equipment	10	1,179	3,279
Intangible assets	11	10,430	8,417
Investments in subsidiaries	12	298,752	239,752
Deferred tax assets	13	2,105	2,021
Loans	14	85,107	27,087
Current tax receivable		3,804	10,318
Other receivables	15	31,675	19,164
Cash and cash equivalents	16	28,099	113,961
Total assets		461,151	423,999
Equity and liabilities			
Equity			
Share capital	21	227,073	182,073
Share premium		56,800	56,800
Capital contributions		25,000	25,000
Share-based payments reserve		3,629	2,909
Retained (losses)/earnings		(7,329)	9,280
Total equity attributable to equity holder		305,173	276,062
Liabilities			
Other financial liabilities	18	40,078	15,381
Other payables	17	115,873	131,115
Lease liabilities	19	27	1,441
Total liabilities		155,978	147,937
Total equity and liabilities		461,151	423,999

[1]See note 2 for details regarding restatements relating to the reclassification of a capital redemption reserve and of Computer Software and Loans.

The notes on pages 24 to 61 are an integral part of these financial statements.

Approved at a meeting of the Board of Directors on 9 September 2021 and signed on its behalf by:

Mitchell Dean
Director

10 September 2021

Company registered number: 05372217

STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	2020 £'000	2019 £'000 Restated
Cash flows from operating activities		
Operating loss	(23,866)	(34,369)
Adjustment to reconcile operating loss before tax to net cash used in operating activities:		
Depreciation of property and equipment	1,541	2,034
Amortisation of intangible assets	1,828	1,858
(Increase) in trade and other receivables	(12,483)	(11,134)
(Decrease)/increase in trade and other payables	(15,242)	10,999
Impairment of investment subsidiaries	-	11,150
Dilapidation provision transferred to lease liabilities	-	226
Lease liability reduction	(117)	-
Group relief received	11,872	6,595
Finance revenue	1,062	1,336
Increase in other financial assets	(2,020)	(4,819)
Share based payments	2,977	1,138
Net cash flows used in operating activities	(34,448)	(14,986)
Cash flows from investing activities		
Purchase of property and equipment	-	(888)
Purchase of intangible assets	(3,841)	(4,560)
Investment in and acquisition of, subsidiaries	(64,426)	(79,063)
Net cash flows used in investing activities	(68,267)	(84,511)
Cash flows from financing activities		
Interest paid	(149)	(864)
Repayment of loan notes (note 18)	-	(3,196)
Payment of lease liabilities	(753)	(977)
Deferred consideration	(1,245)	-
Loan to ultimate parent company	(56,000)	-
Loan from subsidiary	30,000	-
Receipt from issuance of share capital	45,000	125,100
Net cash flows from financing activities	16,853	120,063
Net increase in cash and cash equivalents	(85,862)	20,566
Cash and cash equivalents at beginning of the year	113,961	93,395
Cash and cash equivalents at end of the year	28,099	113,961
Non cash financing activity		
Settlement of loan with subsidiary	-	(14,210)
Transfer from other financial assets	-	(3,400)
Capital reduction	-	100,000
Net non cash financing activities	-	82,390

In 2019, the Company settled the loan note for deferred consideration relating to the acquisition of Quilter Financial Planning Solutions Limited during the year.

The notes on pages 24 to 61 are an integral part of these financial statements.

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

1 GENERAL INFORMATION

Quilter Financial Planning Limited ("**the Company**"), a limited company incorporated and domiciled in the United Kingdom ("**UK**").

The principal activity of the Company is that of a holding company together with service provision and strategic and governance oversight to its subsidiary companies. The principal activities of its subsidiary companies include financial planning and mortgage advice through both a network of self-employed intermediaries and employed advisers.

All activities are carried out in the UK.

The address of the registered office is Wiltshire Court, Farnsby Street, Swindon, SN1 5AH.

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 except for the revaluation of certain financial instruments, which are recognised at fair value. They have been prepared in sterling and are rounded to the nearest hundred thousand pounds. These are separate financial statements as the Company has elected under the Companies Act s.400 not to prepare consolidated financial statements.

These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments which are recognised at fair value, and are presented in pounds sterling, which is the currency of the primary economic environment in which the QFP Group operates.

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 impact of COVID 19 through scenario testing and modelling of a significant downturn in markets
- the written commitment of the Company's ultimate 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 ultimate parent's ability to provide that support.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

DEFECTIVE FINANCIAL STATEMENTS

These revised financial statements replace the original financial statements for the year ended 31 December 2020 which were approved by the Board of Directors and authorised for issue on 19 March 2021. The revised financial statements are now the statutory financial statements for the company for the financial year.

The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date the original financial statements were approved.

The original financial statements presented a capital redemption reserve created as a result of a £100 million share capital reduction which took place during 2019 with the intention of being distributable. The naming of this reserve did not comply with the requirements of the Companies Act 2006. As such, this balance has been re-classified to retained earnings to better reflect the substance of the transaction, and the distributable nature of the balance.

In these financial statements, the capital redemption reserve has been removed with the balance reclassified to retained earnings. Related disclosures in the primary financial statements and notes to the financial statements relating to 2019 and 2020 have been updated as appropriate.

In remedying this defect, material changes have been made in respect of the prior year retained earnings, details of which can be found in the Statement of Changes in Equity and Statement of Financial Position. The revision of the financial statements has not resulted in a change in the company's net assets.

Going concern

Whilst the Company has reported a loss for the year ended 31st December 2020, the use of the going concern basis of accounting is considered appropriate, reflecting the intention of the Company's parent company, Old Mutual Wealth Holdings Limited, to provide continued capital support for at least the three years to 31 December 2023. An assessment of the impact of COVID-19 on the going concern for the overall 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 support committed to by Quilter plc, there are no material uncertainties, related events or conditions that may cast significant doubt over the ability of the Company to meet its liabilities as they fall due, for at least 12 months from the date of approving these financial statements.

