ANNUAL REPORT
AND
FINANCIAL STATEMENTS

31 December 2021

Quilter Investment Platform Limited

(formerly Old Mutual Wealth Limited)

Registered in England and Wales No. 01680071

CONTENTS

COMPANY INFORMATION

Directors as at reporting date	A M Barnes J E Gill S D Levin G M Reid (Chairman) L H Williams
Secretary	Quilter CoSec Services Limited
Independent Auditors	PricewaterhouseCoopers LLP Savannah House 3 Ocean Way Ocean Village Southampton SO14 3TJ
Registered office	Senator House 85 Queen Victoria Street London EC4V 4AB

STRATEGIC REPORT

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

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

Quilter Investment Platform Limited (formerly Old Mutual Wealth Limited) ("the Company") is a leading investment platform provider of retail advised wealth management products and services, operating in the UK. It largely serves an affluent customer base through the Quilter Financial Planning division and third party financial advisers.

The Company and its sister company Quilter Life & Pensions Limited (formerly Old Mutual Wealth Life & Pensions Limited) comprise the Quilter Investment Platform, which forms part of the Affluent segment within Quilter plc group ("the Group"). The Group re-segmented in 2021, in the prior year the Company formed part of the Advice and Wealth management segment.

Quilter plc is the ultimate parent company and delivers strategic and governance oversight. Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Since the listing of the Group in June 2018, the Group's businesses have progressively rebranded to Quilter. Following the final migration to the new platform the business rebranded from Old Mutual Investment Platform to Quilter Investment Platform.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA") under the Capital Requirements Directive (CRD IV).

Quilter plc Strategy

Quilter plc strategy is focussed on growing with its clients and advisers, enhancing the efficiency of its operations, increasing digitalisation across the business and being a responsible wealth manager. This will enable Quilter to increase flows from both its own advisers and independent financial advisers, manage more of those flows in 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 its stakeholders.

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 exempt from reporting Company specific information as it is a subsidiary of the Group.

Quilter Investment Platform Limited Strategy

The platform migration project was completed successfully with the safe transition of customers' investments, whilst offering advisers and their customers significantly enhanced functionality, flexibility and choice. The project was one of the largest and most complex platform migrations in our industry and its success – delivered during the second COVID-19 wave in the UK – can be attributed to the Company's focus on the customer.

With the platform migration complete, strategic initiatives will focus on deepening the value of Quilter's integrated proposition and experience for customers. Specific initiatives include the continued improvement in the identification and servicing of 'vulnerable customers' and broadening the flagship 'WealthSelect' proposition with greater customer personalisation options.

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS (KPIs)

Table A shows the key performance indicators the Company uses to manage business performance. The Company assesses its financial performance using a variety of alternative performance measures (APMs). APMs are not defined by the relevant financial reporting framework, but the Directors use them to provide greater insight into the financial performance, financial position and cash flows of the Company and the way it is managed. APMs should be read together with the audited income statements and statement of financial position, which are presented in the financial statements on pages 18 - 21. Further details of APMs used by the Company are provided below.

APM	**Definition**
Adjusted profit (AP)	Represents the adjusted profit before tax of the Company. It adjusts profit for key adjusting items and excludes non-core operations, the quantum of these is shown in table B. Due to the nature of the Company's business, we believe that adjusted profit is an appropriate basis by which to assess the Company's underlying operating results and it enhances comparability and understanding of the financial performance of the Company.
Gross sales	Gross sales are the gross client cash inflows received from customers during the period and represent our ability to increase assets under administration and revenue.
Assets under administration	Represents the total market value of all financial assets administered on behalf of customers and excludes shareholder assets.
Net client cash flow (NCCF)	The difference between money received from and returned to customers during the relevant period. This measure is considered to be a lead indicator of reported net revenue.
Return on assets	An indicator of how profitable the company is, relative to its total assets.

The Company achieved gross sales of £4.0bn (2020: £2.2bn). Gross sales are up on prior year due to a combination of the return of advisor activity levels following the impacts of COVID-19 and national lockdowns in 2020, a greater number of customers deciding to top up their policies and the full launch of the new platform. The launch of the new platform has been well received by our existing supporting advisors and as a result we are winning a greater share of new business.

NCCF was £1.2bn (2020: £42m). NCCF has improved compared to 2020 as a result of the improved gross sales performance offset by outflows returning to normal levels following subdued levels in 2020 due to the impacts of COVID-19. Assets under administration have increased to £32.0bn (2020: £28.2bn) as a result of strong positive NCCF and market movements.

The business continues to be profitable on an adjusted profit basis. The Company's post-tax adjusted profit has increased by £4.0m to £10.3m in 2021. During the year higher revenues driven by strong positive NCCF and market growth has been offset by higher administration expenses as a result of the go-live of the FNZ system, an allocation of stranded costs following Group business disposals and higher regulatory fees and levies.

On statutory basis, the business continues to make losses as a result of the expenditure incurred on the Platform Transformation Programme. These costs are regarded as one-off and transformational in nature and are therefore excluded from the adjusted profit results. The Company has made a loss of £0.5m in 2021 compared to £9.4m in 2020.

Table A: Key performance indicators:

	2021 £m	2020 £m
Gross sales	4,035.2	2,181.5
Net client cash flow	1,183.0	42.2
Assets under administration	32,039.8	28,210.8
Return on assets (calculated as adjusted profit after tax / total assets)	9%	4%
Adjusted profit (AP) before tax	11.8	7.4
Adjusted profit (AP) after tax	10.3	6.3
Loss after tax	(0.5)	(9.4)

STRATEGIC REPORT (continued)

Table B: Reconciliation between adjusted profit before tax and loss after tax:

	2021 £m	2020 £m
Adjusted profit before tax	**11.8**	**7.4**
Adjusting items	(13.3)	(19.3)
Loss before tax	**(1.5)**	**(11.9)**
Total tax	1.0	2.5
Loss after tax for the financial year	**(0.5)**	**(9.4)**

Adjusting items represent the Company's share of the Platform Transformation Programme spend of £13.3m (2020: £19.3m).

FINANCIAL POSITION AT THE END OF THE YEAR

The Company's total net assets have decreased from £133.5m to £105.0m over the course of the year. During the year the Company received full repayment of the loan of £22.0m issued in the previous year to its parent, Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited).
In 2021, share capital was reduced by £40.0m and £28.0m was paid in dividends to its parent.

In 2020, £12m of share capital was issued to cover the regulatory solvency impact from strategic developments and no dividends were paid.

STATEMENT OF GOING CONCERN

The use of the going concern basis of accounting is considered appropriate, taking into account the Company's current financial position, future expected profitability, the principal risks facing the business and the effectiveness of the mitigating strategies which are or will be applied. 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 approving these financial statements. Further details of the assessment of going concern, are included in note 2.

SECTION 172 (1) STATEMENT

The Company is a wholly owned subsidiary of Quilter plc and therefore operates in line with the strategy, policies and practices that are set by the Quilter plc Board and are described in the Quilter plc Annual Report. The following statement should therefore be read in conjunction with the Quilter plc Annual Report 2021.

In order to ensure decision-making bodies within Quilter continue to take their decisions on a fully informed basis, the Group has taken steps to further embed management's and Directors' understanding of the responsibilities ascribed to directors under section 172 (1) of the Companies Act 2006 at a Quilter plc level and across its management committees and subsidiaries including the Company. Quilter Corporate Secretariat continues to engage with management to explain the importance of the considerations referred to in section 172 (1) as part of good decision-making, to ensure that proposals coming to the Board contain appropriate information on the potential impact of business decisions on all stakeholders of the Company and other relevant matters. 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.

