Registered in England and Wales No. 06201261

Quilter Private Client Advisers Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2021

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COMPANY INFORMATION

Directors	M Andrews (appointed 1 January 2021) S C Gazard (resigned 30 July 2021) A P Moore (resigned 1 December 2021) M Dean (resigned 6 April 2022) A I McGlone (appointed 19 January 2022) P P Barnacle (appointed 14 February 2022)
Secretary	Quilter CoSec Services Limited
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Registered office	Senator House 85 Queen Victoria Street London EC4V 4AB
	Telephone: 0808 032 1650 Website: www.quilterpca.co.uk
	Registered in England and Wales No: 06201261

STRATEGIC REPORT

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

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

The principal activity of Quilter Private Client Advisers Limited (the "**Company**") is the provision of pension and investment advice to retail clients. The Company is incorporated and domiciled in England and Wales.

The Company is part of the Quilter plc Group ("**Quilter**" or the "**Group**"). Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter provides the Company with strategic and governance oversight.

QUILTER STRATEGY

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

QUILTER PRIVATE CLIENT ADVISERS LIMITED STRATEGY

The Company offers a restricted advice proposition to high net worth clients, delivered through an employed adviser model and drawing upon the capabilities of companies in the wider Group that provide strong and compelling platform and investment propositions. The Company is committed to offering a controlled advice proposition that delivers excellent customer outcomes.

At the outset of the year, the Company formed part of the National channel of the Quilter Financial Planning group (the "**QFP Group**"), a network of over 2,800 financial advisers, including 1,600 restricted financial planners, who deliver personalised financial advice tailored to meet specific needs of the customer to deliver positive customer outcomes. On 30 July 2021, a sale and purchase agreement transferring ownership of the Company from Blueprint Organisation Limited, a subsidiary within the QFP Group, to Quilter Cheviot Holdings Limited (the "Transfer") became effective. The Company remains an authorised representative of Quilter Financial Services Limited and Quilter Mortgage Planning Limited, both subsidiaries with the QFP group.

Under the Transfer, the Company became part of Quilter's High Net Worth segment and oversight of the Company moved to Quilter Cheviot Holdings Limited, another Group company which provides investment management services to high net worth clients. Bringing these two businesses together supported the execution of Quilter's strategy to organise the Group into two core client-focused segments, promotes alignment between the advice and investment processes and provides two dedicated points of contact focused on individual clients, to support a seamless client experience.

KEY PERFORMANCE INDICATORS (KPIs)

Management evaluate the performance of the business using a number of measures. Key metrics for the Company including its subsidiaries were as follows:

	2021	**2020**
Adviser headcount number at year end for advisers operating under Quilter Private Client Advisers Limited	57	74

	£'000	**£'000** Restated[1]
Revenue	23,550	22,251
Expenses	22,935	28,967
Profit/(Loss) before taxation	570	(6,716)
Cash and cash equivalents	16,510	3,223

Net assets	56,707	56,152

[1]See Note 2 for details regarding the restatement.

During the year under review, the Company made a profit before tax of £570,027 compared to a prior year loss before tax of £6,716,000. Revenue for the year of £23,550,000 represented a £1,299,000 increase on the prior year. There was a decrease in administrative expenses by £6,908,442 however these are expected to return to a similar level to 2020 going forward, and finance costs were reduced by £575,000 year on year. There was an impairment in the year of an indemnification asset of £1,496,649.

GOING CONCERN

In evaluating going concern, the Directors have given consideration to the matters outlined in this Strategic report, along with recognising the strategic importance of the Company to the High Net Worth segment and the wider Group.

The Company's immediate parent undertaking, Quilter Cheviot Holdings Limited, has provided confirmation of its intention to provide capital support to the Company at least until 31 December 2023, recognising the strategic importance of the Company within the High Net Worth segment.

Accordingly, these financial statements have been prepared on the basis of the Company being a going concern.

Going concern has been evaluated at Group level by the Directors of Quilter plc and has been re-assessed by the Company's Board at the date of signing these financial statements. The use of the going concern basis of accounting is considered appropriate for the Group, reflecting future expected profitability. An assessment of the impact of COVID-19 on the going concern for the Group has been completed, concluding that the Group can withstand a severe but plausible downside scenario for at least the next 12 months and can feasibly provide the capital support commitment outlined above.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties relate to investment market performance, adviser and customer persistency, expense levels and risks within operational activities associated with systems, processes, people and external influences. The Company does not seek market risk from trading securities with its own funds. The Company has limited risk appetite for credit risk via loans to Appointed Representatives and Company cash held with counterparties.