Prior year restatements

a) Computer Software

In 2019, computer software was included within Property, Plant and Equipment. In 2020, these assets were reviewed and following on from this review, these assets have been reclassified as intangible assets in accordance with IAS 38. The prior year balance has been restated accordingly.

b) Loans

Business interruption payments offered to new advisers are charged to the Income Statement in accordance with the loan agreement as the loan is not repayable if conditions within the loan agreement are met. Historically these have been classified as loans but following a review in 2020, the nature of these loans are prepayments of commission and have been reclassified as prepayments. The prior year balance has been restated accordingly.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Reserves
A capital redemption reserve was presented within the 2019 financial statements relating to the £100 million share capital reduction. This balance has been re-classified to retained earnings to better reflect the substance of the transaction, and the distributable nature of the balance.

These reclassifications are a change in presentation and not accounting policy and therefore have had no impact upon equity at the beginning of or end of the prior year.

The impact of the restatement is summarised below:

STATEMENT OF FINANCIAL POSITION (extract)

	31 December 2019 £'000	Computer software reclassification £'000	Loans reclassification £'000	Reserves £'000	31 December 2019 £'000 Restated
Property, plant and equipment	10,981	(7,702)	-	-	3,279
Intangible assets	715	7,702	-	-	8,417
Loans	29,765	-	(2,678)	-	27,087
Other receivables	16,486	-	2,678	-	19,164
Total assets	423,999	-	-	-	423,999
Capital redemption reserve	100,000	-	-	(100,000)	-
Retained losses/(earnings)	(90,720)	-	-	100,000	9,280
Total equity	276,062	-	-	-	276,062

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

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

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

Future standards, amendments to standards and interpretations not early-adopted in these financial statements

Certain new standards, interpretations and amendments to existing standards have been published by the IASB that are mandatory for the Group's annual accounting periods beginning on or after 1 January 2021. The Company has not early adopted these standards, amendments and interpretations.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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)

Financial instruments

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

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

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

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

Measurement

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

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

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Financial investments

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

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

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

Loans and advances

Loans with fixed maturities are recognised when cash is advanced to borrowers or policyholders. Loans and advances are carried at amortised cost using the effective interest rate method. 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. Cash and cash equivalents held within money market collective investment funds are classified as FVTPL. All other cash and cash equivalents are classified as at amortised cost which means they are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method 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. 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.

Investments in subsidiaries

Investments in subsidiaries are initially held at historical cost and tested annually for impairment. Where the values of the subsidiaries are impaired, then investments in subsidiaries are carried at management's estimate of the recoverable value, being the higher of the value-in-use or fair value less costs to sell.

All impairments are recognised in the income statement as they occur.

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, cash and cash equivalents and corporate debt securities.

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

Impairment of financial assets (continued)
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.

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

Area	Critical accounting judgements	Notes
Impairment of investment in subsidiary - recognition	In assessing whether an impairment provision should be recognised, the Company evaluates the likelihood of the carrying value of the investment being lower than the recoverable amount, using the approved Business Plan.	12

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Area	Critical accounting estimates	Notes
Provisions - measurement	The amount of provision is calculated by comparing the carrying value of the underlying investment to the recoverable value, being the higher of the value-in-use ("**VIU**") and its fair value ("**FV**") less costs to sell. The sensitivity rates used by management to stress test the assumptions are set out in Note 12.	12
Deferred tax - measurement	The estimation of future taxable profits is performed as part of the annual business planning process, and is based on estimated levels of assets under management, which are subject to a large number of factors including worldwide stock market movements, related movements in foreign exchange rates and net client cash flow, together with estimates of expenses and other charges The business plan, adjusted for known and estimated tax sensitivities, is used to determine the extent to which deferred tax assets are recognised. In general the Group assesses recoverability based on estimated taxable profits over a 3 year planning horizon.	13

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue represents the recharge of expenses to the Company's subsidiaries on an agreed basis.

All turnover relates to continuing operations in the United Kingdom.

Expense recognition
All expenses are recognised in the Income Statement as a cost when incurred.

Property, plant and equipment
Fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment in value. Fixtures and fittings are depreciated on a straight-line basis over their useful economic life which in all cases is 3 years.

Computer equipment is stated at cost less accumulated depreciation and accumulated impairment in value. Computer equipment is depreciated on a straight-line basis over 3 years.

Assets associated with short leaseholds are stated at cost less accumulated depreciation and accumulated impairment in value. Assets associated with short leaseholds are depreciated on a straight line basis over the period of the lease.

Depreciation and impairment losses are recognised in the income statement and other comprehensive income within administrative expenses. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

Intangible assets
The cost of acquiring advisers from Sesame Bankhall was capitalised and included as intangible assets on the statement of financial position. These payments are recorded at cost and amortised over the expected life of the benefit derived from the income stream of these advisers, which is assumed to be 10 years. The amortisation is calculated based on the expected pattern of income over this period.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Internally developed software is capitalised where it meets the recognition criteria in IAS 38 Intangible Assets. Where it is capitalised, internally developed software is held at cost less accumulated amortisation and impairment losses. Such software is recognised in the statement of financial position if, and only if, it is probable that the relevant future economic benefits attributable to the software will flow to the Company and its cost can be measured reliably. Costs incurred in the research phase are expensed, whereas costs incurred in the development phase are capitalised, subject to meeting specific criteria, as set out in the relevant accounting guidance, the main one being that future economic benefits can be identified as a result of the development expenditure. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the relevant software, which range between three and five years, depending on the nature and use of the software.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

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

Taxation

Current income tax

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

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

Deferred income tax

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

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

Deferred tax is charged or credited in the income statement 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 within equity.

Investment return and financing costs

Interest income is recognised as it accrues using the effective interest rate method applicable over the period of the income.

Interest expense is recognised as it accrues using the interest rate applicable over the period of the expense.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital contribution

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

Provisions

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

Share based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for difference between expected and actual outcomes.

Pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement and other comprehensive income represents the contributions payable to the scheme in respect of the accounting period.

