Registered in England and Wales No. 05372217

Quilter Financial Planning Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2021

Quilter Financial Planning Limited

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Quilter Financial Planning Limited

COMPANY INFORMATION

Directors	C J L Samuel (Chairman) S J Colsell M Dean S C Gazard M L Ismail K R Lambden P S Matthews
Secretary	Quilter CoSec Services Limited
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Registered office	Senator House 85 Queen Victoria Street London EC4V 4AB
	Telephone: 0808 171 2626 Website: www.quilter.com
	Registered in England and Wales No: 05372217

STRATEGIC REPORT

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

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

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”** or **“Quilter”**), 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 PLC STRATEGY

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

QUILTER FINANCIAL PLANNING LIMITED

Quilter Financial Planning Limited forms part of the Quilter Financial Planning Group (**“the QFP Group”**): a network of over 2,800 financial advisers, including 1,600 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 market of 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.

Network Channel

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

STRATEGIC REPORT (continued)

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

	2021	2020
	£'000	£'000
Fee income and other income from service activities	88,638	106,935
Investment return	884	1,088
Operating and administrative expenses	(125,916)	(130,801)
(Loss) before tax	(39,466)	(24,157)
Cash and cash equivalents	21,936	28,099
Net assets	225,581	305,173

The reduction in management fees charged to subsidiaries reflects a reduction in costs attributable to the running of the company's subsidiaries.

The reduction in operating and administrative expense reflects the reduction in the subsidiary operating costs offset by increased, ongoing project costs that are not recovered from the subsidiaries.

PRINCIPAL RISKS AND UNCERTAINTIES
The key business risks and uncertainties relate to the performance of the Company's subsidiaries and therefore, 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.

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.

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

Financial instruments - The Company's main exposure to risk arising from financial instruments is its exposure to credit risk arising on cash or short-term deposits and trade and other receivables. The Company's cash and cash equivalents are managed to ensure this risk is mitigated.

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

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

STRATEGIC REPORT (continued)

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 hybrid 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.

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

Streamlined Energy and Carbon Reporting

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

SECTION 172 (1) STATEMENT

The Company is a wholly-owned subsidiary of Quilter plc and therefore complies with the 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 2021 Annual Report.

The Quilter Group has taken steps to embed a deeper understanding of the responsibilities ascribed to directors under section 172 (1) of the Companies Act 2006 at a Quilter plc-level and across its management committees and subsidiaries. Presentations have been made by the Quilter Corporate Secretariat to the business to explain the importance of the considerations referred to in section 172 (1) as part of good decision making, to ensure that proposals coming to the Board contain appropriate information on the potential impact of business decisions on all of the Company's stakeholders 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. Insights into how Quilter plc has ensured that section 172 (1) considerations remain at the heart of the Group's decision making at all levels and the outputs of these decisions have been set out in the Quilter plc Annual Report.

The Board of the Company is responsible for the overall oversight of the Quilter Financial Planning business, which comprises Quilter Financial Planning Limited and its subsidiaries (the "**the QFP Group**"). In discharging this role, the Board has paid due regard to its duty to promote the long-term success of the Company for the benefit of Quilter plc, its ultimate parent company, by supporting the delivery of the Quilter Group's strategic priorities. The Board, and where appropriate its Audit Committee ("AC"), Risk and Governance Committee ("RGC") and Investment Oversight Committee ("IOC"), considers and discusses information from across the organisation to help it understand the impact of Quilter Financial Planning's operations, and the interests and views of its key stakeholders. It also reviews strategy, financial, investment and operational performance as well as information covering areas such as key risks, legal and regulatory compliance. This information is provided to the Directors through reports sent in advance of each Board and Committee meeting, and through in-person presentations.

STRATEGIC REPORT (continued)

Some examples of how the directors have considered the Company's key stakeholders in 2021, including customers, advisers, employees and its regulators. Some examples of how it has done so are set out below.

Stakeholder considerations

During the year, the Board and its Committees spent time overseeing the implementation of the defined project workstreams, and the specific enhancements across the business aimed at improving the customer experience and the future sustainability of the business for the benefit of the Company's shareholder, customers, advisers and people. Each enhancement is tasked with delivering improvements across the business, including within the National and Network businesses, as well as functions such as Operations.

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 2021, the Board and its Risk and Governance 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. In February 2021 the Board oversaw the successful delivery of CommPay, a new payments system for QFP advisers to support their back office requirements for reconciling and reporting adviser payments. Increased technical and systems support was provided during the implementation period and the Board closely monitored the progress throughout the year. The successful integration of the CommPay system has been supported by the positive feedback provided from advisers.

Material activities for the board during 2021 included overseeing the safe transfer of Quilter Private Client Advisers Limited ("QPCA"), Quilter's high net worth advice business, from the Quilter Financial Planning Group into Quilter Cheviot Limited. This was a key step in executing Quilter's strategy to organise its business around its two core client-focused segments. The directors were mindful of the potential impact of reorganisations on colleague engagement and monitored the status of key indicators such as the employee survey feedback throughout the process. In August 2021, the board took the decision to sell LighthouseCarrwood Limited ("LighthouseCarrwood"). Prior to taking the decision to proceed with the sale, the Board sought to identify and focus on achieving the appropriate outcome for both customers and employees. The Directors emphasised this priority as a fundamental deliverable to be achieved from the transaction at the outset and it was a significant consideration throughout the sale process.