In overseeing the business of the Company during the year, the Board of the Company has paid due regard to its duty to promote the success of the Company for the benefit of Quilter plc, its ultimate parent company, in the long-term, by supporting the delivery of the Group's strategic priorities.

The Board, and where appropriate it's Governance, Audit and Risk Committee, considers and discusses information from across the organisation to help it understand the impact of the Company's operations, and the interests and views of key stakeholders. It also reviews strategy, financial and operational performance as well as information covering areas such as key risks, legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting, and through in-person presentations.

STRATEGIC REPORT (continued)

The Board received the following regular reports during 2021:

- Chief Executive Officer's Report: provides the CEO's summary views of the significant matters impacting the Quilter Investment Platform business.
- Finance Report: updates the Board on the Company's financial performance against the Business Plan, prior year performance and other Key Performance Indicators.
- Chief Operating Officer's Report: this provides the Board with an update across Operations, covering Client Services, customer complaints, as well as people metrics such as staff engagement.
- Chief Risk Officer's Report: this report provides an update on the Second Line opinion on the material risks to which the Company is exposed.
- Customer Reports: these provide updates on customer outcomes, any changes to customer terms and conditions as well as monitoring of investment performance.
- Distribution Report: a regular performance update on gross and net client cash flows against the business plan, how the Company's products are performing and any relevant topics and influences impacting the market and sales.

Maintaining an open and transparent relationship with regulators is a key priority and the Board and the GARC receive regular reporting on key regulatory engagement, and the Chief Risk Officer, as a standing attendee of each meeting, provides further updates as needed. The GARC has also spent time reviewing the regulatory horizon and the action being taken to ensure the Company is, and will continue to, meet regulatory expectations.

The Board reviews the Company's conflicts of interest register at least annually to ensure that management are active in their assessment and mitigation of conflicts in order to protect the interests of Quilter's customers.

The importance of Company's 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 suppliers.

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

The final stage of the Platform Transformation Programme completed in February 2021, with approximately £14bn of assets and more than 5,000 advisers and customers, across Quilter Investment Platform, moved to the new investment platform. In collaboration with the Quilter plc Board Technology and Operations Committee, the Board continued to scrutinise the work of both management and the outsourced provider of the new platform in advance of the final migration of client assets.

Inevitably there have been challenges in implementing the new investment platform in the midst of a global pandemic. Operations have been the most directly impacted by the continuing impacts of the Coronavirus pandemic, with the challenges of remote working and heightened sickness levels needing to be managed in the face of increased client demand. Whilst service levels were maintained in the immediate migration period, in response to a subsequent decline the Board spent more time focusing on the management response to improve service levels as well as the programme of upgrades that would enable the Company to better support its customers. The Operations teams worked hard to provide support for advisers and customers who had been impacted by service issues and the end of the year saw a return to more stable service levels.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Profile

The Company is exposed to a number of risks as a result of its business model, including certain strategic, business, operational, financial and regulatory risks. The large and complex platform transformation programme was largely delivered during 2020, with the final elements delivered in Q1 2021.

This has changed the risk profile of the Company, with many activities previously performed in-house now being undertaken by the outsource service provider FNZ and management of these services is a key area of focus. In addition, almost all of the Company's Principal Risks and Uncertainties have been impacted to some degree by COVID-19, although the Company was able to respond well to the challenges with a combination of remote working and core staff on premises throughout. The Company continues to manage against its risk appetite with the aim of ensuring delivery of the long-term commitments to customers and shareholders.

The COVID-19 pandemic continued to have a significant impact on the economy, with the Omicron variant which emerged in Q4 2021 necessitating a return to homeworking for a short time. However, Omicron's lesser severity and the success against severe illness may indicate the transition of COVID-19 into an endemic disease. Markets generally performed well in 2021 following the falls caused by the pandemic in 2020, but the economic outlook remains uncertain with strong inflationary pressures, which may result in rising business expenses and impact the customer's ability to save and invest in the forthcoming period. Market sentiment may also be affected by the domestic political situation and the evolving Ukraine crisis, as well as the increase in government borrowing and how this may shape government policy going forward.

The Company expects regulatory risk to continue to be high. In Q1 2022 there will be a new prudential framework for MiFID investment firms that directly impacts QIPL. The Company continues to be transparent and responsive with the regulators to help manage and build these relationships.

The Company manages these risks through the Quilter Enterprise Risk Management framework, which includes a consistent set of risk definitions, policy suite, and risk strategy. A set of strategic risk appetite principles have been established which are linked to the business strategy. These principles provide the guidance on the Company's attitude towards key areas of risk and support and ongoing management and oversight of risk. They are supported by a series of more granular risk appetite measures and key risk indicators, which are monitored to ensure that risks are managed within appetite. The risk appetite and measures are periodically reassessed, to ensure they remain relevant in implementing the business strategy. Stress and scenario testing is performed regularly to test the resilience of the business.

The Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity. The articulation of these principal risks and uncertainties are consistent with the Group's Enterprise Risk Framework categorisation, and with Top Risk reporting that is undertaken quarterly to the Board.

The Board requires management to put in place actions to mitigate these risks, and controls to maintain risk exposures within acceptable levels defined by the risk appetite.

In the following table, the Company's principal risks and uncertainties are set out, including the key mitigants being implemented by management.

STRATEGIC REPORT (continued)

Current impact and risk outlook	Risk mitigation and management actions
Economic environment The Company's principal revenue streams are asset-value related and as such the Company continues to be exposed to the condition of the 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 in early 2022 resulting in short term market volatility. Volatility in debt, equity and currency markets may adversely impact customer investment portfolios, which in turn impacts the Company's ability to generate fee-based revenue.	Regular stress and scenario testing is carried out, which includes stresses and scenarios based on severe economic conditions and political events. These allow the Company to understand the impact of potential events on earnings, liquidity and capital resilience. The Company aims to ensure the cost base can flex to mitigate volatility in its revenues. Potential management actions to mitigate these impacts are subject to approval by the Company's Board.
Competitor and margin risk The Company is exposed to external margin pressure whereby competitive market changes may reduce the attractiveness of the proposition. If the proposition is not compelling, sustainable and profitable, then there is a risk the Company may not be able to meet its business plan targets and objectives. While the delivery of the new platform infrastructure has further enhanced capacity to respond to competitive market changes and improve margins, there is still significant pressure on the cost base.	The customer proposition has been designed to be competitive and meet customer needs. The delivery of the new platform infrastructure has further enhanced capacity to respond to competitive market changes. COVID-19 has accelerated the demands for a highly digitised offering, with tactical enhancement and longer-term initiatives under consideration.
Customer and conduct risk Risks to customers are inherent within the Company's business model and can occur at any point in the customer journey or product lifecycle. Failure to ensure fair customer outcomes, either as a result of poor conduct, poor administration or products not performing as expected, has implications for reputation and could result in loss of new and existing business, increased complaints and rectification costs, and regulatory censure. Customer and conduct risk remains an area of regulatory focus across the business.	Good customer outcomes are defined and processes are put in place to achieve these for customers. Product development starts from an understanding of customer needs and preferences and engages with customers in areas such as the ongoing development of customer communications. The Customer Outcomes Forum reviews any areas where customer outcomes may be affected significantly and ensures appropriate action is taken where that risk arises. The group's Regulatory and Conduct Risk teams provide strong oversight, challenge and advice to the business. The Code of Conduct, reinforced by mandatory training, sets out expectations of all staff.