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

Development and implementation of IT systems – In 2022, the Company will continue to focus on updating and enhancing its IT capabilities. Such IT developments carry inherent execution risk. The Company is managing the execution risk arising on IT implementation through its Change Management Team dedicated to the implementation of projects within the business.

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

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

Emerging risks

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

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

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

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

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

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

Streamlined Energy and Carbon Reporting

The Group is committed to managing its environmental impact and supports the Carbon Disclosure Project, 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.

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 plc 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 continue 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 to ensure that section 172 (1) considerations remain at the heart of the Group's decision-making at all levels.

STRATEGIC REPORT (continued)

The directors of the Company are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 (1) of the Companies Act 2006. 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 of Quilter Cheviot Limited ("**QCL**"), a Business Oversight Board under the Group Governance Framework, is responsible for the overall oversight of the High Net Worth segment, which comprises Quilter Cheviot Holdings Limited and its subsidiaries (the "**Quilter Cheviot Group**"). The Company became part of the Quilter Cheviot Group during 2021, having transferred from the Quilter Financial Planning Group which is overseen by the Board of Quilter Financial Planning Limited ("**QFPL**"), another Business Oversight Board within the Group. Details of how the directors of QCL and QFPL discharged their duties under section 172 (1) of the Companies Act 2006, including in relation to the transfer of the Company, are set out in the QCL and QFPL Annual Reports 2021.

Signed on behalf of the Board

P P Barnacle
Director
30 September 2022

DIRECTORS' REPORT

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

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

DIRECTORS

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

M Andrews	(appointed 1 January 2021)
S C Gazard	(resigned 30 July 2021)
A P Moore	(resigned 1 December 2021)
M Dean	(resigned 6 April 2022)
A I McGlone	(appointed 19 January 2022)
P P Barnacle	(appointed 14 February 2022)

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

DIRECTORS' THIRD PARTY INDEMNITY PROVISIONS

Qualifying third-party indemnities were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 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

The Directors do not recommend the payment of a dividend (2020: £nil).

EMPLOYEES

The Company has no employees. Quilter Financial Planning Limited (QFPL) employs all staff and the related disclosures are shown in those financial statements. All staff are being transferred from QFPL in 2022.

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Company are disclosed in note 5.

POLITICAL DONATIONS

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

BUSINESS RELATIONSHIPS STATEMENT

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

An explanation of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, has been set out in Quilter plc's 2021 Annual Report, which does not form part of this report.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

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

DIRECTORS' REPORT (continued)

STATEMENT OF GOING CONCERN

The use of the going concern basis of accounting is considered appropriate, reflecting the intention of the Company's immediate parent company, Quilter Cheviot Holdings Limited, to provide capital support to the Company at least until 31 December 2023.

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

CLIMATE CHANGE

In 2021, the Quilter 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.

INVESTING RESPONSIBLY

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

INDEPENDENT AUDITORS

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

Signed on behalf of the Board

P P Barnacle
Director
30 September 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

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 UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditors' report to the members of Quilter Private Client Advisers Limited

Report on the audit of the financial statements

Opinion

In our opinion, Quilter Private Client Advisers 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Discussions with the Board of Directors, management, internal audit, management involved in the risk and compliance and legal functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing relevant meeting minutes including those of the Board of Directors.
- Challenging assumptions made by management in accounting estimates and judgements in relation to contract assets, redress provision, impairment of assets and deferred tax measurement.

- Identifying and testing journal entries posted with unexpected account combinations which may be indicative of the manipulation of revenue or expenses, containing unusual descriptions or unusual amounts, where any such journals were identified.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

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

INCOME STATEMENT
for the year ended 31 December 2021

	Note	2021 £	2020 £ Restated[1]
Revenue	6	23,550,083	22,250,987
Gross profit		23,550,083	22,250,987
Administrative expenses	7	(21,091,137)	(27,999,579)
Finance costs	9	(392,270)	(967,380)
Impairment of asset	13	(1,496,649)	-
Total expenses		(22,980,056)	(28,966,959)
Profit/(Loss) before tax		570,027	(6,715,972)
Taxation charge/credit	10	(159,616)	1,004,570
Profit/(Loss) for the year after tax		410,411	(5,711,402)
Attributable to equity holders		410,411	(5,711,402)

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

[1]See Note 2 for details regarding the restatement.