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES

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;
- 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.
- **The Risk Policy Framework**: Quantitative and qualitative risk appetite statements for individual risks embedded into the policy framework. These set out the approach taken to mitigate and manage risks, informed by the policy appetite statements and control standards.

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

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

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

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (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 advisers 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 credit risk on liquid funds is limited because the counterparties are banks and Money Market Funds ("**MMFs**") with high credit ratings assigned by international credit rating agencies.

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

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
Interest rate risk is defined as the risk of a deviation of the actual interest rates from the expected interest rates, resulting in the potential for a negative impact on earnings or capital and/or reduced solvency.

The company monitors the impact of interest rate changes on its financial position, with the risk managed in line with its Market Risk Policy.

The effective interest rate applicable to interest bearing financial instruments is as follows:

	2020 Variable	2019 Variable
Assets		
Deposits with credit institutions	0.01%	0.68%
Current account with credit institutions	0.00%	0.01%

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

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

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

The Company, whilst loss making, is exposed to minimal liquidity risk as it has the financial support of its parent, Old Mutual Wealth Holdings Limited and the wider Group. The Directors of the Company have received written confirmation of continued support from Quilter plc via Old Mutual Wealth Holdings Limited for at least twelve months from the date of approval of these accounts.

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

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

Maturity analysis
The following tables show the maturities of the Company's liabilities, and of the financial assets held to meet them.

(i) Analysis of maturity of financial liabilities

The following table shows the Company's financial liabilities analysed by duration:

	Note	To be settled within 12 months £'000	To be settled after 12 months £'000	2020 Total £'000
Other payables	17	115,873	-	115,873
Other financial liabilities	18	35,046	5,032	40,078
		150,919	5,032	155,951

	Note	To be settled within 12 months £'000	To be settled after 12 months £'000	2019 Total £'000
Other payables	17	131,115	-	131,115
Other financial liabilities	18	11,460	3,921	15,381
		142,575	3,921	146,496

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

Maturity analysis(continued)
(ii) Analysis of maturity of financial assets

The following table provides an analysis, by maturity date of the principal, of the carrying value of the financial assets which are available to fund the repayment of liabilities as they crystallise.

	Note	To be settled within 12 months £'000	To be settled after 12 months £'000	2020 Total £'000
Loans	14	61,924	23,183	85,107
Other receivables	15	31,675	-	31,675
Cash and cash equivalents	16	28,099	-	28,099
		121,698	23,183	144,881

	Note	To be settled within 12 months £'000	To be settled after 12 months £'000	2019 Total £'000 Restated
Loans	14	6,920	20,167	27,087
Other receivables	15	19,164	-	19,164
Cash and cash equivalents	16	113,961	-	113,961
		140,045	20,167	160,212

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

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

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

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

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

In the event of the Company incurring losses resulting in erosion of its capital base it is supported financially by its immediate parent company Old Mutual Wealth Holdings Limited.

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 Old Mutual Wealth Holdings Limited and the broader Group.

4 INVESTMENT RETURN

This note analyses the investment return from the Company's investing activities.

	2020 £'000	2019 £'000
Interest income on		
Adviser loans	728	585
Interest on deferred consideration (see Note 8)	-	355
Interest receivable on loan to Old Mutual Wealth Holdings Limited	59	-
Bank balances	2	94
Total interest income	789	1,034
Investment income on:		
Short term deposits	299	657
Total investment income	299	657
Total	1,088	1,691

5 ADMINISTRATIVE EXPENSES

	2020 £'000	2019 £'000
Staff costs	75,643	59,165
Depreciation on property and equipment (note 10)	1,541	2,034
Amortisation of intangible assets (note 11)	1,828	1,858
Impairment of investment in subsidiaries (note 12)	-	11,150
Auditor's remuneration: audit of these financial statements	64	65
Professional and regulatory costs	28,941	22,052
Computer costs	12,214	10,373
Adviser costs	6,897	8,926
Acquisition costs	368	2,943
Administration and other expenses	3,305	12,662
	130,801	131,228

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

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

6 EMPLOYEE BENEFITS

	2020 £'000	2019 £'000
Wages and salaries	66,439	50,626
Social security costs	8,341	6,557
Other pension costs	863	1,982
	75,643	59,165

The average monthly number of employees during the year was as follows:

	2020	2019
Directors	5	6
Administrative staff	728	611
Sales staff	93	59
	826	676

The above costs are included within administrative expenses on the income statement.

All employees were involved in the administration of the Group's activities in the current and prior year. The pension costs shown above are the Company's contributions into defined contribution pension plans.

7 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.

	2020 £'000	2019 £'000
Aggregate Directors' emoluments		
Remuneration	1,760	1,802
Pension	18	23
Total share based payments	1,063	-
	2,841	1,825

	2020 £'000	2019 £'000
Emoluments of the highest paid Director		
Aggregate emoluments excluding pension contribution	1,117	663

5 Directors had money paid to money purchase schemes during the year (2019: 3).

No Directors received or were due to receive shares or share options under a long-term incentive scheme (2019: 3).

4 Directors exercised options during the year (2019: 2).

The highest paid Director did not exercise share options during the year (2019: did not exercise options).

During the year there was one compensation for loss of office paid to Directors of £51,000 (2019: £nil); this includes the estimated money value of the following benefits: payment in lieu of notice, loss of participation in the SAYE scheme, pay-out of contractual long term incentive, pension contributions, bonus and statutory redundancy.

Key management personnel transactions
Key management personnel of the Company and members of their close family have undertaken transactions with the Company or an entity within the Quilter Group in the normal course of business.

The products within the Company and Quilter Group are available to all employees of the Company on preferential staff terms, the impact of which is immaterial to the Company's financial statements.

During the year ended 31 December 2020, key management personnel and their close family members contributed £820,000 (2019: £228,000) to pensions and investments (in both internal and external funds). The total value of investments in pensions investment products by key management personnel serving at any point during the year and their close family members was £3,959,000 (2019: £3,796,000) at the end of the year.