STRATEGIC REPORT (continued)

Current impact and risk outlook	Risk mitigation and management actions
Delivery of strategic change initiatives The Company faces execution risk from the implementation of the business strategy. This includes ongoing enhancements following the delivery of the new platform infrastructure to ensure it provides a robust and stable IT infrastructure for the business to use. Preserving the control environment and ensuring fair customer outcomes remains crucial whilst effectively prioritising activity to balance customer, regulatory, propositional and wider strategic needs. Business capacity also continues to be a key risk area.	In delivering strategic change initiatives, the Company actively seeks to identify, manage and control risk. Where the identified risk is, or may become, outside of the risk appetite, prompt and appropriate actions are taken to ensure the Company continues to maintain effective controls to deliver appropriate business and customer outcomes. The Company is fully engaged with regulators on the most significant change programmes to ensure that their requirements are met and to demonstrate that customers are at the forefront of the business. The Company has appropriate governance and control processes managed through the three lines of defence model to manage and mitigate this exposure. All material projects are subject to professional programme and project management processes. Change initiatives are delivered by first-line management with second-line oversight and challenge with third-line assurance. The Company also uses external business support, subject matter experts and assurance partners for significant change initiatives such as the Platform Transformation Programme. Improvements to supplier risk management processes are made continuously, to achieve strong outsourced supplier controls and governance in support of major change programmes.
People risk The Company relies on its talent to deliver its service to customers and to implement the broad range of strategic change initiatives that are planned. People risk has remained heightened during the pandemic as employees have adapted to new ways of working during a period of significant change. Poor staff engagement, failure to retain key staff or to attract suitable talent may impact the delivery of the strategy and may have an adverse impact on the Company's business, its financial and operational performance and the delivery of service to its customers.	Risks to people plan continue to be mitigated through a series of key actions. These include a monthly assessment of core people metrics including engagement, absence and turnover. In addition, the core change programmes each have a people work stream focused on a range of areas such as communication and line manager upskilling. A significant programme was rolled out to support staff during the COVID-19 pandemic and the Platform Transformation Programme transition period. As the organisational design delivers and people stretch reduces, people risk is expected to improve.

STRATEGIC REPORT (continued)

Current impact and risk outlook	Risk mitigation and management actions
Regulatory risk The Company is exposed to a high degree of regulatory change, for example, the future introduction new Consumer Duty rules, which will have significant impacts on how the Company deals with its customers. While such change can present opportunities, it can increase costs and impact products and services. In January 2022 a new prudential framework for investment firms will come in to effect. This will impact our capital and liquidity requirements plus our remuneration policy. A project manager has been appointed to manage the transition to the new regime. The Company is exposed to the risk of not maintaining strong positive relationships with regulators. This is critical to the business.	Forthcoming regulatory change is reviewed to ensure the Company is well placed to make any changes required to comply fully when such changes are implemented. Work streams are set up to deliver the requirements of regulatory changes. The Company focuses on being transparent, responsive and proactive in dealings with regulators to help to manage and build these relationships. The compliance framework is overseen at a Group level by the Quilter Board Risk Committee which derives its authority from Quilter plc, and at a local level by the Governance, Audit and Risk Committee of Quilter Investment Platform Limited (formerly Old Mutual Wealth Limited).
Information/Cyber security risk The Company's business, by its nature, requires it to store, retrieve, evaluate and utilise customer and company data and information, some of which is highly sensitive. The Company is subject to the risk of information security breaches by parties with criminal or malicious intent. Should the Company's intrusion detection and anti-penetration software not anticipate, prevent or mitigate a network failure or disruption, it may have a material adverse effect on the Company's customers, business, financial condition, operations and reputation.	The Company continues to review and enhance its security risk framework to ensure it has controls to manage and mitigate this key risk. Monitoring of industry experience, awareness campaigns, estate scanning and penetration testing exercises are performed to identify security vulnerabilities within the Security Risk Framework and these are used to ensure appropriate plans are in place to mitigate any weaknesses that are identified. The Company continues to refine and test its crisis management plans which set out the steps to be taken to recover the business in the event of a cyber attack.
Information technology risk: The Company is highly dependent on its technology infrastructure and applications to perform necessary business functions, including to support the provision of services to customers. Failure to manage this risk could have a material adverse impact on the Company's business, financial condition, results of operations and prospects and reputation. This risk has now reduced following the migration of all customers to the FNZ platform and the decommissioning of the SIS platform.	The Company has defined and tested resilience plans in place and systems are actively monitored to identify issues in a timely manner. IT estate management programmes are in place to ensure systems remain supported and fit for purpose. The Company has documented IT policies and standards and compliance with these is monitored on a regular basis. A large element of this risk has transferred to third party risk with the completion of the Platform Transformation Programme.

STRATEGIC REPORT (continued)

Current impact and risk outlook	Risk mitigation and management actions
Third Party outsourcing risk: The Company procures certain services from third parties, which has increased given the significant business process and technology outsourcing to FNZ. If the Company does not effectively oversee its third-party providers to ensure delivery of services and the resolution of issues, the third parties do not perform as anticipated, or the Company experiences technological or other problems with a third party, the Company may not realise productivity improvements or cost efficiencies and may experience operational difficulties, increased costs and loss of business, customer detriment and damage to its reputation.	In order to manage these risks effectively and consistently across the Group, Quilter has defined a Third Party Risk Management Framework that includes a policy and standards that apply to both external and intra-Group outsourcing. The ongoing embedding of the framework, policy and standards are supported by a continued evolution of oversight approach. In addition, key risk areas and service performance are overseen by a number of Joint Governance Forums between the Company and FNZ.

Emerging risk radar

The Company is a long-term business and as such monitors 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 the stress and scenario testing which feeds into the strategic planning process and informs capital calculations. The following are the most significant emerging risks.

Short term:

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.

Margin pressure

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

Economic outlook

The economy is expected to return to pre-COVID-19 levels in 2022. However, rising cost pressures, post-pandemic demand, supply issues, post-Brexit trading issues and the reversal of temporary tax cuts have caused inflation to rise. The Bank of England expects inflation to continue to rise, before falling back to the 2% per annum target in about 2 years' time. Continued inflationary pressure could lead to interest rate rises, affecting investment performance, increasing expenses and affecting customers' ability to save. In addition to the severe humanitarian and geopolitical impacts, the Ukraine crisis is likely to contribute increased economic uncertainty and market volatility linked to commodity and energy price shocks which could threaten economies emerging from two years of pandemic. These impacts could significantly impact on consumer confidence and ability to save and invest which could impact business performance.

Medium term:

Disruptive competition & technology

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

STRATEGIC REPORT (continued)

Climate change – disorderly transition to net zero
Accelerating action towards the goals of the Paris Agreement was a key goal of the COP26 climate change conference in Glasgow in November 2021. Securing global net zero emissions by mid-century is a stretching demand. A disorderly transition to a low carbon economy could have financial impacts for Quilter caused by investment volatility or increased costs due to additional regulatory burden.

Political changes and taxation
Restoration of public finances after the pandemic may require further changes to the tax regime, in addition to the rises in UK National Insurance that have been announced. These could include direct taxes on wealth. Tax changes affecting customers' wealth and ability to save could impact investment flows and assets under advice and administration.

<u>Longer term:</u>
Generational shifts
The UK's ageing population, combined with the rapid growth in the total value of UK household wealth over the last 20 years, is causing shifts in generational wealth accumulation. A significant proportion of this wealth is held by the over-45s and, over the next 30 years, this is set to be transferred between generations as inheritance or gifts. A further intergenerational trend is the transfer of risk from institutions (employers, the state and financial service providers) to individuals. These trends present opportunities for the business in terms of increased demand for wealth management services, but the Company will also need to strategically adapt to changing future customer needs.

On behalf of the Board

L H Williams
Director
8 March 2022

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

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

CHANGE OF NAME

The Company changed its name on 8 June 2021 from Old Mutual Wealth Limited to Quilter Investment Platform Limited.

DIRECTORS

The Directors of the company who were in office during the year are listed below. The names of the current directors are listed on page 1.