The notes on pages 17 to 46 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	2021 £	2020 £ Restated[1]
Profit/(Loss) for the year after tax	410,411	(5,711,402)
Total comprehensive profit/(loss) for the year		
All attributable to equity holders	410,411	(5,711,402)

[1]See Note 2 for details regarding the restatement.

The notes on pages 17 to 46 are an integral part of these financial statements.

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

	Share capital £	Share-based payment reserve £	Accumulated losses £	Total equity £
Balance at 1 January 2021	88,561,000	379,145	(32,787,774)	56,152,371
Profit for the year after tax	-	-	410,411	410,411
Tax charge/credit recognised in reserves[2]	-	14,230	-	14,230
Share-based payment charge	-	(123,749)	253,947	130,198
Balance at 31 December 2021	88,561,000	269,626	(32,123,416)	56,707,210

	Share capital £	Share-based payment reserve £	Accumulated losses £	Total equity £
Balance at 1 January 2020	88,561,000	252,168	(27,101,231)	61,711,937
Loss for the year after tax[1]	-	-	(5,711,402)	(5,711,402)
Tax charge/credit recognised in reserves[2]	-	(9,131)	-	(9,131)
Share-based payment charge	-	136,108	24,859	160,967
Balance at 31 December 2020	88,561,000	379,145	(32,787,774)	56,152,371

[1]See Note 2 for details regarding the restatement.

[2]The tax credits recognised in equity pertain to deferred tax for the transition adjustment made under IFRS 16 Leases, which has been credited to accumulated losses and tax under IFRS 2 for shares issued to employees which has been charged to the share-based payment reserve.

The notes on pages 17 to 46 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Note	2021 £	2020 £ Restated[1]
Non-current assets			
Property, plant and equipment	11	1,650,353	1,812,484
Goodwill and intangible assets	12	47,008,419	50,866,310
Deferred tax assets	18	425,863	527,172
Current assets			
Current tax receivable		185,899	2,478,733
Trade and other receivables	13	188,241	13,099,268
Contract assets	20	2,667,115	2,254,898
Cash and cash equivalents	14	16,509,926	3,222,793
Total assets		68,635,816	74,261,658
Equity and liabilities			
Equity			
Share capital	21	88,561,000	88,561,000
Share-based payments reserve		269,626	379,145
Retained earnings		(32,123,416)	(32,787,774)
Total equity attributable to equity holder		56,707,210	56,152,371
Non-current liabilities			
Deferred tax liabilities	18	3,548,752	3,862,402
Other financial liabilities	17	-	3,858,200
Lease liabilities	16	1,105,142	1,664,048
Current liabilities			
Other financial liabilities	17	39,998	2,248,123
Lease liabilities	16	257,925	370,259
Provisions	19	2,191,464	2,414,660
Trade and other payables	15	4,785,325	3,691,595
Total liabilities		11,928,606	18,109,287
Total equity and liabilities		68,635,816	73,575,4607

[1]See Note 2 for details regarding the restatement.

The notes on pages 17 to 46 are an integral part of these financial statements.

Approved at a meeting of the Board of directors on 30 September 2022 and signed on its behalf by:

P P Barnacle
Director

Company registered number: 06201261

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

1 GENERAL INFORMATION

Quilter Private Client Advisers Limited (the "Company") is a private company limited by shares incorporated and domiciled in England and Wales. 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 BASIS OF PREPARATION

Basis of preparation

The financial statements of Quilter Private Client Advisers Limited for the year ended 31 December 2021 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

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

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

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

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 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 use of the going concern basis of accounting is considered appropriate, reflecting the intention of the Company's immediate parent company, Quilter Cheviot Holdings Limited, to provide capital support to the Company at least until 31 December 2023. An assessment of the impact of COVID-19 on the going concern for the overall Group has been completed, concluding that the Group can withstand a severe but plausible downside scenario for at least the next 12 months.

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

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.