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

8 FINANCING COSTS

	2020 £'000	2019 £'000
Bank charges	17	21
Interest payable on deferred consideration	-	194
Loss on investments and securities	-	1,566
Interest charge on lease liability	15	38
Discount unwind on deferred consideration	1,215	723
Interest payable on loan from Quilter Financial Planning Solutions Limited	-	267
Interest payable on loan from Lighthouse Advisory Services Limited	132	-
	1,379	2,809

In 2019, the final payment of Loan Note agreement relating to the acquisition of Quilter Financial Planning Solutions Limited was due and in accordance with the agreement, total deferred consideration was recalculated, giving rise to a reduction of the interest charged and a credit in the year.

9 TAXATION

	2020 £'000	2019 £'000
Current year corporation tax credit	(4,740)	(3,504)
Prior year movement	(467)	(11,618)
Origination and reversal of temporary differences	(167)	(930)
Tax credit for the year	(5,374)	(16,052)

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

	2020 £'000	2019 £'000
Loss before tax	(24,157)	(35,487)
Tax on loss at the applicable tax rate 19% (2019: 19%)	(4,590)	(6,743)
Effect of:		
Expenses not deductible for tax purposes	413	1,120
Impairment of investment in subsidiaries	-	2,119
Recognition of previously unrecognised deferred tax assets	(468)	(757)
Effect of deferred tax on changes in tax rates	(262)	80
Prior year movement	(467)	(11,871)
	(5,374)	(16,052)

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

In 2019, as a result of the managed separation from Old Mutual Plc, the Group benefitted from tax losses arising in Old Mutual which were surrendered to Quilter plc at nil cost. To standardise the effective tax rate across the Group, Quilter Financial Planning were allocated group relief at a rate greater than the standard rate of tax for the Company's losses, resulting in a prior year tax movement.

10 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use asset £'000	Fixtures and fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000 Restated*
Cost					
At 1 January 2019	2,156	732	2,540	3,174	8,602
Disposals	-	-	-	-	-
Additions	46	70	479	293	888
At 31 December 2019	2,202	802	3,019	3,467	9,490
Disposals	-	-	-	-	-
Additions	-	-	-	-	-
Lease reassessment	(559)	-	-	-	(559)
At 31 December 2020	1,643	802	3,019	3,467	8,931
Accumulated depreciation					
At 1 January 2019	-	651	1,811	1,715	4,177
Disposals	-	-	-	-	-
Provided during the year	909	75	480	570	2,034
At 31 December 2019	909	726	2,291	2,285	6,211
Disposals	-	-	-	-	-
Provided during the year	708	40	420	373	1,541
At 31 December 2020	1,617	766	2,711	2,658	7,752
Carrying amount					
At 31 December 2019	1,293	76	728	1,182	3,279
At 31 December 2020	26	36	308	809	1,179

All leasehold property improvements included above is represented by short leaseholds of less than 50 years.

*Refer Note 2 for details of the restatement.

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

11 INTANGIBLE ASSETS

	Sesame Adviser £'000	Computer software £'000	Total £'000 Restated*
Cost			
At 1 January 2019	1,389	25,747	27,136
Disposals	-	(4,454)	(4,454)
Additions	-	4,560	4,560
At 31 December 2019	1,389	25,853	27,242
Disposals	-	-	-
Additions	-	3,841	3,841
At 31 December 2020	1,389	29,694	31,083
Accumulated amortisation and impairment			
At 1 January 2019	527	20,894	21,421
Disposals	-	(4,454)	(4,454)
Provided during the year	147	1,711	1,858
At 31 December 2019	674	18,151	18,825
Disposals	-	-	-
Provided during the year	139	1,689	1,828
At 31 December 2020	813	19,840	20,653
Carrying amount			
At 31 December 2019	715	7,702	8,417
At 31 December 2020	576	9,854	10,430

The cost of acquiring advisers from Sesame Bankhall in 2015 was capitalised. These payments are recorded at cost and then amortised over the expected life of the benefit derived from the income stream of these advisers, which is assessed as being 10 years.

The costs of developing commission systems for advisers are capitalised and included within Computer software.

*Refer Note 2 for details of the restatement.

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

12 INVESTMENTS IN SUBSIDIARIES

	£'000
At 31 December 2019	239,752
Additions in the year	59,000
At 31 December 2020	298,752

2020 investment in subsidiaries

On 21 April 2020, the Company subscribed for 1,500,000,000 ordinary shares at a cost of £15,000,000 in its subsidiary, Lighthouse Group Limited (formerly Lighthouse Group plc) to fund the purchase of shares in its subsidiary, Lighthouse Advisory Services Limited.

On 29 June 2020, the Company subscribed for 8,048,869,224 ordinary shares at a cost of £4,000,000 in its subsidiary, Quilter Wealth Limited to strengthen its capital position.

On 29 June 2020, the Company subscribed for 1,000,000,000 ordinary shares at a cost of £10,000,000 in its subsidiary, Lighthouse Group Limited (formerly Lighthouse Group plc) to fund the purchase of shares in its subsidiary, Lighthouse Advisory Services Limited.

On 18 August 2020, the Company subscribed for 3,000,000,000 ordinary shares at a cost of £30,000,000 in its subsidiary, Lighthouse Group Limited (formerly Lighthouse Group plc) to fund the purchase of shares in its subsidiary, Lighthouse Advisory Services Limited.

Details of the investments in subsidiaries of the Company at 31 December 2020 are as follows:

The Company has a 100% holding in its subsidiaries.