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 Financial Conduct Authority ("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.

The Board has ensured that, working closely with the skilled person and the FCA, reviews are conducted of relevant cases and offers of remediation are made if the historic pension transfer advice in respect of the British Steel Pension Scheme was not suitable; and that any lessons arising from 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.

During 2021 the Board has continued to work and co-operate with the FCA and the skilled person appointed in relation to the s166 review. The skilled person is following the FCA's FG17/9 "Guidance for firms on how to calculate redress for unsuitable defined benefit pension transfers" guidance and has commenced issuing redress settlement offers to affected customers.

Stakeholder considerations (continued)

The Board and its Risk and Governance Committee received regular reporting from management on engagement with the Company's regulator, the 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 operational 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 IOC spent significant time evaluating and challenging the improvements proposed to QFP's investment proposition. During 2021 the IOC assessed and approved the addition of three further Wealth Select ethical, social and governance-focused ("ESG-focused") solutions to the Restricted Investment Matrix (the "Matrix"). This was following the identification of a greater customer demand for ESG-focused investment options, the solutions launched in Q1 2022.

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. In 2021 in response to several trends and a growing familiarity and acceptance of digital tools the IOC took the decision to launch a new portfolio selection tool called the Four Dimensional Customer Profiler ("4D Profiler") to help clients find the right portfolio solution from their Quilter restricted proposition. The 4D Profiler is designed to create the most optimal client and adviser experience together with the best possible investment outcomes.

The Company's people are central to our business and, the Board dedicated time throughout the year to consider the interests of colleagues across the Quilter Financial Planning Group. In light of the continuing Covid-19 pandemic and strict national lockdown measures being reimposed at the beginning of the year, the Directors reviewed the impact of corporate initiatives, including each element of the businesses' defined workstreams and strategic enhancements, on the businesses' people, including the additional pressure that the initiatives may place on key people, and how this could be lessened or avoided. The Board has also spent time reviewing the employee survey scores and proposals to address feedback from our people during the year.

The importance of our suppliers is acknowledged by the Board and supplier relationships are managed and maintained in line with Quilter Group policy. Please refer to the Quilter plc 2021 Annual Report for further information on how we foster relationships with our suppliers.

Signed on behalf of the Board

S Gazard
Director
9 September 2022

DIRECTORS' REPORT

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

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

DIRECTORS

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

K A Cook	(Resigned 9 September 2021)
S J Colsell	(Appointed 1 January 2021)
M Dean	
S C Gazard	
M L Ismail	
K R Lambden	
P S Matthews	
C J L Samuel	

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

Qualifying third-party indemnity provision were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2021 for the benefit of the then Directors, and at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties/powers or office.

DIVIDENDS

During the year Dividends of £88,602,505 were paid (2020: £nil).
The dividend paid in in the year reflects the dividend received from Blueprint Organisation Limited on the sale of its investment in subsidiaries.

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 fulfil their full potential regardless of diversity characteristics. It continues to support employees under the Equality Act 2010 by making reasonable adjustments to their work environment and the nature of their work.

As part of the Quilter 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 2021 Annual Report and Accounts. In 2021, the Quilter Group continued to monitor colleagues' wellbeing and support them through the impacts of the global pandemic. Measures included reinforcing remote working capabilities and maintaining our offices in line with UK Government guidelines to enable modest numbers of staff, where appropriate, to operate in a socially-distanced manner during periods of national lockdown.

An explanation of how the Quilter plc Board has carried out these responsibilities has been set out in the Quilter plc 2021 Annual Report and Accounts, which do not form part of this report.

POLITICAL DONATIONS

No political donations were made during the year (2020: £nil).

DIRECTORS' REPORT (continued)

MANAGED CAPITAL

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

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

STATEMENT OF GOING CONCERN

The use of the going concern basis of accounting is considered appropriate, reflecting the intention of the Company's indirect parent company, Quilter plc, to provide continued capital support to the Company for at least the three years to 31 December 2024.

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

CLIMATE CHANGE

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

INVESTING RESPONSIBLY

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

INDEPENDENT AUDITORS

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

Signed on behalf of the Board

Mitchell Dean

M Dean
Director
9 September 2022

Statement of directors’ responsibilities in respect of the Annual report and financial statements

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;

- make judgements and accounting estimates that are reasonable and prudent; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors’ confirmations
In the case of each director in office at the date the directors’ report is approved:

- so far as the director is aware, there is no relevant audit information of which the company’s auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company’s auditors are aware of that information.

Signed on behalf of the Board

M Dean
Director
9 September 2022

Independent auditors' report to the members of Quilter Financial Planning Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the ANNUAL REPORT AND FINANCIAL STATEMENTS (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2021; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Discussions with the Board of Directors, management, internal audit, management involved in the risk and compliance and legal functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing relevant meeting minutes including those of the Board of Directors and the Audit Committee.
- Challenging assumptions made by management in accounting estimates and judgements related to valuation of investments in subsidiaries.
- Identifying and testing journal entries posted with unexpected account combinations which may be indicative of the manipulation of revenue or expenses, containing unusual descriptions or unusual amounts, where any such journals were identified.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 September 2022

Income statement

For the year ended 31 December 2021

	Note	**2021** **£'000**	2020 £'000
Income			
Income from service activities		**88,638**	106,935
Investment return		**884**	1,088
Total income	4	**89,522**	108,023
Expenses			
Other operating and administrative expenses	5	**(125,916)**	(130,801)
Finance costs	5	**(813)**	(1,379)
Total expenses		**(126,729)**	(132,180)
Impairment of investment in subsidiary undertaking	9	**(2,259)**	-
Loss before tax		**(39,466)**	(24,157)
Tax on loss	6	**8,014**	5,374
Loss for the financial year		**(31,452)**	(18,783)

The notes on pages 18 to 41 form an integral part of these financial statements.