Liquidity analysis of the statement of financial position

The Group's statement of financial position is in order of liquidity as is permitted by IAS 1 *Presentation of Financial Statements*. For each asset and liability line item, those amounts expected to be recovered or settled after more than 12 months after the reporting date are disclosed separately in the notes to the consolidated financial statements.

Prior year restatements

Reclassification of expenses
In 2021, management deemed that amounts recognised as cost of sales should be re-classified as administrative expenses, as this more accurately represents the nature of the transactions. As such, at 31 December 2020, £20,067,489 that was previously disclosed as cost of sales has been reclassified to administrative expenses to conform with the current year presentation. The impact of the above restatements on the Company's income statement for the year ended 31 December 2020 can be seen in the tables below. There is no overall impact to the loss for year or the statement of financial position.

Reversal of impairment charge
In 2020 there was an impairment charge of £1,717,636 related to intangible assets. During Q1 2021 a further review of the calculation indicated the charge was mis-stated and should have been £686,198 lower. The impact of the restatement is a reduction in the loss for 2020. This adjustment has no impact on the taxation charge for the year. The restatement will also increase the intangible asset held on the balance sheet.

INCOME STATEMENT

	2020 As previously reported	Reallocation of Cost of Sales to Administrative Expenses	Reversal of impairment charge	2020 Restated
	£	£	£	£
Revenue	22,250,987	-		22,250,987
Cost of sales	(20,067,489)	20,067,489		-
Gross profit	2,183,498	20,067,489		22,250,987
Administrative expenses	(8,618,288)	(20,067,489)	686,198	(27,999,579)
Finance costs	(967,380)	-		(967,380)
Total expenses	(9,585,668)	(20,067,489)	686,198	(28,966,959)
Loss before tax	(7,402,170)	-	686,198	(6,715,972)
Taxation	1,004,570	-	-	1,004,570
Loss for the year after tax	(6,397,600)	-	686,198	(5,711,402)

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

STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	2020 As previously reported £	Reversal of Impairment Charge £	2020 Restated £
Non-current assets			
Property, plant and equipment	1,812,484		1,812,484
Goodwill and intangible assets	50,180,112	686,198	50,866,310
Deferred tax assets	527,172		527,172
Current assets			
Current tax receivable	2,478,733		2,478,733
Trade and other receivables	13,099,268		13,099,268
Contract assets	2,254,898		2,254,898
Cash and cash equivalents	3,222,793		3,222,793
Total assets	73,575,460	686,198	74,261,658
Equity and liabilities			
Equity			
Share capital	88,561,000		88,561,000
Share-based payments reserve	379,145		379,145
Retained earnings	(33,473,972)	686,198	(32,787,774)
Total equity attributable to equity holder	55,466,173	686,198	56,152,371
Non-current liabilities			
Deferred tax liabilities	3,862,402		3,862,402
Other financial liabilities	3,858,200		3,858,200
Lease liabilities	1,664,048		1,664,048
Current liabilities			
Other financial liabilities	2,248,123		2,248,123
Lease liabilities	370,259		370,259
Provisions	2,414,660		2,414,660
Trade and other payables	3,691,595		3,691,595
Total liabilities	18,109,287		18,109,287
Total equity and liabilities	73,575,460	686,198	74,261,658

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting judgements

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

Area	Critical accounting judgements	Notes
Contract Assets	Contract assets are accrued income based upon an average of the last three months. Ongoing revenue is received one month in arrears. Initial fees are up to three months in arrears.	20

Critical accounting estimates

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

Area	Critical accounting estimates	Notes
Impairment of Goodwill and Intangible Assets	In assessing whether an impairment provision should be recognised, the Company evaluates the likelihood of the carrying value of the investment being lower than the recoverable amount, using the approved business plan, at each reporting date. Intangible assets are also assessed for impairment whenever there is an indication that the intangible asset may be impaired. Sensitivity analysis has been completed and further commentary can be found within note 12.	12
Redress Provision	An estimation of the provision was determined for unsuitable pension advice related to various pension schemes, based upon suitability assessments performed by an external regulatory expert, and using calculations per case based upon FCA guidelines, and factors including pension transfer value, date of retirement, discount rate and inflation rate assumptions.	19
Deferred tax – measurement	The estimation of future taxable profits is performed as part of the annual business planning process, and is based on estimated levels of assets under management, which are subject to a large number of factors including worldwide stock market movements, related movements in foreign exchange rates and net client cash flows, together with estimates of expenses and other charges The business plan, adjusted for known and estimated tax sensitivities, is used to determine the extent to which deferred tax assets are recognised. In general, the Group assesses recoverability based on estimated taxable profits over a 3-year planning horizon.	18

4 SIGNIFICANT ACCOUNTING POLICIES

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

Fee income and other income from service activities

Fee income and other income from service activities represent the fair value of services provided, net of 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, including indemnity commission on policies sold, 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.