Company name	Share class	Registered office address
Quilter Financial Services Limited	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Quilter Financial Planning Solutions Limited	Ordinary	Riverside House, the Waterfront, Newcastle upon Tyne, NE15 8NY
Think Synergy Limited*	Ordinary	Riverside House, the Waterfront, Newcastle upon Tyne, NE15 8NY
Intrinsic Financial Solutions Limited	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Quilter Wealth Limited	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Quilter Mortgage Planning Limited	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Blueprint Financial Services Limited	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Intrinsic Wealth Financial Solutions Limited	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Blueprint Organisation Limited	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Blueprint Distribution Limited*	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Quilter Private Client Advisers Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB

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

12 INVESTMENTS IN SUBSIDIARIES (continued)

D G Pryde Limited* - in liquidation	Ordinary	Saltire Court, 20 Castle Terrace, Edinburgh, Scotland EH1 2DB
Freedom Financial Planning (Manchester) Ltd.* - in liquidation	Ordinary	Hill House, 1 Little New Street, London, EC4A 3TR
Intrinsic Cirilium Investment Company Limited	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Charles Derby Group Limited	Ordinary	6 Tollgate Business Park, Tollgate West, Stanway, Colchester CO3 8AB
Quilter Financial Advisers Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Charles Derby Wealth Management Limited*	Ordinary	6 Tollgate Business Park, Tollgate West, Stanway, Colchester CO3 8AB
Charles Derby Private Clients Limited*	Ordinary	6 Tollgate Business Park, Tollgate West, Stanway, Colchester CO3 8AB
Forward Thinking Wealth Management Limited*	Ordinary	6 Tollgate Business Park, Tollgate West, Stanway, Colchester CO3 8AB
Caerus Capital Group Limited	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Caerus Holdings Limited*	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Caerus Bureau Services Limited* - in liquidation	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Quilter Financial Limited*	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Caerus Wealth Solutions Limited*	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Caerus Wealth Limited*	Ordinary	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Lighthouse Group Limited (formerly Lighthouse Group plc)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Luceo Asset Management Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Wealth Management Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
LighthouseXpress Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Benefits Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Financial Adviser Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Support Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Financial Advisers Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Falcon Financial Advice Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
The Falcon Group Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Pensions Help Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB

12 INVESTMENTS IN SUBSIDIARIES (continued)

Lighthouse Advisory Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Financial Services Advice & Support Limited*	Ordinary	C/O Addleshaw Goddard Llp, 19 Canning Street, Edinburgh, Scotland, EH3 8EH
LighthouseCarrwood Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Financial Advice Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Corporate Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Direct Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
LighthouseTemple Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse+ Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouseplus Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Prescient Financial Intelligence Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Charles Jacques Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
NPL Financial Limited* - in liquidation	Ordinary	Hill House, 1 Little New Street, London, EC4A 3TR
Maestro Financial Services Limited* - in liquidation	Ordinary	Hill House, 1 Little New Street, London, EC4A 3TR
Premier Planning Limited* – in liquidation	Ordinary	Hill House, 1 Little New Street, London, EC4A 3TR

* Not directly held entities

All subsidiaries are incorporated in England and Wales, except D G Pryde Limited and Financial Services Advice & Support Limited which are registered in Scotland.

Annual impairment test

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

Value-in-use

The VIU test has been calculated with reference to the 2020-2023 business plan, with cashflows beyond this period modelled using a compound annual growth rate for both revenue and expenses. A terminal value is calculated using a market growth rate of 4.3% and discounted to present value using a discount rate of 9%. Management perform sensitivity tests to stress the VIU calculation whereby the revenue growth rate is reduced, is reduced to 2% and the discount rate is increased to the point where the VIU is equal to the carrying value for the entity with the lowest surplus.

	Current estimate	Assumption that would cause impairment	Entity that would be impaired
Market growth rate	4.3%	3.3%	Blueprint Organisation Limited
Discount rate	9.0%	9.8%	Blueprint Organisation Limited

The QFP entities are sensitive to the growth rate within the model and as such this is a key assumption in the VIU calculation. The growth rate of 4.3% is based on projections of the market growth of a balanced portfolio, derived as part of the 2020 business plan process. The calculation for the growth rate considers predicted GDP and inflation growth across UK, developed and developing markets, which are then apportioned based on the percentage of holdings within those markets. A £14m decrease in the terminal value of the entity with the lowest surplus would result in an impairment being required.

Blueprint Organisation Limited, Charles Derby Group and Lighthouse Group Limited (formerly Lighthouse Group plc) all produce a higher valuation when using the VIU methodology and as such have all been valued at their VIU.

Fair Value

The FV test has been constructed with key assumptions validated by comparison to similar market transactions over a seven-year period. The Assets Under Advice ("**AuA**") at 31 December 2020 are multiplied by the market transaction average multiplier calculated from a range of 1.3% to 3.5%. Management perform a sensitivity test to stress the FV calculation, whereby the AuA valuation is reduced to the point at which the entity with the lowest surplus would require impairment, reflecting a potential downturn in the markets arising. A further stress test is also performed to reduce the AuA multiplier of 2.1% to the point where the FV is equal to the carrying value for the entity with the lowest surplus.

	Current estimate	Assumption that would cause impairment	Entity that would be impaired
Reduction in AuA	N/A%	47.0%	Caerus Capital Group Limited
AuA multiplier	2.1%	1.1%	Caerus Capital Group Limited

The COVID-19 pandemic has impacted global markets and potential valuations. As such QFP has analysed four recent acquisitions (post COVID-19) to test any downturn in valuations. The average AUA for these transactions is 1.35%, showing to be lower than similar transactions completed pre COVID-19 due to the stressed point in the market. When valued at 1.35% the QFP entities would continue to have a surplus varying value but if any further sensitivities were also applied then it is expected that impairments would be indicated.

The following entities all have a higher valuation when using the FV methodology and as such have been valued using their FV: Quilter Financial Services Limited, Quilter Mortgage Planning Limited, Quilter Financial Planning Solutions Limited, Caerus Capital Group Limited and Quilter Wealth Limited.

The fair value hierarchy of the subsidiaries under IFRS 13 is Level 3, given that the information used in the valuation is not publicly available information.

The Company's subsidiaries are exposed to additional risks, such as reducing investor confidence and adverse market reaction, particularly in regard to the ongoing risk of market downturns as a result of COVID-19. These subsidiaries 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.

After undertaking the above tests and with consideration given to the potential impact of a market downturn, the recoverable amount for each subsidiary exceeds the carrying value. Management are therefore satisfied that no impairment is required in investments in subsidiaries as at 31 December 2020.