S D Levin	(Chief Executive Officer)
A M Barnes	
J E Gill	
S K Goodsir	(resigned 1 February 2021)
G M Reid	
L H Williams	(appointed 8 December 2021)
S V Wood	(resigned 30 September 2021)

QUALIFYING THIRD-PARTY INDEMNITIES

Qualifying third-party indemnity provisions 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 £28m of dividends were remitted to Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited) (2020: £nil). The Directors are not going to propose any dividend payments before or on the date of approval of the accounts.

EMPLOYEES

The Company has no employees (2020: nil). As stated in note 7, management services are provided by Quilter Business Services Limited, a fellow subsidiary undertaking.

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Company are disclosed in note 3.

POLITICAL DONATIONS

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

BUSINESS RELATIONSHIPS

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

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

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE STATEMENT

Quilter plc is subject to the requirements of the 2018 UK Corporate Governance Code (the Code) and complied with all its provisions during the year. The Company has chosen not to apply a governance code during the year. As a wholly owned subsidiary of Quilter plc, the Company has instead complied with the Quilter plc Group Governance Manual which sets out certain minimum standards and guidance for the governance frameworks of Quilter plc's subsidiaries.

The Board benefits from strong representation of independent Non-executive Directors who are considered independent under the Code and who represent a majority on the Board. There is a clear division of responsibilities on the Board with the roles of the Chairman and the Executive Directors being clearly articulated in the Board Charter adopted by the Board.

The composition, succession plans and evaluation of the Board are overseen by the Quilter plc Board Corporate Governance and Nominations Committee. The Board has established a Governance, Audit & Risk Committee whose responsibilities include risk oversight, review of internal controls, review of financial reporting and the governance framework for the business. The Board has not established a Remuneration Committee or a Nominations Committee as the functions of such committees in relation to the Company are discharged at Quilter plc level.

CLIMATE CHANGE

In 2021, the Quilter 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").

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;
- 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.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors in accordance with section 487 of the Companies Act 2006.

On behalf of the Board

L H Williams
Director
8 March 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

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

On behalf of the Board

L H Williams
Director
8 March 2022

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF QUILTER INVESTMENT PLATFORM LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Quilter Investment Platform 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF QUILTER INVESTMENT PLATFORM LIMITED (continued)

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

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF QUILTER INVESTMENT PLATFORM LIMITED (continued)

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 manipulating growth in pre tax results through posting journals to either overstate revenue or understate expenditure. Audit procedures performed by the engagement team included:

- Discussions with the Governance, Audit and Risk Committee and senior management including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing any correspondence with the Financial Conduct Authority and HMRC in relation to compliance with laws and regulations;
- Reviewing Board minutes as well as Governance, Audit and Risk Committee meeting minutes;
- Assessment of matters reported on the Quilter plc's whistleblowing register that relate to the company, including the quality and results of management's investigation of such matters; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, such as a credit to revenue not offset by an expected statement of financial position debit, or credit to expenses not offset by an expected statement of financial position debit.

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.

H Grainger

Helen Grainger (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
8 March 2022

INCOME STATEMENT
for the year ended 31 December 2021

	Note	2021 £m	2020 £m
REVENUE			
Investment contracts			
Fee income and other income from service activities	4	80.8	73.8
Other revenue			
Investment return	5	0.1	0.1
Other income		-	0.4
TOTAL REVENUE		80.9	74.3
EXPENSES			
Commission expenses	6	1.6	-
Change in contract costs	11	1.3	(0.8)
Administrative expenses	7	(85.0)	(85.4)
Other expenses		(0.1)	-
Impairment losses	13	(0.2)	-
TOTAL EXPENSES		(82.4)	(86.2)
LOSS BEFORE TAX		(1.5)	(11.9)
Taxation	9	1.0	2.5
LOSS FOR THE YEAR		(0.5)	(9.4)
Attributable to equity holders		(0.5)	(9.4)

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

The notes on pages 22 to 46 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	2021 £m	2020 £m
LOSS FOR THE YEAR	(0.5)	(9.4)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR All attributable to equity holders	(0.5)	(9.4)

The notes on pages 22 to 46 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Share capital £m	Retained earnings £m	Total equityholders' funds £m
Balance at 1 January 2020	94.4	36.5	130.9
Total comprehensive expense for the year	-	(9.4)	(9.4)
Issue of share capital	12.0	-	12.0
Balance at 31 December 2020	106.4	27.1	133.5
Total comprehensive expense for the year	-	(0.5)	(0.5)
Reduction in issued share capital	(40.0)	40.0	-
Dividends paid	-	(28.0)	(28.0)
Balance at 31 December 2021	66.4	38.6	105.0

Retained earnings include capital contributions made to the company in prior years. Capital contributions represent amounts received from the parent company and are reflected within equity as there is no obligation to repay the contributions nor is there any interest payable on the contributions.

The notes on pages 22 to 46 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Note	2021 £m	2020 £m
ASSETS			
Contract costs	11	3.5	2.2
Investments in collective investment schemes	12	-	0.9
Current tax assets		2.6	3.7
Deferred tax assets	17	2.9	2.2
Other receivables	13	13.0	35.0
Cash and cash equivalents	14	94.6	97.7
Total assets		116.6	141.7
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	15	66.4	106.4
Retained earnings		38.6	27.1
Total equity attributable to equity holders		105.0	133.5
LIABILITIES			
Other provisions	18	0.1	0.1
Other payables	19	11.5	8.1
Total liabilities		11.6	8.2
Total equity and liabilities		116.6	141.7

The notes on pages 22 to 46 are an integral part of these financial statements.

The financial statements on pages 18 to 46 were authorised and approved by the Board of Directors on 8 March 2022 and signed on its behalf by:

L H Williams
Director

Company registered number: 01680071

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

1 GENERAL INFORMATION

Quilter Investment Platform Limited (formerly Old Mutual Wealth Limited) ("the Company") is a private limited 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.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of Quilter Investment Platform Limited (formerly Old Mutual Wealth Limited) ("the Company") for the year ended 31 December 2021 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101)), Companies Act 2006 and applicable regulations. The accounting policies have been applied consistently for the years presented in these financial statements.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments, which are recognised at fair value, and in accordance with the Companies Act 2006. They have been prepared in sterling and are rounded to the nearest hundred thousand pounds.

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 on page 23 and 24.

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

- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d) (statement of cash flows);
    - 16 (statement of compliance with all IFRS);
    - 38A (requirement for minimum of two primary statements, including cash flow statements);
    - 38B-D (additional comparative information);
    - 111 (statement of cash flows information); and
- 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.
- The requirements of the second sentence of paragraph 110 and paragraphs 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
There are also 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 have considered the resilience of the Company, its current financial position, the principal risks facing the business and the effectiveness of any mitigating strategies which are or could be applied. This included an assessment of capital and liquidity over a three-year planning period concluding that the Company can withstand a severe but plausible downside scenario for at least the next 12 months after the date of signing the 2021 financial statements.

A wider assessment was carried out at a Quilter Group level and incorporated a number of stress tests covering a broad range of scenarios, including economic and market shocks of up to 40% falls in equity markets, mass lapse events, new business growth scenarios and severe business interruption, equivalent to 1-in-50 and 1-in-200 year events. The assessment also included consideration risks related to climate change.

As a result, 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.

Basis of consolidation
The Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements.
These financial statements are separate financial statements.

Critical accounting estimates and judgements
The preparation of financial statements requires management to exercise judgement in applying significant accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Critical accounting estimates and judgements are those that involve the most complex or subjective assessments and assumptions which have a significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques that are aligned with relevant actuarial and accounting guidance to make predictions about future actions and events. Actual results may differ from those estimates.