Financial instruments

Financial instruments cover a wide range of financial assets, including financial investments, trade receivables and cash and cash equivalents and certain financial liabilities, including investment contract liabilities, trade payables, and borrowings. Derivatives, which are also financial instruments, are covered under a separate accounting policy. 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. Two categories are applicable to the Company's financial assets: FVTPL and amortised cost. This classification determines the subsequent measurement basis. The following accounting policies apply to the subsequent measurement of financial assets.

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

Fair value measurement

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

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

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

Amortised cost

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

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

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

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

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.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. At inception, investment contract liabilities for unit-linked business are designated as financial liabilities and measured at FVTPL. Other financial liabilities, including the Company's borrowings and trade payables, are measured at amortised cost using the effective interest method.

Trade payables and receivables

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

Impairment of financial assets

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

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

Performing financial assets:

Stage 1

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

Stage 2

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

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

Impaired financial assets:

Stage 3

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

Application of the impairment model

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

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

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

The measurement of ECLs considers information about past events and current conditions, as well as supportable information about future events and economic conditions. The Company has implemented its impairment methodology for estimating the ACL, taking into account forward-looking information in determining the appropriate level of allowance. In addition, it has identified indicators and set up procedures for monitoring for significant increases in credit risk.

Credit-impaired financial assets

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

Write-offs

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

Contract assets

Contract assets are classified as non-financial instruments. Due to their short-term nature, their carrying amount is considered to be the same as their fair value

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

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. In certain circumstances, as permitted by accounting standards, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not a business combination and at the time of their occurrence affect neither accounting nor taxable profit. Note 18 includes further detail of circumstances in which the Company does not recognise temporary differences.

Intangible assets

Intangible assets include intangible assets initially recognised as part of a business combination, purchased assets and internally generated assets, such as software development costs related to amounts recognised for in-house systems development.

Intangible assets acquired as part of a business combination

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

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

Distribution channels	8 years

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

Internally developed software

There are a number of factors taken into account when considering whether internally developed software meets the recognition criteria in IAS 38 Intangible Assets. Where, for example, a third-party provider retains ownership of the software, this will not meet the control criterion in the standard (i.e. the power to obtain benefits from the asset) and the costs will be expensed as incurred.

Where it is capitalised, internally developed software is held at cost less accumulated amortisation and impairment losses. Such software is recognised in the statement of financial position if, and only if, it is probable that the relevant future economic benefits attributable to the software will flow to the Company and its cost can be measured reliably.

Costs incurred in the research phase are expensed, whereas costs incurred in the development phase are capitalised, subject to meeting specific criteria, as set out in the relevant accounting standards, the main one being that future economic benefits can be identified as a result of the development expenditure. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the relevant software, which range between three and five years, depending on the nature and use of the software.

Subsequent expenditure

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

Impairment testing for intangible assets

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

Provisions and contingent liabilities

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

The Company recognises specific provisions where they arise for the situations outlined below:

- Client compensation and related costs, when the Company compensates clients in the context of providing fair customer outcomes.
- Onerous contracts, when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting the obligations under the contract.
- Corporate restructuring, only if the Company has approved a detailed formal plan and raised a valid expectation among those parties directly affected, that the plan will be carried out either by having commenced implementation or by publicly announcing the plan's main features. Such provisions include the direct expenditure arising from the restructuring, such as employee termination payments but not those costs associated with the ongoing activities of the Company.
- Legal uncertainties and the settlement of other claims.
- Property provisions, where the Company has an obligation to restore a property to its original condition at the end of the lease.