13 DEFERRED TAX

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

	Tax losses carried forward £'000	Fixed Assets £'000	Deferred tax not provided £'000	Share Schemes £'000	Other timing differences £'000	Total £'000
Asset at 1 January 2019	3,751	1,275	(3,922)	175	-	1,279
Equity movement	-	(9)	-	75	-	66
Movement in the year	-	(356)	949	337	-	930
Prior year movement	(77)	-	(177)	-	-	(254)
Asset at 31 December	3,674	910	(3,150)	587	-	2,021
Equity movement	-	-	-	(45)	(37)	(82)
Movement in the year	490	(234)	(367)	124	153	166
Prior year movement	-	-	-	-	-	-
Asset at 31 December	4,164	676	(3,517)	666	116	2,105

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

A deferred tax asset of £3,150,000 in respect of tax losses has not been recognised as there is sufficient uncertainty to the extent it is probable that there will be future taxable profits to utilise the losses. Trading losses are available to carry forward without expiry subject to the continuation of the trade.

On the 3 March 2021, the Chancellor of the Exchequer announced in the Budget a future increase in the Corporation Tax rate from 19% to 25%, effective from 1 April 2023. The change in rate has not yet been substantially enacted but had it been at the 31 December 2020 the impact on the deferred tax assets and liabilities would be an increase in the net deferred assets of £471,000.

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

14 LOANS RECEIVABLE

	2020 £'000	2019 £'000 Restated*
Loans	29,105	27,061
Loan with ultimate parent company	56,000	-
Staff loans	2	26
	85,107	27,087
To be recovered within 12 months	61,924	6,920
To be recovered after 12 months	23,183	20,167
	85,107	27,087

Included within this balance are loans to advisers made on commercial terms. The loan agreement with the adviser details the dates on which the payments of the loan are to be paid. Where an adviser is due commission payments from Quilter at the date of a payment of the loan balance, these commission payments are able to be used to offset the loan agreement payments to be made by the adviser. In certain circumstances, the loan agreement period may be extended where agreed by both Quilter and the adviser. Should the adviser terminate their terms of business agreement with Quilter, the loan balance becomes immediately repayable in full.

The loan to the ultimate parent company was established as part of a facility for the efficient management of liquidity, executed on 22 August 2020. The loan is recoverable on demand and accrues interest at LIBOR plus 50 bps.

The Company assess inter-company balances for expected credit loss, but due to the value of cash within the Group, which could be waterfalled around each business, and no historical losses incurred on inter-company balances, we have not recognised an ECL on inter-company balances.

The carrying value of these assets approximates to fair value.

*Refer Note 2 for details of the restatement.

IFRS 9 imputed provision utilisation	2020 £'000	2019 £'000
Balance brought forward	1,070	706
(Credited)/charged to income statement	(503)	364
Balance carried forward	567	1,070

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

15 OTHER RECEIVABLES

	2020 £'000	2019 £'000 Restated*
Due from subsidiary undertakings	23,093	13,102
Due from other group undertakings	761	-
Due from parent company	26	-
Other	3,416	614
Prepayments and accrued income	4,379	5,448
Other receivables	31,675	19,164

The Company assess inter-company balances for expected credit loss, but due to the value of cash within the Group, which could be waterfalled around each business, and no historical losses incurred on inter-company balances, we have not recognised an ECL on inter-company balances.

For terms and conditions relating to related party transactions (see note 22). Other receivables are non-interest bearing.

*Refer Note 2 for details of the restatement.

16 CASH AND CASH EQUIVALENTS

	2020 £'000	2019 £'000
Bank balances	10,800	5,922
Short term deposits with credit institutions	17,299	108,039
	28,099	113,961

Cash at bank earns interest at floating rates based on daily bank deposit rates. Cash on money markets earns interest at a floating variable rate which at the period end was 0.01% (2019: 0.68%) on an annualised basis. Bank balances are current and recognised at amortised cost. Money market investments are current and are recognised mandatorily at FVTPL.

Bank balances are subject to a 12 month ECL, and are credit rated A+.

There is a fixed and floating charge over the Company and all its property and assets, present and future, by the Bank of Scotland in respect of all monies due to or become due from the Company on any account.

This charge was registered with Companies House on 2 February 2016.

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

17 OTHER PAYABLES

	2020 £'000	2019 £'000
Trade payables	16,085	19,900
Due to Quilter plc subsidiary undertakings	11,937	8,367
Due to subsidiary undertakings	86,588	100,678
Other taxes and social security costs	1,263	2,170
	115,873	131,115

All amounts due are short term and interest free.

Terms and conditions of the above financial liabilities:
- For terms and conditions relating to related parties (see note 22).
- Other payables are non-interest bearing and are normally settled in 90 days.

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

18 LOANS AND DEFERRED CONSIDERATION PAYABLE

	2020 £'000	2019 £'000
Amount due within one year:		
Loan from subsidiary	30,000	-
Deferred purchase consideration	5,046	11,460
	35,046	11,460
Amount due in more than one year:		
Deferred purchase consideration	5,032	3,921
	5,032	3,921

Deferred consideration utilisation	2020 £'000	2019 £'000
Opening balance	15,381	12,869
New issue	-	13,643
Utilised	(6,296)	(11,672)
Charged to income statement	993	541
	10,078	15,381

The loan from subsidiary was advanced on 18 August 2020 and is repayable on demand. The loan accrues interest at LIBOR plus 115 bps.

The deferred purchase consideration relates to the acquisition of Quilter Financial Planning Solutions Limited, Caerus Capital Group Limited and the Charles Derby Group Limited.

The consideration for Quilter Financial Planning Solutions Limited was payable over 16 quarters from 1 October 2015 and accrues interest at LIBOR plus 600 bps. In accordance with the Loan Note agreement, the total deferred consideration was recalculated and the final payment made on 20 December 2019.

In 2020, the deferred consideration in excess of the agreed consideration was credited to the Income Statement.

For Caerus Capital Group Limited the deferred purchase consideration is £nil (2019: £5,647,214) on an undiscounted basis, the final payment being made in June 2020.