The Board reviews the reasonableness of judgements and estimates applied and the appropriateness of significant accounting policies adopted in the preparation of these financial statements. The area where an estimate has the most potential to significantly affect the amounts recognised in these financial statements is summarised in the following table:

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Area	Critical accounting estimate	Note
Deferred tax measurement	The estimation of future taxable profits is performed as part of the annual business planning process and is based on estimated levels of assets under administration, which are subject to a large number of factors including worldwide stock market movements, related movements in foreign exchange rates and net client cash flow, together with estimates of expenses and other charges. The business plan, adjusted for known and estimated tax sensitivities, is used to determine the extent to which deferred tax assets are recognised. In general, the Company assesses recoverability based on estimated taxable profits over a 3 year planning horizon. Where credible longer term profit forecasts are available the Company may assess recoverability over a longer period, subject to a higher level of sensitivity testing.	17

This estimation in the current year is not deemed to be a significant estimate, however, in previous years it has been material and could be material in the future and as such this disclosure remains in the current year accounts.
This is discussed in more detail in the relevant accounting policy and notes to the financial statements.

Significant changes in the current reporting period
There are no significant changes in the current reporting period.

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not measured at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding on specified dates.

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

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

Investments in collective investment schemes are recognized mandatorily at FVTPL. These investments are recognised at fair value initially and subsequently, with changes in fair value recognised in investment return in the income statement. These assets comprise the Company's short-term holdings of units, resulting from daily transactions between the Company and its clients.

The fair value of quoted financial investments are based on the bid value (within the bid-ask spread) which the Company considers to be the most representative of fair value. If the market for a financial investment is not active, the Company establishes fair value by using valuation techniques such as recent arm's length transactions, reference to similar listed investments, discounted cash flow or option pricing models.

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

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, call deposits, money market collective investment funds and other short-term deposits 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Other payables and receivables
Other 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.

Investments in subsidiary undertakings
Investments in subsidiary undertakings are initially stated at cost. Subsequently, investments in subsidiary undertakings are stated at cost less any provision for 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, contract assets, but not to investments in equity instruments. Financial assets at amortised cost include trade receivables, intercompany loan receivables and cash and cash equivalents (excluding money market collective investment funds which are measured at fair value).

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 two main types of financial assets that are measured at amortised cost:
• Trade receivables (excluding loan) to which the simplified approach prescribed by IFRS 9 is applied. This approach requires the recognition of a Lifetime ECL allowance on day one and thereafter.
• Loans at amortised cost, to which the general three stage model (described above) is applied, whereby a 12 month ECL is recognised initially.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 ECL, taking into account forward-looking information in determining the appropriate level of allowance. In addition, it has identified indicators and set up procedures for monitoring for significant increases in credit risk.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes events such as significant financial difficulty of the borrower or issuer, a breach of contract such as a default or past due event or the restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider. The assumption that the credit risk for balances over 30 days significantly increases has been rebutted on the basis that some balances will exceed 30 days in the normal course of the settlement cycle, and therefore, there is no increase in the credit risk.

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

Contract costs
Incremental costs, that are directly attributable to securing investment contracts are deferred and recognised as contract costs if they can be identified separately and measured reliably and it is probable that the costs will be recovered. Contract costs are linked to the contractual right to benefit from providing investment management services, they are therefore amortised through the income statement as the related revenue is recognised.

After initial recognition, contract costs are reviewed by category of business and are impaired to the extent that they are no longer considered to be recoverable. All other costs are recognised as expenses when incurred.

During the year, the Company conducted a review of the average period over which investment contracts are expected to remain on the Platform and as a result has increased the amortisation period from 5 to 8 years. The change was made effective at the start of the year and does not require a prior year adjustment, as it represents a change in estimate in accordance with IAS 8.

Other provisions
Provisions are recognised when the Company has an obligation, legal or constructive, as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are estimated as the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present values where the effect is material.

Client money and client assets
The Company holds money on behalf of clients in accordance with the Client Money Rules of the Financial Conduct Authority. Such client monies and other client assets held via its nominee subsidiary are not reflected in the statement of financial position as the Company is not beneficially entitled to them.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fee income and other income from service activities
Fee income and other income from service activities represents 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. In circumstances where refunds are expected on a portion of the income, an estimate of the reduction of revenue is made and charged to the income statement at the point of sale, based upon assumptions determined from historical experience.
Fees are charged periodically based on the market valuation of the investment contracts. They are calculated and recognised on a daily basis in line with the provision of investment management services.

Investment gains and losses
Realised investment gains and losses represent the difference between the net sales proceeds and the cost of the investment. The movement in unrealised investment gains and losses represents the difference between the carrying value of investments at the year-end and the value at the start of the year, or the original cost where an investment is acquired during the year. The realised gains and losses and movement in unrealised gains and losses on investment arising in the year are included in the income statement.

Interest income
Interest income is accrued on a daily basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that financial asset's carrying amount.

Other expenses
All other expenses are recognised in the income statement as a cost when incurred.

Taxation
Current tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years.

Current tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

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

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

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

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

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES

Risk management framework
The Company has adopted the Quilter Enterprise Risk Management ("ERM") framework as articulated in the Risk Review section of the Quilter plc Annual Report, which encompasses a number of elements, including: governance arrangements; end-to-end processes to facilitate the identification, measurement, assessment, management, monitoring and reporting of risk; and the incorporation of culture and behaviour in reward mechanisms. The ERM framework aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities, uncertainties and threats in a structured and disciplined manner.

In this way Quilter seeks to ensure that risk and capital implications are considered when making strategic and operational decisions, and to ensure that the risk profile is understood and managed on a continuous basis within the approved risk appetite. An important element to risk management is a good management culture of risk-informed decision-making. Risk management is considered in assessing employee performance and development, and linked to remuneration and reward schemes. An open and transparent working environment which encourages all employees to embrace risk management is critical to the achievement of strategic priorities.

The risks faced by the Company are described below:

Credit risk
Credit risk is the risk of adverse movements in credit spreads (relative to the reference yield curve), credit ratings or default rates leading to a deterioration in the level or volatility of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. This includes counterparty default risk, counterparty concentration risk and spread risk.

The Company has adopted the Group's credit risk framework that includes a Credit Risk Policy, Credit Risk Standard and Credit Risk Appetite. This framework applies to all activities where the Company is exposed to credit risk, either directly or indirectly, ensuring appropriate identification, measurement, management, monitoring and reporting of credit risk exposures.

The credit risk arising from all exposures is mitigated through ensuring the Company only enters into relationships with appropriately robust counterparties, adhering to the Credit Risk Policy. For each asset, consideration is given as to:
- the credit rating of the counterparty, which is used to derive the probability of default;
- the potential recovery which may be made in the event of default; and
- any second order risks that may arise where the firm holds collateral against the credit risk exposure.

Credit risk exposures are monitored regularly to ensure that counterparties remain creditworthy, to ensure there is appropriate diversification of counterparties and to ensure that exposures are within approved limits. At 31 December 2021, the Company's material credit exposures were to financial institutions and individuals (primarily through fund management trade settlement activities).

There is no direct exposure to Eurozone sovereign debt (outside of the UK) within the Company's investments.

The Company has no significant concentrations of credit risk exposure.

Investment of Company's funds
The risk of counterparty default in respect of the investment of the Company's funds is managed through:
- setting minimum credit rating requirements for counterparties;
- setting limits and key risk indicators for individual counterparties and counterparty concentrations;
- monitoring exposures regularly against approved limits; and
- ongoing monitoring of counterparties and associated limits.

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

Spread risk

Similar to equity risk, spread risk reflects the potential loss of future revenue resulting from adverse movements in credit spreads, negatively affecting the market value of corporate bonds, held in the client funds.