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

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

5 RISK MANAGEMENT FRAMEWORK

Enterprise-wide risk management
The Board of Quilter plc has developed an Enterprise-wide Risk Management ("**ERM**") approach that applies to all companies within the Group, including the Company. Quilter's risk management objective is to operate a robust ERM framework within every part of the Group through embedding a risk and governance framework that supports an efficient and effective operating environment. The ERM framework encompasses a number of elements, including:

- The corporate governance arrangements which set out the way that the organisation is structured and managed;
- The end-to-end processes involved in the identification, assessment, measurement, monitoring and management of risk, including assignment of risk owners and risk reporting; and
- The culture and behaviour that is exhibited and the associated reward mechanisms.

The ERM framework aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities, uncertainties and threats in a structured, disciplined manner. In this way, Quilter seeks to ensure that risk and capital implications are considered when making strategic and operational decisions, and to ensure that the risk profile is understood and managed within the agreed risk appetite.

Risk appetite
The Risk Appetite Framework ("**RAF**") is defined as the policies, processes, skills and systems that set out the way that Quilter staff across all businesses and control functions should talk about, think about, and manage risk in relation to Quilter's risk appetite. The RAF builds upon the existing business planning, capital and risk management processes and has three distinct components:

- **Strategy and Business Planning Process**: quantitative and qualitative strategic risk appetite principles linked to risk limits;
- **The Stress and Scenario Framework**: quantitative risk appetite statements linked to the strategic objectives of the business, and contractual and regulatory requirements; and
- **The Risk Policy Framework**: quantitative and qualitative risk appetite statements for individual risks embedded into the policy framework. These set out the approach taken to mitigate and manage risks, informed by the policy appetite statements and control standards.

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

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

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

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

5 RISK MANAGEMENT FRAMEWORK (continued)

Credit and counterparty risk
Credit and counterparty risk is the risk that the Company is exposed to a loss if another party fails to meet its financial obligations, including failing to meet them in a timely manner. The Group has established a credit risk policy which sets out restrictions on the permitted financial transactions with counterparties to control and monitor the level of credit risk to which the Company is exposed.

The Company is exposed to limited credit risk. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

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

Credit risk primarily arises from cash held at bank and other receivables, which are all current. The principal amounts receivable on these balances are materially the same as fair value and as such credit risk has not had a significant impact on the valuation of these balances.

Market risk
Market risk is defined as the risk that a change in the value of or income from any asset is not matched by an equal change in the value of the related liability. Market risk arises from fluctuations in variables such as interest rates and foreign exchange rates. The Company is subject to market risk in the following areas:

Interest rate risk
Interest rate risk is defined as the risk of a deviation of the actual interest rates from the expected interest rates, resulting in the potential for a negative impact on earnings or capital and/or reduced solvency. The Company monitors the impact of interest rate changes on its financial position, with the risk managed in line with its Market Risk Policy.

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

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

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

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

The Company’s strategy is focused on customers domiciled in the UK and so there is limited direct impact on the Company from the UK’s withdrawal from the European Union. The Company is part of a pan-Quilter project to

5 RISK MANAGEMENT FRAMEWORK (continued)

manage the impacts on the business of this withdrawal. The Company is however exposed to secondary risks potentially associated with this, such as reducing investor confidence and adverse market reaction, as a result of the significant downturn in the markets due to COVID-19. As part of its capital adequacy planning, the Company performs adverse scenario assessments to ensure it remains adequately capitalised to cover such scenarios. The Company will continue to benefit from capital support from Quilter Cheviot Holdings Limited, its immediate parent company, and the broader Group.

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

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

Operational risk
Operational risk is defined as the risk of adverse business outcomes resulting from inadequate or failed internal processes, personnel and systems, or from external events (other than financial or business environment risks). Operational risk is an unavoidable consequence of being in business as it can never be fully eliminated. However, it can be effectively managed to ensure exposures and associated risk events are kept to a minimum.

The constituent parts of the Operational Risk Framework are:

Risk & Control Self-Assessment
Identify, assess, manage, monitor and report risk exposures arising from people, processes, systems and external events.

Significant Business Change
Comprehensively assess risk arising from new products, significant variations to existing products, new areas to undertake business, regulatory change programmes or other material or transformational programmes.

Scenario Analysis
Assess the possible impact of extreme but plausible operational risk events.

Issues Management
Ensure that all risk issues raised against the business are captured, classified and managed consistently.

Events Management
Ensure that internal events are identified, assessed, analysed for root causes, managed, monitored and reported.