Statement of comprehensive loss
For the year ended 31 December 2021

	2021	2020
	£'000	£'000
Loss for the financial year	**(31,452)**	(18,783)
Total comprehensive expense for the financial year	**(31,452)**	(18,783)

The notes on pages 18 to 41 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2021

	Note	Share capital £'000	Share premium £'000	Capital Contribution £'000	Share based payments reserve £'000	(Accumulated losses) / Retained earnings £'000	Total share-holders' funds £'000
Balance at 1 January 2021		**227,073**	**56,800**	**25,000**	**3,629**	**(7,329)**	**305,173**
Total comprehensive loss		-	-	-	-	(31,452)	(31,452)
Share-based payments		-	-	-	(1,983)	1,237	(746)
Share capital issued	14	41,000	-	-	-	-	41,000
Dividends paid	20	-	-	-	-	(88,603)	(88,603)
Capital reduction[1]		(150,000)	-	-	-	150,000	-
Tax credit recognised in reserves							
- IFRS 2		-	-	-	209	-	209
Balance at 31 December 2021		**118,073**	**56,800**	**25,000**	**1,855**	**23,853**	**225,581**

	Note	Share capital £'000	Share premium £'000	Capital Contribution £'000	Share based payments reserve £'000	(Accumulated losses) / Retained earnings £'000	Total share-holders' funds £'000
Balance at 1 January 2020		**182,073**	**56,800**	**25,000**	**2,909**	**9,280**	**276,062**
Total comprehensive loss		-	-	-	-	(18,783)	(18,783)
Share-based payments		-	-	-	2,977	-	2,977
Crystallised share options transferred to retained earnings		-	-	-	(2,213)	2,213	-
Share capital issued	14	45,000	-	-	-	-	45,000
Tax debit recognised in reserves							
- IFRS 2		-	-	-	(44)	-	(44)
- IFRS 16		-	-	-	-	(39)	(39)
Balance at 31 December 2020		**227,073**	**56,800**	**25,000**	**3,629**	**(7,329)**	**305,173**

[1] - on 8 July 2021, the Company reduced share capital by 150,000,000 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 the Companies Act 2006.

The notes on pages 18 to 41 form an integral part of these financial statements.

Statement of financial position
At 31 December 2021

	Note	**2021** £'000	2020 £'000
Assets			
Goodwill and intangible assets	7	**8,127**	10,430
Property, plant and equipment	8	**743**	1,179
Investments in subsidiary undertakings	9	**217,933**	298,752
Loans and advances	10	**50,815**	85,107
Deferred tax assets	11	**2,852**	2,105
Current tax receivable		**12,060**	3,804
Trade, other receivables and other assets	12	**76,059**	31,675
Cash and cash equivalents	13	**21,936**	28,099
Total assets		**390,525**	461,151
Equity and liabilities			
Equity			
Called up Share capital	14	**118,073**	227,073
Share premium		**56,800**	56,800
Capital contributions		**25,000**	25,000
Share-based payments reserve		**1,855**	3,629
Retained earnings/(Accumulated losses)		**23,853**	(7,329)
Total equity attributable to equity holders		**225,581**	305,173
Liabilities			
Lease liabilities	15	**-**	27
Loans and deferred consideration	16	**35,050**	40,078
Trade, other payables and other liabilities	17	**129,894**	115,873
Total liabilities		**164,944**	155,978
Total equity and liabilities		**390,525**	461,151

The financial statements on pages 14 to 17 were approved by the Board of Directors and authorised for issue on 9 September 2022 and signed on its behalf by:

………………………

Mitchell Dean

Director

Company No: 05372217

The notes on pages 18 to 41 form an integral part of these financial statements.

General information

Quilter Financial Planning Limited (**the "Company"**), is a private company limited by shares incorporated and domiciled in the United Kingdom (**"UK"**). The principal activities of the Company are disclosed in the strategic report on page 2.

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

1: Basis of preparation

The financial statements of Quilter Financial Planning Limited for the year ended 31 December 2021 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

These are separate financial statements as the Company has elected under the Companies Act s.400 not to prepare consolidated financial statements.

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

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
    - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d) (statement of cash flows);
    - 16 (statement of compliance with all IFRS);
    - 38A (requirement for minimum of two primary statements, including cash flow statements);
    - 38B-D (additional comparative information);
    - 111 (statement of cash flows information); and
    - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Company.

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

1: Basis of preparation (continued)

Change of basis of preparation

For the year ended 31 December 2021, the Company has adopted Financial Reporting Standard 101 (**"FRS 101"**) as the basis of preparation for the Company's financial statements.

Prior to this, the Company's financial statements were prepared under International Financial Reporting Standards (**"IFRS"**). This includes the audited financial statements for the year ended 31 December 2020.