Since AuA contains corporate bonds, when the spread on these bonds widen, their value falls, decreasing future fund-based revenues.

Spread risk is directly related to the size of the clients' bond holdings.

Other credit risks

The Company is exposed to the risk of default by fund management groups in respect of settlements. This risk is managed through the due diligence process which is completed before entering into any relationship with a fund group. Amounts due to and from fund groups are monitored for prompt settlement and appropriate action is taken where settlement is not timely.

Legal contracts are maintained where the Company enters into credit transactions with a counterparty.

Impact of credit risk on fair value

Due to the Company's limited credit risk exposure, credit risk does not have a material impact on the fair value movement of financial instruments for the year under review. The fair value movements on these instruments are predominantly due to changes in market conditions.

Maximum exposure to credit risk

The Company's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the accounts. Credit ratings for financial instruments are enclosed in the relevant notes. The Company does not have any significant exposure arising from items not recognised on the statement of financial position.

Market risk

Market risk is the risk of an adverse change in the level or volatility of market prices of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency.

Market risk arises primarily through potential reductions in future revenues. This may occur due to a fall in the value of underlying assets as a result of fluctuations in equity prices, bond prices, property prices, interest rates and foreign exchange rates.

The Company has adopted the Quilter Market Risk Policy which sets out the market risk management governance framework, permitted and prohibited market risk exposures, maximum limits on market risk exposures, management information and stress testing requirements.

The Company does not undertake any principal trading for its own account. The Company's revenue is however affected by the value of assets under management and consequently it has exposure to equity market levels and economic conditions. Scenario testing is undertaken to test the resilience of the business to severe but plausible events and to assist in the identification of management actions.

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

Interest rate risk
A rise in interest rates would cause an immediate fall in the value of investments in fixed income securities within clients' funds, resulting in a fall in fund-based fees. The Company holds no fixed income securities itself and so direct interest rate risk is negligible. However a rise in interest rates would enable a higher return on new investments, which in turn would cause client investments' values to grow more quickly and so fund-based fees may be higher in the longer term.

Exposures of the IFRS income statement and shareholder equity within the statement of financial position to interest rates are summarised in sensitivities later in this section.

Interest rates applicable to interest bearing financial instruments as at the reporting date:

	2021 Variable	2020 Variable
Assets		
Deposits with credit institutions	0.03%	0.01%

Equity and property price risk
In accordance with the market risk policy, the Company does not invest shareholder assets in equity or property assets (or related collective investments) except where the exposure arises due to temporary, short-term holding of collectives in respect of fees due from clients. Exposure to this risk is immaterial.

The Company derives revenues (e.g. annual management charges) and incurs costs (e.g. asset-based outsource costs) which are linked to the value of the underlying assets. Therefore, future earnings will be affected by equity and property market performance.

Sensitivity of profit to changes in equity and property prices is given in the sensitivity analysis later in this section.

Currency risk
The Company is not exposed to direct foreign exchange risk and holds no foreign currency balances. However, the Company is exposed to foreign exchange risk indirectly through fund-based fees derived from client funds which hold assets denominated in foreign currencies. Therefore, a movement in exchange rates would affect the value of future fund-based fees received by the Company.

Liquidity risk
Liquidity risk is the risk that there are insufficient assets or that assets cannot be realised in order to settle financial obligations as they fall due or that market conditions preclude the ability of the firm to trade in illiquid assets in order to maintain its asset/liability matching (ALM) profile.

The Company manages liquidity on a daily basis through:
- maintaining adequate high-quality liquid assets and banking facilities that are readily available, the level of which is informed through appropriate liquidity stress testing;
- continuously monitoring forecast and actual cash flows; and
- monitoring a number of key risk indicators to help in the identification of a liquidity stress.

The Company maintains and manages its local liquidity requirements according to its business needs within the overall Group Liquidity Risk Framework that includes a Group Liquidity Risk Policy, Group Liquidity Risk Standard and Group Liquidity Risk Appetite Statement. The framework is applied consistently across all businesses in the Group to identify, manage, measure, monitor and report on all liquidity risks that have a material impact on liquidity levels. This framework considers both short term liquidity and cash management considerations and longer term funding risk considerations.

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

Throughout the COVID-19 situation experienced in 2020 and 2021 the Company has operated above its individual liquidity targets and there were no new liquidity stresses identified over this period to include in the liquidity monitoring process. Daily liquidity updates continue to be provided to enable timely identification of any emerging issues.

Liquidity is monitored centrally by Group Treasury, with management actions taken at a business level to ensure each company has sufficient liquidity to cover its Minimum Liquidity Requirement, with an appropriate buffer set in line with the Group Risk Appetite Statement.

The Group maintains contingency funding arrangements to provide liquidity support to businesses in the event of liquidity stresses that are greater than their risk appetite. Contingency Funding Plans are in place for each individual business which set out the approach and management actions that would be taken should liquidity levels fall below minimum liquidity requirements. The plans undergo an annual review and testing cycle to ensure they are fit for purpose and can be relied upon during a liquidity stress.

Information on the nature of the investments and securities held is given in note 12 & 16.

Maturity schedule
The maturity dates of financial liabilities are shown below.

	<3 months £m	3-12 months £m	1-5 years £m	>5 years £m	Total £m
2021					
Amounts due to fellow group undertakings	8.6	-	-	-	8.6
Other payables	2.8	-	-	-	2.8
	11.4	-	-	-	11.4
2020					
Amounts due to fellow group undertakings	0.4	-	-	-	0.4
Other payables	7.3	-	-	-	7.3
	7.7	-	-	-	7.7

Operational risk
Operational risk is the risk that failure of people, processes, systems or external events results in financial loss, damage to the brand/reputation or adverse regulatory intervention or government or regulatory fine.

Operational risk includes all risks resulting from operational activities, excluding the risks already described above and excluding strategic risks and risks resulting from being part of a wider group of companies.

Operational risk includes the effects of failure of administration processes, IT maintenance and development processes, investment processes (including settlements with fund managers, fund pricing and matching and dealing), product development and management processes, legal risks, risks relating to the relationship with third party suppliers and outsourcers, and the consequences of financial crime and business interruption events.

Operational risks are managed in accordance with the Group Operational Risk Policy and related standards consistent with the Enterprise Risk Management Framework, which has been adopted by the Company. Operational risk exposure is measured primarily through scenario assessments which use internal and external loss event data, Risk and Control Self-Assessments and expert judgment provided by the key subject matter experts. Resultant exposures are evaluated against the Company's risk appetite which is the process that drives operational risk reporting and management action.

In accordance with Group policies, management has primary responsibility for the identification, assessment, management and monitoring of risks, and the escalation and reporting of issues to executive management.

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

The Board has responsibility for implementing the Group Operational Risk management methodologies and frameworks, and for the development and implementation of action plans to manage risk levels within acceptable tolerances and resolve issues identified.

Investment contract risk
Investment contract risk arises through exposure to unfavourable operating experience in respect of factors such as persistency levels and management expenses relative to the assumptions made when pricing contracts, which may prevent the firm from achieving its profit objectives.
The sensitivity of the Company's earnings and capital position to investment contract risks is monitored through the Group's capital management processes.

Persistency
Persistency risk is the risk that the rate at which customers withdraw their funds and cease paying regular premiums exceeds the expectation when preparing the business plan. Excessive withdrawals and regular premium cessations can result in a reduction in profits in future years.
Persistency risk is managed through focus on customer service, conduct, and reputation and statistics are monitored monthly to identify emerging trends.

In the short term, profit is not materially impacted by those changes in persistency experience that are reasonably foreseeable.

Expenses
Expense risk is the risk that actual expenses exceed the levels expected when preparing the business plan.
Expense levels are monitored quarterly against budgets and forecasts. Expense drivers are used to allocate expenses to entities and products.