For the Charles Derby Group Limited the deferred purchase consideration is £10,344,306 on an undiscounted basis. £5,046,003 was due to be paid in August 2020 which will now be made in 2021 and £5,298,303 payable in February 2022. An interim payment was made to shareholders which is included in other debtors.

The deferred purchase consideration in the table above is discounted to reflect the net present value of the future obligation.

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

19 LEASE LIABILITIES

	2020 £'000	2019 £'000
Opening balance at 1 January	1,441	2,334
Additions	-	46
Finance interest charge for the period	15	38
Lease liability reduction for the period	(753)	(977)
Lease reassessments, modifications and prior year adjustments	(676)	-
Closing balance at 31 December	27	1,441
Lease liability to be settled within 12 months	27	770
Lease liability to be settled after 12 months	-	671
Total discounted lease liability at 31 December	27	1,441
Maturity analysis – contractual undiscounted cash flows		
Less than one year	27	792
One to five years	-	619
More than five years	-	90
Total undiscounted lease liability at 31 December	27	1,501

During the year, the break clause was exercised on 24th July on two leases and the lease on the remaining floor was shortened and will end on 31 May 2021.

20 FINANCIAL AND CAPITAL COMMITMENTS

The Company has given letters of support which confirms that the Company will continue to provide financial support to a number of subsidiaries for a period of at least 12 moths from the date of approval of the statement of financial position of those subsidiary companies.

The Company acts as lease guarantor on a property for Quilter Private Client Advisers. At 31 December 2020 lease commitments stood at £985,000 (2019: £1,182,000).

There are no other material financial and capital commitments.

21 CALLED UP SHARE CAPITAL

	Share capital £'000
At 1 January 2019 156,972,594 ordinary shares of £1 each	156,973
Issued in the year	125,100
Capital reduction in the year	(100,000)
At 31 December 2019 182,072,594 ordinary shares of £1 each	182,073
At 1 January 2020 182,072,594 ordinary shares of £1 each	182,073
Issued in the year	45,000
At 31 December 2020 227,072,594 ordinary shares of £1 each	227,073

On 14 February 2019 the Company issued 32,000,000 of £1 ordinary shares for a consideration of £32,000,000 to its parent Old Mutual Wealth Holdings Limited to provide funding for the acquisition of subsidiaries.

On 21 March 2019 the Company issued 11,000,000 of £1 ordinary shares for a consideration of £11,000,000 to its parent Old Mutual Wealth Holdings Limited to provide funding for the acquisition of subsidiaries.

On 27 March 2019 the Company issued 50,000,000 of £1 ordinary shares for a consideration of £50,000,000 to its parent Old Mutual Wealth Holdings Limited to provide funding for the acquisition of subsidiaries.

On 11 July 2019 the Company issued 10,400,000 of £1 ordinary shares for a consideration of £10,400,000 to its parent Old Mutual Wealth Holdings Limited to provide funding for the acquisition of subsidiaries.

On 12 December 2019 the Company reduced its share capital by 100,000,000 £1 ordinary shares for nil consideration.

On 16 December 2019 the Company issued 21,700,000 of £1 ordinary shares for a consideration of £21,700,000 to its parent Old Mutual Wealth Holdings Limited to provide funding for the acquisition of subsidiaries.

On 21 April 2020 the Company issued 12,000,000 of £1 ordinary shares for a consideration of £12,000,000 to its parent Old Mutual Wealth Holdings Limited to provide funding for the purchase of shares in its subsidiary.

On 29 June 2020, the Company issued 23,000,000 of £1 ordinary shares for a consideration of £23,000,000 to its parent Old Mutual Wealth Holdings Limited to provide funding for the purchase of shares in its subsidiary.

On 22 December 2020, the Company issued 10,000,000 of £1 ordinary shares for a consideration of £10,000,000 to its parent Old Mutual Wealth Holdings Limited to strengthen its capital position.

22 RELATED PARTY TRANSACTIONS

The following transactions were entered into with related parties during the period:

	2020 £'000	2019 £'000
Fellow group undertakings - purchase of services	19,001	-
Fellow subsidiaries - management services rendered	106,935	94,387
	125,936	94,387

The Company assess inter-company balances for expected credit loss, but due to the value of cash within the Group, which could be waterfalled around each business, and no historical losses incurred on inter-company balances, we have not recognised an ECL on inter-company balances.

The Company provides management and administrative services to its subsidiaries and other subsidiaries within the Group at cost.

The Company has not provided or benefited from any guarantees for any related party receivables or payables.

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

Amounts due from or to its subsidiaries and fellow subsidiary undertakings at the reporting date are included in notes 9, 12, 14, 15, 17, and 18 respectively.

Amounts due from or to the parent company at the reporting date are included in notes 14 and 15 respectively.

Details of transactions with key management personnel are provided in note 7.

The Group's products are available to the directors and staff of the Company on preferential staff terms. The impact of this on the financial statements is immaterial.

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

23 FINANCIAL INSTRUMENTS

Fair value hierarchy
The table below analyses financial instruments into a hierarchy based on the valuation technique used to determine fair value.

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

The following statement of financial position captions contain financial instruments that have been analysed into the three specified levels as described above:

2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets designated at fair value through the income				
Investment in securities	-	-	-	-
Cash and cash equivalents	17,299	-	-	17,299
Total assets measured at fair value	17,299	-	-	17,299

2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets designated at fair value through the income				
Investment in securities	-	-	-	-
Cash and cash equivalents	105,344	-	-	105,344
Total assets measured at fair value	105,344	-	-	105,344

There have been no changes in valuation techniques during the year under review. There have been no transfers between level 1 and level 2 during the year under review.

24 PENSION SCHEME

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £863,000 (2019: £1,982,000).

25 SHARE BASED PAYMENTS

During the year ended 31 December 2020, the Company participated in a number of share-based payment arrangements. This note describes the nature of the plans and how the share options and awards are valued.