There has been no change in the accounting policies, assumptions, judgements and estimates applied by the Company resulting from the adoption of FRS 101. Therefore, this change in basis of preparation has had no change to the comparative results or balances brought forward from those previously reported in the Company's audited financial statements for the year ended 31 December 2020.

In adopting FRS 101 the Company has applied exemptions from disclosure normally required under IFRS. These exemptions applied are listed in the Basis of preparation.

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

There were no new standards or interpretations which became effective from 1 January 2021.

Amendments to standards:

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

Going concern

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

In assessing this, the Directors have considered:

- the liquidity of the Company's assets;
- the written commitment of the Company's indirect parent to provide the required level of continued capital support for at least three years to 31 December 2024 along with the managements' consideration of the parent's ability to provide that support.

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

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.

1: Basis of preparation (continued)

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

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

Critical accounting judgements

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

- *Impairment of investment in subsidiaries - recognition*

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

Critical accounting estimates

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

- *Impairment of investment in subsidiaries - measurement*

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

Further detail on the estimates adopted and related sensitivities is included in Note 9.

3: Significant accounting policies

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

Income from service activities
Fee income and other income from service activities represent the fair value of services provided, net of value added tax. Revenue is only recognised to the extent that management is satisfied that it is highly probable that no significant reversal of the revenue recognised will be required when uncertainties are resolved.

Investment income
Investment income includes interest income which is recognised using the effective interest rate method which allocates interest and other finance costs at a constant rate over the expected life of the financial instrument.

Financial instruments
Financial instruments cover a wide range of financial assets, including financial investments, trade and intercompany receivables and cash and cash equivalents and certain financial liabilities, including trade payables, and borrowings. Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to receive cash flows have expired or been forfeited by the Company. A financial liability is derecognised when the liability is extinguished.

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best represents the way the business is managed and information is reported to management. The assessment considers the stated portfolio policies and objectives. The Company determines its strategy in holding the financial asset, particularly considering whether the Company earns contractual interest revenue, for example to match the duration of financial assets to the duration of liabilities that are funding those assets or to realise cash flows through the sale of the assets. The frequency, volume and timing of sales in prior periods may be reviewed, along with the reasons for such sales and expectations about future sales activity. These factors enable management to determine which financial assets should be measured at Fair Value Through the Profit and Loss (**"FVTPL"**).

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

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

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

3: Significant accounting policies (continued)

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

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

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

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

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

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

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

Loans and advances
Loans with fixed maturities are recognised when cash is advanced to the borrowers. Other 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 balances, call deposits and money market collective investment funds with an original maturity of three months or less.

Cash and cash equivalents held within money market collective investment funds are classified as FVTPL. All other cash and cash equivalents are classified as amortised cost which means they are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method and are subject to the impairment requirements outlined below. The carrying amount of cash and cash equivalents, other than money market collective investment funds which are measured at fair value, approximates to their fair value.

Financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. The Company's borrowings and trade payables, are measured at amortised cost using the effective interest method.

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

3: Significant accounting policies (continued)

Investments in subsidiaries
Parent Company investments in subsidiary undertakings are initially stated at cost. Subsequently, investments in subsidiary undertakings are stated at cost less any impairment. An investment in a subsidiary is deemed to be impaired when its carrying amount is greater than its estimated recoverable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements. All impairments are recognised in the Parent Company income statement as they occur.

Impairment of financial assets
The expected loss accounting model for credit losses applies to financial assets measured at amortised cost, but not to financial assets at FVTPL. Financial assets at amortised cost include trade and intercompany receivables, cash and cash equivalents (excluding money market collective investment funds which are measured at fair value), fixed term deposits and loans and advances.

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

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

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

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

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

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

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

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

3: 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.

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.

Employee benefits

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.

Employee share-based payments
The Company participates in the Quilter PLC share incentive plans for its employees. These involve an award of shares or options in the Group (equity-settled share-based payments).

The Group’s incentive plans have conditions attached before the employee becomes entitled to the award. These can be performance and/or service conditions (vesting conditions) or conditions that are often wholly within the control of the employee, for example where the employee has to provide funding during the vesting period, which is then used to exercise share options (non-vesting condition).

The fair value of share-based payment awards granted is recognised as an expense in the income statement over the vesting period which accords with the period for which related services are provided by the employee. A corresponding increase in equity is recognised.

For equity-settled plans, the fair value is determined at grant date and not subsequently re-measured. For cash settled plans, the fair value is re-measured at each reporting date and the date of settlement, with any changes in fair value recognised in the profit or loss for the period and adjusted to equity accordingly.

At each period end the Company reassesses the number of equity instruments expected to vest and recognises any difference between the revised and original estimate in the income statement with a corresponding adjustment to the share-based payments reserve in equity.

At the time the equity instruments vest, the amount recognised in the share-based payments reserve in respect of those equity instruments is transferred to retained earnings.

Taxation

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

Deferred tax
Deferred taxes are calculated according to the statement of financial position method, based on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

3: Significant accounting policies (continued)

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

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income. In certain circumstances, as permitted by accounting standards, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of transactions that are not a business combination and at the time of their occurrence affect neither accounting nor taxable profit. Note 14 includes further detail of circumstances in which the Company does not recognise temporary differences.