Risk and capital management
The potential impacts on the capital resources and future profits of the Company are assessed regularly. Market and investment contract risks are assessed through stress tests applied to business plan financial projections by varying assumptions for future experience. Operational risks are assessed using scenario based risk assessments, constructed using expert judgment supplemented by review of the risk control processes in place, internal and external event data, key risk indicators and internal audit reports. Credit risks are assessed by determining the financial exposure to material counterparties and the likelihood of default of these counterparties. Credit ratings are used to assess the likelihood of default.

The Group Capital Management policy sets out the key considerations and restrictions with regard to the amounts of capital that is retained.

Capital is managed to the Company's solvency target which is set to ensure that the business maintains capital in excess of the Regulatory Capital Requirement and to maintain working capital to provide for fluctuations in experience, in particular in respect of new business volumes. The Company regards the regulatory statutory capital resources of £98.6m (unaudited) (2020: £129.1m unaudited) as capital. The regulatory capital requirements have been met throughout the year.

The Internal Capital Adequacy Assessment Process (ICAAP) is used to assess the level of capital which should be retained by the Company. It is a consolidated assessment for the investment and advice firms within the Group. The ICAAP considers all of the risks faced by the Company and the degree to which risks have similar or related causes and so could occur together. Capital resources are then allocated appropriately within the entities forming the ICAAP group taking into account the risks faced by each business.

The Company uses a variety of metrics to monitor its capital position including IFRS capital and reserves, which are £105.0m as at 31 December 2021 (2020: £133.5m).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

Sensitivity tests
Sensitivity analysis has been performed by applying the following parameters to the statement of financial position at 31 December 2021 and 31 December 2020, and income statement for the year ended 31 December 2021 and 31 December 2020.

Interest rate risk
The impact of an increase and decrease in market interest rate of 1% is tested (e.g. if the current interest rate is 5%, the test allows for the effects of an instantaneous change to 4% and 6% from the reporting date). The test allows consistently for similar changes in investment returns and the market value of AuA from which fee revenue derives. The sensitivity of both profit and shareholder's equity to interest rates is provided.

A 1% rise in interest rates would impact the value of AuA and therefore impact the fee income that is based on its market value. AuA would move by around 1.7% as a shift of 1% in gilt yields moves gilt market values by 5.8%, but only 29.3% of AuA consists of fixed interest assets such as bonds and gilts.

A decrease in interest rate by 1% would have reduced the loss and increased shareholder's equity by £0.8m after tax (2020: £0.9m); an equal change in the opposite direction would have increased the loss by £0.2m after tax (2020: £0.2m). The reduction in the shareholder element is limited to the amount of interest received i.e. it cannot be less than 0%, as the Company only has bank balances currently attracting interest of 0.03%, therefore rates can only be reduced by 0.03%.

Market risk
A 10% movement in assets under administration would impact the annual fee income and rebates received from unit trust managers. There are no impacts on the balances in the statement of financial position. The sensitivity is applied as an instantaneous shock to equity and property prices at the start of the year (e.g. if the current assets under administration is £10.0bn, the test allows for the effect of an immediate change in assets under administration to £9.0bn and to £11.0bn).

A decrease of 10% in assets under administration would have increased the loss and reduced shareholder's equity by £6.5m (2020: £6.0m) after tax while an increase of 10% in assets under administration would have reduced the loss and increased shareholder's equity by £6.5m after tax (2020: £6.0m).

Expenses
The increase in expenses is assumed to apply to the costs associated with the maintenance and acquisition of contracts. The only administrative expenses that are deferrable are sales bonuses but as new business volumes are unchanged in this sensitivity, sales bonuses and the associated deferrals have not been increased, therefore there are no impacts on the statement of financial position balances. It is assumed that these expenses are increased by 10% from the start of the year, so is applied as an expense shock rather than a gradual increase.

An increase in expenses of 10% would have increased the loss by £6.9m after tax (2020: £6.9m).

4 FEE INCOME AND OTHER INCOME FROM SERVICE ACTIVITIES

	2021 £m	2020 £m
Investment contracts		
Fund based fees	80.8	73.8

5 INVESTMENT RETURN

	2021 £m	2020 £m
Total interest and similar income		
Cash and cash equivalent	-	0.1
Loans	0.1	-
	0.1	0.1

6 COMMISSION EXPENSES

	2021 £m	2020 £m
Renewal commission	1.6	-

In the current year, £1.6m (2020:nil) of commission payable to brokers no longer in operation was written back to the income statement. This commission had been charged as a commission expense in previous years.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

7 ADMINISTRATIVE EXPENSES

	2021 £m	2020 £m
Administrative expenses	85.0	85.4
Administrative expenses include:		
Management fees paid to fellow group undertakings	83.3	84.6
Of which:		
Auditors' remuneration	0.5	0.5

Auditors remuneration represent services paid to PricewaterhouseCoopers LLP.
The amounts paid in respect of statutory audit fees were £0.2m (2020: £0.2m), and for other audit related assurance services were £0.3m (2020: £0.3m).

Management fees are in respect of management services and fixed assets, which are provided by Quilter Business Services Limited, a fellow group undertaking. Those management fees are charged after addition of a mark-up.

8 REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

Directors' emoluments shown below are included in management fees charged by Quilter Business Services Limited, the employing entity of the directors, payable to fellow subsidiary undertakings shown in note 7.

	2021 £m	2020 £m
Aggregate directors' emoluments		
Aggregate emoluments excluding pension contributions	0.3	0.6
Aggregate share based payments	0.2	0.6
Aggregate loss of office payments	0.1	0.6

3 directors had money paid to money purchase schemes during the year (2020: 2).

4 of the directors, including the highest paid director received or were due to receive shares or share options in Quilter plc under a long term incentive scheme (2020: 3, including the highest paid director). 3 directors (2020: 3) exercised options during the year.

Shares or share options were in Quilter plc shares for the period from listing date onwards.

	2021 £m	2020 £m
Emoluments of the highest paid director		
Aggregate emoluments excluding pension contributions	0.2	0.3

The highest paid director did (2020: did) exercise share options during the year.

The above disclosure includes the remuneration of the Directors in relation to their services to this company. The remuneration for each director is apportioned on the basis of time spent across the companies of which they are a director.

Key management personnel and members of their close family have undertaken transactions with the Company in the normal course of business.
The products within the Company are available to all employees of the Company on preferential staff terms, the impact of which is immaterial to the Company's financial statements. During the year ended 31 December 2021, key management personnel and their close family members contributed £32k (2020: £18k) to pensions and investments (in both internal and external funds). The total value of investments in pensions and investment products by key management personnel serving at any point during the year and their close family members was £0.8m (2020: £0.6m) at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

9 TAXATION

	2021 £m	2020 £m
Current year corporation tax credit	(0.3)	(2.2)
Prior year corporation tax credit	-	(0.1)
Deferred tax credit	(0.7)	(0.2)
Total tax credit	(1.0)	(2.5)

	2021 £m	2020 £m
The total tax credit for the year can be reconciled to the accounting profit as follows:		
Loss before tax	(1.5)	(11.9)
Tax on loss at the applicable tax rate, 19% (2020: 19%)	(0.3)	(2.3)
Effect of:		
Expenses not deductible for tax purposes	-	0.1
Prior year corporation tax credit	-	(0.1)
Effect on deferred tax for changes in tax rates	(0.7)	(0.2)
Total tax credit	(1.0)	(2.5)

The main rate of corporation tax is 19% (2020: 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 2023. This change having been substantially enacted by 31 December 2021, the new 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.