Measurements & assumptions
The Company operates the following share-based payment schemes with awards over Quilter plc: the Quilter plc Performance Share Plan, the Quilter plc Share Reward Plan, the Quilter plc Share Incentive Plan, and the Quilter plc Sharesave Plan.

The Old Mutual Wealth Phantom Share Reward Plan was awards over Old Mutual plc shares. This share-based payment scheme was transferred to awards over Quilter plc shares on 25 June 2018 and continue to the original vesting dates.

	Description of award				Vesting conditions			
Scheme	**Restricted Shares**	**Conditional Shares**	**Options**	**Other**	**Dividend entitlement[1]**	**Contractual Life(years)**	**Typical Service (years)**	**Performance (measure)**
Quilter plc Performance Share Plan - Share Options (Nil cost options)	-	-	y	-	y	Up to 10	3	AP EPS CAGR[2] and Relative Total Shareholder Return
Quilter plc Performance Share Plan - Conditional Shares	-	y	-	-	y	Not less than 3	3	Conduct, Risk & Compliance Underpins
Quilter plc Share Reward Plan - Conditional Shares	-	y	-	-	y	Typically 3	3	-
Quilter plc Share Incentive Plan - Restricted Shares	y	-	-	-	y	Not less than 3	2	-
Old Mutual Wealth Phantom Share Reward Plan - Conditional Shares[4]	-	y	-	-	y	Typically 3	3	-
Charles Derby Group Performance share plan - Share Options (Nil cost options)	-	-	y	-	y	Up to 10	5	AP EPS CAGR

[1]Participants are entitled to actual dividends for the Share Incentive Plan. For all other schemes participants are entitled to dividend equivalents.

[2]Adjusted Profit compound annual growth rate ("**CAGR**").

[3]The Quilter plc Sharesave Plan is linked to a savings plan.

[4]Awards granted under the Phantom Share Reward Plan prior to the demerger of Quilter plc were made over notional ordinary shares in Old Mutual plc that were settled in cash on the vesting date. Upon the demerger and listing of Quilter plc, all unvested notional share awards were converted to conditional awards over ordinary shares in Quilter plc, which will be settled in Quilter plc shares on the normal vesting dates.

y Applicable to the Company

25 SHARE BASED PAYMENTS (continued)

Reconciliation of movements in options

The movement in options outstanding under the Performance Share Plan and Sharesave Plan arrangements during the year is detailed below:

		Year ended 31 December 2020		Year ended 31 December 2019
Options over shares (London Stock Exchange)	**Number of options**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding at beginning of period	7,994,263	£0.22	213,793	£0.00
Granted during the period	260,161	£0.00	1,652,447	£1.08
Forfeited during the period	(345,606)	£0.11	(3,744)	£0.30
Exercised during the period	(369,145)	£0.00	-	£0.00
Cancelled during the period	(123,724)	£1.25	(40,800)	£1.25
Transfers in during the year	-	£0.00	6,172,567	£0.00
Outstanding at end of period	7,415,949	£0.21	7,994,263	£0.22
Exercisable at end of the period	-	-	-	-

The weighted average fair value of options at the measurement date, for options granted during the year ended 31 December 2020 is £0.95, and for the year ended 31 December 2019 was £1.18.

The options outstanding at 31 December 2020 have exercise prices of £nil for both the Quilter plc Performance Share Plan and Charles Derby Group Performance Share Plan, and £1.25 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 2.0 years. At 31 December 2019 the exercise price was £nil for both the Quilter plc Performance Share Plan and Charles Derby Group Performance Share Plan, and £1.25 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 2.9 years.

Measurements and assumptions

In determining the fair value of equity-settled share-based awards and the related charge to the income statement, the Company makes assumptions about future events and market conditions. Specifically, management makes estimates of the likely number of shares that will vest and the fair value of each award granted which is valued and 'locked in' at the grant date.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of fair value of share options granted is measured using either a Black-Scholes option pricing model or a Monte Carlo simulation.

The inputs used in the measurement of fair values at the grant date for awards granted during 2020 were as follows:

25 SHARE BASED PAYMENTS (continued)

Scheme	Weighted Average Share Price £	Weighted Average Exercise Price £	Weighted Average Expected Volatility	Weighted Average Expected Life (years)	Weighted Average Risk Free Interest Rate	Weighted Average Expected Dividend Yield	Expected Forfeitures per annum
Quilter plc Performance Share Plan - Share Options (Nil cost options)	1.17	0.00	35.10%	3.00	0.10%	0.00%	4%
Quilter plc Performance Share Plan - Conditional Shares	1.17	0.00	35.10%	3.02	0.10%	0.00%	4%
Quilter plc Share Reward Plan - Conditional Shares	1.17	0.00	36.40%	2.00	0.10%	0.00%	4%

The expected volatility used was based on the historical volatility of the share price over the period for which trading history is available. The risk-free interest rate was based on the yields available on UK government bonds as at the date of grant. The bonds chosen were those with a similar remaining term to the expected life of the share awards.

Forfeitable/Restricted/Conditional share grants
The following summarises the fair value of Restricted Share and Conditional Shares granted by the Company during the year:

	Year ended 31 December 2020		Year ended 31 December 2019	
Instruments granted during the year	Number granted	Weighted average fair value	Number granted	Weighted average fair value
Quilter plc Performance Share Plan – Conditional Shares	727,919	£1.17	221,792	£1.39
Quilter plc Share Reward Plan – Conditional Shares	926,474	£1.17	446,502	£1.39

Financial impact

The expected volatility used was based on the historical volatility of the share price over the period for which trading history is available. The risk-free interest rate was based on the yields available on UK government bonds as at the date of grant. The bonds chosen were those with a similar remaining term to the expected life of the share awards.

The total expense recognised in the year arising from equity compensation plans was as follows:

	Year ended 31 December 2020 £'000's	Year ended 31 December 2019 £'000's
Total expense arising from equity-settled share and share option plans	2,977	1,136

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

26 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2020 (2019: £nil).

27 EVENTS AFTER THE REPORTING DATE

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

28 ULTIMATE PARENT COMPANY

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

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

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