Intangible assets

Intangible assets acquired as part of a business combination

Intangible assets acquired as part of a business combination are recognised where they are separately identifiable and can be measured reliably. Acquired intangible assets consist primarily of contractual relationships such as customer relationships and distribution channels. Such items are capitalised at their fair value, represented by the estimated net present value of the future cash flows from the relevant relationships acquired at the date of acquisition. Brands and similar items acquired as part of a business combination are capitalised at their fair value based on a 'relief from royalty' valuation methodology.

Subsequent to initial recognition, acquired intangible assets are measured at cost less amortisation and any recognised impairment losses. Amortisation is recognised at rates calculated to write off the cost or valuation less estimated residual value, using a straight-line method over their estimated useful lives as set out below:

Distribution channels	8 years
Customer relationships	7-10 years

The economic lives are determined by considering relevant factors such as usage of the asset, product life cycles, potential obsolescence, competitive position and stability of the industry. The amortisation period is re-evaluated at the end of each financial year end.

Impairment testing for intangible assets

For intangible assets with finite lives, impairment charges are recognised where evidence of impairment is observed. Indicators of impairment can be based on external factors, such as significant adverse changes to the asset as part of the overall business environment and internal factors, such as worse than expected performance reflected in the Company's three-year Business Plan. If an indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is calculated as the higher of fair value less costs to sell and value in use. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the income statement immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an intangible asset is not yet available for use it is subject to an annual impairment test by comparing the carrying value with the recoverable amount. The recoverable amount is estimated by considering the ability of the asset to generate sufficient future economic benefits to recover the carrying value.

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.

3: Significant accounting policies (continued)

Depreciation and impairment losses are recognised in the income statement and other comprehensive income within Other operating and 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.

Provisions and contingent liabilities

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

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

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

4: Total income

	2021 £'000	2020 £'000
Income from service activities	**88,638**	106,935

Income from service represents the charging of management fees to the Company's subsidiaries and is derived from continuing operations in the United Kingdom.

Investment returns comprises

	Note	2021 £'000	2020 £'000
Interest income on			
Adviser loans		**685**	728
Interest receivable on loan to Quilter Holdings Limited		**156**	59
Bank balances		**-**	2
Total interest income		**841**	789
Dividend income			
Dividend from subsidiary Blueprint Organisation Limited	9	**43**	-
Total dividend income		**43**	-
Investment income on:			
Short term deposits		**-**	299
Total investment income		**-**	299
Total		**884**	1,088

5: Total expenses

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

Operating profit
Operating profit is stated after charging.

	2021 £'000	2020 £'000
Staff costs	**64,212**	75,643
Depreciation of property and equipment	**436**	1,541
Amortisation of intangible assets	**2,612**	1,828
Auditors' remuneration	**100**	64
Direct Management charges	**20,639**	-
Professional and regulatory costs	**17,299**	28,941
Computer costs	**9,387**	12,214
Adviser costs	**5,681**	6,897
Acquisition costs	**-**	368
Release of deferred consideration	**877**	-
Administration and other expenses	**4,673**	3,305
Total other operating and administrative expenses	**125,916**	130,801

5: Total expenses (continued)

Staff costs and other employee-related costs

	2021	2020
	£'000	£'000
Wages and salaries	**52,735**	59,734
Social security costs	**5,485**	7,005
Other pension costs	**2,790**	863
Other benefits	**3,202**	8,040
Total staff costs	**64,212**	75,643

	Number 2021	Number 2020
The average number of persons employed by the Company was:		
Directors	**6**	5
Administrative staff	**264**	428
Operational staff	**366**	393
Total average number of employees during the year	**633**	826

Operational staff are those employees directly employed in provision of financial advice or support of financial advisers.

The monthly average number of persons employed by the Company is based on permanent employees and fixed term contractors.

Directors' remuneration

	2021	2020
	£'000	£'000
Proportion of Directors' emoluments paid by third parties attributable to the company		
Remuneration	**1,407**	1,760
Pension	**7**	18
Total share-based payments	**380**	1,063
	1,794	2,841

	2021	2020
	£'000	£'000
Emoluments of the highest paid Director		
Aggregate emoluments excluding pension contribution	**747**	1,117

3 Directors had money paid to money purchase schemes during the year (2020: 5).
3 Directors received, or were due to receive, shares or share options under a long-term incentive scheme (2020: 0).
3 Directors exercised options during the year (2020: 4).

During the year there was no compensation for loss of office paid to Directors (2020: £51,000); this includes the estimated money value of the following benefits: payment in lieu of notice, loss of participation in the Save As You Earn scheme, pay-out of contractual long term incentive, pension contributions, bonus and statutory redundancy.

The Directors' remuneration was paid by other QFP Group entities and included in the management recharges made to the Company.