10 INVESTMENTS IN SUBSIDIARIES

Quilter Investment Platform Limited (formerly Old Mutual Wealth Limited) holds all of the ordinary shares of Quilter Investment Platform Nominees Limited (formerly Old Mutual Wealth Nominees Limited). The investment is valued at original cost of £2 (2020: £2) and due to materiality it is not shown separately on the statement of financial position.

Quilter Investment Platform Nominees Limited (formerly Old Mutual Wealth Nominees Limited) is incorporated in England & Wales and its registered office address is: Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

The subsidiary holds investments on behalf of the clients of Quilter Investment Platform Limited (formerly Old Mutual Wealth Limited) in a nominee capacity. It did not trade during the current or prior year and consequently there are no results or dividends in either year. This is expected to continue for the foreseeable future.

11 CONTRACT COSTS

	2021 £m	2020 £m
Opening balance	2.2	3.0
Capitalisation of contract costs	1.2	0.4
Amortisation of contract costs	0.1	(1.2)
Change in contract costs	1.3	(0.8)
Closing balance	3.5	2.2
Current	0.6	1.0
Non-current	2.9	1.2
	3.5	2.2

The recoverability of contract costs is impairment tested with reference to the present value of estimated future profits at the reporting date calculated using actuarial methodology and assumptions. No impairment was required in the current or prior year.

12 INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES

	2021 £m	2020 £m
At FVTPL		
Investments in collective investment schemes (mandatorily at FVTPL)	-	0.9

Following the transition to the FNZ platform, the company no longer holds temporary investments as all the fees are collected directly from client's cash accounts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

13 OTHER RECEIVABLES

	2021 £m	2020 £m
Due from fellow group undertakings	-	27.1
Settlement outstanding	9.1	4.2
Prepayments and accrued income	3.9	2.7
Contract assets	-	1.0
	13.0	35.0

Settlement outstanding principally comprise amounts due from clients.

The Directors consider that the carrying amount of other receivables approximates to their fair value. There have been no non-performing receivables, but there was an ECL impairment reduction of £0.2m (2020: £0.0m). None of the receivables reflected above have been subject to the renegotiation of terms. All amounts are current.

Balances due from group undertakings in 2020 included a £22m loan which has been repaid in Q2 of 2021 by Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited). The loan was unsecured, repayable on demand and recognised at amortised cost. The loan attracted a commercial rate of interest based on LIBOR plus margin. During the year to 31 December 2021 the loan accrued £0.1m interest (2020: £0.0m).

Contract asset balances in 2020 represented estimated accrued annual management charges (AMC) for those policies remaining on the legacy platform, where the charge was applied on the policy anniversary.
Following migration to FNZ platform in 2021, the income calculation is performed based on daily fund values, and so the receivable balance is recognised as accrued income.

14 CASH AND CASH EQUIVALENTS

	2021 £m	2020 £m
Bank balances	69.4	70.9
Money market OEIC investments	25.2	26.8
Cash and cash equivalents	94.6	97.7

All cash and cash equivalents are current, and recognised at amortised cost, apart from money market OEIC investments, which are recognised mandatorily at FVTPL.

Investments in money market OEICs are classified as cash and cash equivalents. Management hold these investment funds for short term liquidity purposes. The funds are highly liquid, have a AAA credit rating and a very low risk of reduction in value. Bank balances are all credit rated AA and A.

Bank overdrafts are used to fulfil short term liquidity needs and are repayable on demand. Individual bank accounts are permitted to be overdrawn subject to the aggregate balance across all accounts being at least zero.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

15 SHARE CAPITAL

	2021 £m	2020 £m
Allotted, called up and fully paid		
66,430,000 (2020: 106,430,000) ordinary shares of £1 each	66.4	106.4

On 9th of April 2021 the Company cancelled 40,000,000 ordinary shares of nominal value of £1.00 each.

On 14th of April 2020 the Company issued 12,000,000 ordinary shares of nominal value of £1.00 each.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

16 FINANCIAL INSTRUMENTS AT FAIR VALUE

Fair value hierarchy

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

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

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
2021				
Financial assets mandatorily at fair value through profit or loss				
Money Market OEIC investments	25.2	-	-	25.2
2020				
Financial assets mandatorily at fair value through profit or loss				
Investments in collective investment schemes	0.9	-	-	0.9
Money Market OEIC investments	26.8	-	-	26.8

Structured entities

The table below summarises the types of structured entities in which the Company holds an interest:

Type of structured entity	*Nature*	*Purpose*	*Interest held by the Company*
Investments in collective investment schemes	Manage company funds through the investment in assets	Generate fees from managing assets	Investment in units issued by the fund

Investments in unconsolidated structured entities

The table below sets out the shareholder investments held by the Company in unconsolidated structured entities. This represents the ownership of collective investment vehicles that have a narrow and well defined objective. The maximum exposure to losses is equal to the carrying amount of assets held.

	Investment securities £m
As at 31 December 2021:	
Money market funds	25.2
	25.2
As at 31 December 2020:	
Investments in collective investment schemes	0.9
Money market funds	26.8
	27.7

16 FINANCIAL INSTRUMENTS AT FAIR VALUE (continued)

Master netting or similar agreements

The Company offsets financial assets and liabilities in the statement of financial position when it has a legal enforceable right to do so and intends to settle on a net basis or simultaneously.
The only such offsetting relates to the pooling of bank accounts and, in some circumstances a bank account may be overdrawn and therefore offset.
The following table presents information on the potential effect of netting offset arrangements after taking into consideration these types of agreements.

	Gross amount £m	Amounts offset in the statement of financial position £m	Net amounts reported in the statement of financial position £m
2021			
Financial assets - cash and cash equivalents	95.0	(0.4)	94.6
Financial liabilities - other payables	(3.2)	0.4	(2.8)
2020			
Financial assets - cash and cash equivalents	97.7	-	97.7
Financial liabilities - other payables	(7.3)	-	(7.3)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

17 DEFERRED TAX

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

	Tax losses carried forward £m
As at 1 January 2020	2.0
Movement in the year	0.2
As at 31 December 2020	2.2
Movement in the year	0.7
As at 31 December 2021	2.9

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 2023. This change having been substantially enacted by 31 December 2021, the new 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 temporary differences are expected to reverse in the foreseeable future. This is based on taxable profits contained within the 3 year planning horizon.

The value of deferred tax assets not recognised as at 31 December 2021 was £23.3m (2020: £17.7m). This relates to gross carried forward losses of £93.2m (2020: £93.2m).

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

18 OTHER PROVISIONS

	Provision for rectifications £m
Balance at 1 January 2020	-
Additions in the year	0.1
Balance at 31 December 2020	0.1
Additions in the year	0.1
Utilisation	(0.1)
Balance at 31 December 2021	0.1

The provision is expected to be utilised in the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS
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19 OTHER PAYABLES

	2021 £m	2020 £m
Due to fellow group undertakings	8.6	0.4
Other	2.8	7.6
Other taxes and social security costs	0.1	0.1
	11.5	8.1

The Directors consider that the carrying amount of other payables approximates their fair value. All balances are current, short term and interest free.
Amounts due to group companies are unsecured. Other principally contains amounts due to advisers.

£0.1m (2020: £0.4m) of the total is classified as a non-financial liability. The remaining balance is recognised at amortised cost.

20 FINANCIAL AND CAPITAL COMMITMENTS

There are no financial and capital commitments as at 31 December 2021, (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

21 EVENTS AFTER THE REPORTING DATE

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

22 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2021 (2020: £nil).

23 ULTIMATE PARENT COMPANY

The Company is fully owned by its immediate parent, Quilter Holdings Limited (formerly known as Old Mutual Wealth Holdings Limited), a company registered in England & Wales.

The largest and the smallest group in which the results of the Company are consolidated is Quilter plc, the ultimate parent company and controlling party, registered in England & Wales. The financial statements are available from:

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