5: Total expenses (continued)

Auditors' remuneration
Included in other operating and administrative expenses are fees paid to the Company's auditors. These can be categorised as follows:

	2021	2020
	£'000	£'000
Fees payable for audit services	**100**	64
Total Company auditors' remuneration	**100**	64

Finance costs
This note analyses the interest costs on our borrowings and similar charges, all of which are valued at amortised cost. Finance costs comprise:

	2021	2020
	£'000	£'000
Bank charges	**16**	17
Interest expense on lease liabilities	**-**	15
Discount unwind on deferred consideration	**436**	1,215
Interest payable on loan from Lighthouse Advisory Services Limited	**361**	132
Total finance costs	**813**	1,379

6: Tax on loss

Tax credited to the income statement

	2021	2020
	£'000	£'000
Current tax		
Current year corporation tax (credit)	**(7,348)**	(4,740)
Adjustment for prior years	**25**	(467)
Total current tax credit	**(7,323)**	(5,207)
Deferred tax		
Origination and reversal of temporary differences	**(691)**	(167)
Total deferred tax credit	**(691)**	(167)
Total tax credited to income statement	**(8,014)**	(5,374)

Reconciliation of total income tax expense

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

	2021	2020
	£'000	£'000
Loss before tax from continuing operations	**(39,466)**	(24,157)
Tax at UK standard rate of 19% (2020: 19%)	**(7,499)**	(4,590)
Effect of:		
Dividends from Subsidiaries not taxable	**(7)**	-
Impairment of subsidiary not allowed for tax purposes	**429**	-
Expenses not deductible for tax	**158**	413
Recognition of previously unrecognised deferred tax assets	**(530)**	(468)
Effect of deferred tax on changes in tax rates	**(590)**	(262)
Prior year movement	**25**	(467)
Total tax credited to income statement	**(8,014)**	(5,374)

The Company has recognised deferred tax assets as disclosed in Note 11. The Company consider that the future profits will be sufficient to utilise the tax asset recognised.

7: Goodwill and intangible assets

Analysis of intangible assets

The table below shows the movements in cost and amortisation of intangible assets.

	£'000 Sesame Adviser	£'000 Computer software	£'000 Total
Gross amount			
1 January 2020	**1,389**	**25,853**	**27,242**
Additions	-	3,841	3,841
31 December 2020	**1,389**	**29,694**	**31,083**
Additions	-	408	408
Disposals	-	(99)	(99)
31 December 2021	**1,389**	**30,003**	**31,392**
Accumulated amortisation and impairment losses			
1 January 2020	**674**	**18,151**	**18,825**
Provided during the year	139	1,689	1,828
31 December 2020	**813**	**19,840**	**20,653**
Amortisation charge for the year	131	2,481	2,612
31 December 2021	**944**	**22,321**	**23,265**
Carrying amount			
31 December 2020	576	9,854	10,430
31 December 2021	**445**	**7,682**	**8,127**

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 those advisers, which is assessed as being 10 years.

8: Property, plant and equipment

	£'000 Right-of-use assets	£'000 Fixtures and fittings	£'000 Computer equipment	£'000 Leasehold improvements	£'000 Total
Gross amount					
1 January 2020	**2,202**	**802**	**3,019**	**3,467**	**9,490**
Lease reassessment	(559)	-	-	-	(559)
31 December 2020	**1,643**	**802**	**3,019**	**3,467**	**8,931**
Disposal	-	(590)	(2,611)	(2,265)	(5,466)
31 December 2021	**1,643**	**212**	**408**	**1,202**	**3,465**
Accumulated depreciation					
1 January 2020	**909**	**726**	**2,291**	**2,285**	**6,211**
Provided during the year	708	40	420	373	1,541
31 December 2020	**1,617**	**766**	**2,711**	**2,658**	**7,752**
Provided during the year	26	26	237	147	436
Disposal	-	(590)	(2,611)	(2,265)	(5,466)
31 December 2021	**1,643**	**202**	**337**	**540**	**2,722**
Carrying amount					
31 December 2020	26	36	308	809	1,179
31 December 2021	**-**	**10**	**71**	**662**	**743**

Following a review of the fixed asset register, the Company recognised the disposal of certain fully depreciated assets with a cost of £5,466k and an accumulated depreciation of £5,466k (net book value: £nil) in the year. There were no proceeds arising from the recognition of the disposal and therefore no gain or loss has been recognised in the income statement.

9: Investments in subsidiary undertakings

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

	Subsidiaries	Subsidiaries
	2021	2020
	£'000	£'000
Balance at the beginning of the year	**298,752**	239,752
Investment in subsidiary undertakings	10,000	59,000
Return of capital from subsidiaries	(88,560)	-
Impairment of subsidiary undertaking	(2,259)	-
Balance at the end of the year	**217,933**	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.

2021 investment in subsidiaries

On 29 April 2021, the Company subscribed for 4,000,000,000 ordinary shares at a cost of £4,000,000 in its subsidiary, Quilter Mortgage Planning Limited.

On 29 April 2021, the Company subscribed for 2,000,000,000 ordinary shares at a cost of £2,000,000 in its subsidiary, Quilter Wealth Limited.

On 30 April 2021, the Company subscribed for 4,000,000,000 ordinary shares at a cost of £4,000,000 in its subsidiary, Caerus Capital Group Limited.

Return of capital from subsidiaries

On 30 July 2021, Blueprint Organisation Limited sold its 100% holding in Quilter Private Client Advisers Limited, a subsidiary of the Company, to another member of the Quilter Group, for cash consideration of £88,602,000. There was no profit or loss on disposal.

Other than the acquisition and sale of this investment, Blueprint Organisation Limited had limited trade and minimal retained earnings. Therefore, following the disposal of its subsidiary, it performed a capital reduction for £88,560,000 and paid a dividend of £88,602,505 to the Company.

As this dividend was paid by reducing share capital and not from trading profits, £88,560,000 of this receipt has been treated as a return of capital invested with the remaining £42,505 being treated as investment income.

9: Investments in subsidiary undertakings (continued)

Annual impairment test

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

Value in use

The VIU test has been calculated with reference to the 2022-2024 business plan, with cashflows beyond this period modelled using a compound annual growth rate for both revenue and expenses. A terminal value is calculated using an advice fee growth rate of 2.0%, expense inflation of 2% discounted to present value using a discount rate of 9.9%.

Fair value

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

Impairment of investment recognised in the year

During the year, all advisers of Blueprint Financial Services Limited were transferred to other cash generating units. With minimal assets or reserves remaining in the company, £2,259,000 investment in this subsidiary has been fully impaired.

The impairment test has not identified any other subsidiaries requiring impairment.

Sensitivity analysis

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

- Reducing the starting advice fee revenue per the business plan by 10% would create an impairment of £4m
- Applying expense inflation of 10% over the first three years of the impairment model and 4% thereafter would create an impairment loss of £32m
- Reducing the advice fee growth rate to 1% would create an impairment of £3m
- Increasing the discount by 1% to 10.9% would not trigger an impairment
- A fall of 25% in the value of assets under management or the margins earned on their management by other Group entities would not trigger an impairment

9: Investments in subsidiary undertakings (continued)

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

Company name	Share class	Registered office address
Quilter Financial Services Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
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
Quilter Wealth Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Mortgage Planning Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Blueprint Financial Services Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Intrinsic Wealth Financial Solutions Limited (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Blueprint Organisation Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Blueprint Distribution Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Freedom Financial Planning (Manchester) Ltd. (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Intrinsic Cirilium Investment Company Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Charles Derby Group Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Financial Advisers Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Charles Derby Wealth Management Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB

9: Investments in subsidiary undertakings (continued)

Company name	Share class	Registered office address
Charles Derby Private Clients Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Forward Thinking Wealth Management Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Caerus Capital Group Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Caerus Holdings Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Financial Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Caerus Wealth Solutions Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Caerus Wealth Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
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, EC4 V 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* (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Lighthouse Support Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Financial Advisers Limited* (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Falcon Financial Advice Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
The Falcon Group Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Pensions Help Limited* (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN

9: Investments in subsidiary undertakings (continued)

Company name	Share class	Registered office address
Lighthouse Advisory Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Financial Services Advice & Support Limited*	Ordinary	C/O Addleshaw Goddard Llp, 19 Canning Street, Edinburgh, Scotland, EH3 8EH
Lighthouse Financial Advice Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Corporate Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Direct Limited* (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
LighthouseTemple Limited* (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Lighthouse+ Limited* (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Lighthouseplus Limited* (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN

* Not directly held entities

10: Loans and advances

This note analyses the loans and advances the Company has made. The carrying amounts of loans and advances were as follows:

	2021	2020
	£'000	£'000
Loans	**29,815**	29,105
Loan with ultimate parent company	**21,000**	56,000
Staff loans	**-**	2
Total net loans and advances	**50,815**	85,107
To be recovered within 12 months	**28,510**	61,924
To be recovered after 12 months	**22,305**	23,183
Total net loans and advances	**50,815**	85,107

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 Bank of England base rate 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.

11: Deferred tax assets

Provided deferred tax assets

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

	Accelerated depreciation £'000	**Losses £'000**	**Share schemes £'000**	**Other £'000**	**Total £'000**
Assets at 1 January 2020	**910**	**524**	**587**	**(37)**	**1,984**
Equity	-	-	(45)	-	(45)
Movement in the year	(234)	123	124	153	166
Assets at 31 December 2020	**676**	**647**	**666**	**116**	**2,105**
Equity	-	-	56	-	56
Movement in the year	767	203	(173)	(106)	691
Assets at 31 December 2021	**1,443**	**850**	**549**	**10**	**2,852**

The main rate of corporation tax is 19%. On 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 202. Having been substantially enacted by 31 December 2021 this change in rate has been used in recognising the Company's deferred tax assets and liabilities should the reversal be expected to take place after 1 April 2023.

A deferred tax asset or liability is recognised to the extent that there are other temporary differences expected to reverse in the foreseeable future. Sensitivity analysis demonstrates headroom in the recoverable amount of the deferred tax asset over the taxable profits contained within the 3-year planning horizon. The impacts of a 20% decrease in group profitability have been assessed and do not give rise to concerns over recoverability.

11: Deferred tax assets (continued)

Unprovided deferred tax assets

The amounts for which no deferred tax asset has been recognised comprises:

	Losses £'000	Total £'000
Assets at 1 January 2020	**3,150**	**3,150**
Movement in the year	367	367
Assets at 31 December 2020	**3,517**	**3,517**
Movement in the year	1,100	1,100
Assets at 31 December 2021	**4,617**	**4,617**

The whole of the increase in the value of the deferred asset not recognised is due to the change in the UK tax rate.

12: Trade, other receivables and other assets

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

	2021 £'000	2020 £'000
Due from subsidiary undertakings	**21,329**	23,093
Due from other group undertakings	**52,282**	761
Due from parent company	**-**	26
Prepayments and accrued income	**1,716**	4,379
Other receivables	**732**	3,416
Total trade, other receivables and other assets	**76,059**	31,675
To be settled within 12 months	**76,059**	31,675
Total trade, other receivables and other assets	**76,059**	31,675

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

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

13: Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank	**12,437**	10,800
Money market funds	**9,499**	17,299
Total cash and cash equivalents	**21,936**	28,099

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

14: Called up share capital

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

		£'000
Ordinary shares of £1 each – allotted and fully paid	**Number of shares**	**Nominal value**
At 1 January 2020	182,072,594	182,073
Issued in the year	45,000,000	45,000
At 31 December 2020	**227,072,594**	**227,073**
Issued in the year	41,000,000	41,000
Cancelled in the year	(150,000,000)	(150,000)
At 31 December 2021	**118,072,594**	**118,073**

On 21 April 2020 the Company issued 12,000,000 of £1 ordinary shares for a consideration of £12,000,000 to its parent Quilter Holdings Limited (formerly 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 Quilter Holdings Limited (formerly 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 Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited) to strengthen its capital position.

On 30 March 2021 the Company issued 17,000,000 of £1 ordinary shares for a consideration of £17,000,000 to its parent Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited) to provide funding for the purchase of shares in its subsidiary.

On 30 June 2021 the Company issued 10,000,000 of £1 ordinary shares for a consideration of £10,000,000 to its parent Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited) to provide funding for the purchase of shares in its subsidiary.

On 8 July 2021 the Company cancelled 150,000,000 of £1 ordinary shares for a consideration of £150,000,000.

On 15 November 2021 the Company issued 14,000,000 of £1 ordinary shares for a consideration of £14,000,000 to its parent Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited) to provide funding for the purchase of shares in its subsidiary.

15: Lease liabilities

	2021	2020
	£'000	£'000
Opening balance	**27**	1,441
Interest charge for the year	**-**	15
Payment of lease liability	**(27)**	(753)
Lease reassessments, modifications and prior year adjustments	**-**	(676)
Closing balance	**-**	27
To be settled within 12 months	**-**	27
Total lease liabilities	**-**	27
Maturity analysis		
Within one year	**-**	27
Total lease liabilities - undiscounted	**-**	27

16: Loans and deferred consideration

The following table analyses the Company's borrowings and deferred consideration:

	2021 £'000	2020 £'000
Amounts due within one year:		
Loan from subsidiary	**30,000**	30,000
Deferred purchase consideration	**5,050**	5,046
Amounts due in more than one year:		
Deferred purchase consideration	**-**	5,032
	35,050	40,078

	2021 £'000	2020 £'000
Opening balance	**10,078**	15,381
Utilised	**(4,587)**	(6,296)
Charged to income statement	**436**	993
Released to income statement	**(877)**	-
Closing balance	**5,050**	10,078
Maturity analysis		
Within one year	**5,050**	5,046
Greater than one year	**-**	5,032
	5,050	10,078

The deferred purchase consideration relates to the acquisition of the Charles Derby Group Limited.

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

17: Trade, other payables and other liabilities

	2021 £'000	2020 £'000
Trade payables	**15,177**	16,085
Due to Quilter plc subsidiary undertaking	**22,862**	11,937
Due to subsidiary undertakings	**91,804**	86,588
Other taxes and social security costs	**51**	1,263
	129,894	115,873
To be settled within 12 months	**129,894**	115,873
Total trade, other payables and other liabilities	**129,894**	115,873

Trade payables principally comprise amounts due to clients and investment settlements outstanding. The Directors consider that the carrying amount of trade and other payables approximates to their fair value. All trade and other payables are short-term and interest-free. Amounts due to Group undertakings are unsecured, interest-free and current.

18: Related party transactions

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

Key management personnel transactions
Remuneration of key management personnel is disclosed in Note 5.

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

19: Share based payments

During the year ended 31 December 2021, 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.

Description of share-based payment arrangements

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 an award over Old Mutual plc shares. This share-based payment scheme was transferred to awards over Quilter plc shares on 25 June 2018 and continues 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[4] (Nil cost options)	-	-	✓	-	✓	Up to 10	3	AP EPS CAGR[2] and Relative Total Shareholder Return
Quilter plc Performance Share Plan - Conditional Shares	-	✓	-	-	✓	Not less than 3	3	Conduct, Risk and Compliance Underpins
Quilter plc Share Reward Plan - Conditional Shares	-	✓	-	-	✓	Typically 3	3	-
Quilter plc Share Incentive Plan - Restricted Shares	✓	-	-	-	✓	Not less than 3	2	-
Quilter plc Sharesave Plan[3]	-	-	✓	✓	-	$3^{1/2}$ - $5^{1/2}$	3 & 5	-
Old Mutual Wealth Phantom Share Reward Plan - Conditional Shares[4]	-	✓	-	-	✓	Typically 3	3	-
Charles Derby Group Performance Plan	-	-	✓	-	✓	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.

19: Share based payments (continued)

Options
The weighted average share price at the dates of exercise for options exercised during the year was £1.53.

7,658,044 options outstanding at 31 December 2021 have an exercise price of £nil for both the Quilter plc Performance Share Plan and the Charles Derby Group Performance Share Plan, and between £1.25 and £1.31 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 1.1 years. At 31 December 2020, the exercise price was £nil for both the Quilter plc Performance Share Plan and the Charles Derby Group Performance Share Plan, and £1.25 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 1.9 years.

20: Dividends

During the year Dividends of £88,602,505 were paid (2020: £nil).

21: Ultimate parent company

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

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

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

22: Events after the end of the reporting period

On 30 March 2022 the Company issued 15,000,000 of £1 ordinary shares for a consideration of £15,000,000 to its parent Quilter Holdings Limited to provide funding for the purchase of shares in its subsidiary.