6 REVENUE

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

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

7 ADMINISTRATIVE EXPENSES

Administrative expenses include:

	2021 £	2020 £
Auditors' remuneration	50,000	50,000
Other admin expenses	(178,147)	521,112
Depreciation on property, plant and equipment	302,767	381,443
Impairment acquired intangibles	-	2,205,950
Amortisation of intangible assets	3,814,546	3,198,313
Release of acquisition provisions	(3,356,071)	(2,278,580)
Overhead, salary and other recharges	20,458,042	23,921,341
Total administrative expenses	21,091,137	27,999,579

Administrative expenses include £21,091,137 (2020: £23,921,342) relating to recharges to the Company by Quilter Financial Planning Limited. These recharges include payment of Director and senior manager remuneration.

Auditors' remuneration for audit services consists of fees in respect of the statutory audit. There are no non-audit fees (2020: £nil).

8 REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

Of the Directors, only two have day-to-day responsibilities and the associated costs are borne by the Company whilst the remainder have minimal input in the day-to-day administration of the Company.

In respect of the two directors (2020: One) with day-to-day responsibility, their remuneration was as follows:

	2021 £	2020 £
Aggregate Directors' emoluments		
Aggregate emoluments	775,578	170,000
Company contributions to pension schemes	6,419	17,000
Amounts received under long-term incentive schemes	231,779	6,000
	1,013,776	193,000
Emoluments of highest paid Director		
Aggregate emoluments	455,114	170,000
Company contributions to pension schemes	3,667	17,000
Amounts received under long-term incentive schemes	188,317	6,000
Directors' emoluments	647,098	193,000

Two Directors received or were due to receive shares or share options under a long-term incentive scheme (2020: one).

Two Directors exercised options during the year (2020: One including the highest paid Director). The highest paid Director did exercise share options during the year.

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

In respect of the directors who have minimal input in the day-to-day administration of the Company, there is no appropriate basis on which they can apportion part of their remuneration for their services to the Company. These Directors were remunerated by Quilter Financial Planning Limited and their emoluments are disclosed in those financial statements.

9 FINANCE COSTS

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

	2021 £	2020 £
Discount unwind on deferred consideration	356,111	911,056
Interest charge on lease liabilities	36,159	56,324
	392,270	967,380

10 TAXATION

	2021 £	2020 £
Current year charge/(credit)	334,870	(583,703)
Adjustment for prior years	24,752	(1,928)
Deferred tax credit	(200,006)	(418,939)
Tax charge on profit/(credit) on ordinary activities	159,616	(1,004,570)

The total tax charge/(credit) for the year can be reconciled to the accounting profit/(loss) as:

	2021 £	2020 £
IFRS profit/(loss) before tax	570,027	(6,715,972)
Corporation tax charge/(credit) at 19% (2020: 19%)	108,305	(1,276,035)
Effect of:		
Expenses not deductible for tax purposes	(320,740)	(117,814)
Effect on deferred tax on changes in tax rates	541,520	421,424
Prior year unrecognised deferred tax credit	(194,221)	(30,217)
Prior year corporation tax charge/(credit)	24,752	(1,928)
	159,616	(1,004,570)

11 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets £
Cost	
At 1 January 2020	2,639,415
Additions	28,196
Disposals	(83,923)
At 31 December 2020	2,583,688
Additions	821,935
Disposals	(709,495)
At 31 December 2021	2,696,128
Accumulated depreciation	
At 1 January 2020	389,761
Provided during the year	381,443
At 31 December 2020	771,204
Disposals	(28,196)
Provided during the year	302,767
At 31 December 2021	1,045,775
Carrying amount	
At 31 December 2020	1,812,484
At 31 December 2021	1,650,353

The carrying value of the right-of-use assets at December 2021 relate to £1,650,353 of property leases (2020: £1,812,484.

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

12 INTANGIBLE ASSETS

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

	Other intangible assets £
Cost	
At 1 January 2020	64,139,626
Additions	360,648
Other movements	(1,659,213)
At 31 December 2020	62,841,061
Other movements	(43,345)
Reclassification between cost and depreciation	(1,174,511)
At 31 December 2021	61,623,205
Accumulated amortisation and impairment	
At 1 January 2020	6,570,488
Impairment[1]	2,205,950
Amortisation	3,198,313
At 31 December 2020	11,974,751
Amortisation	3,814,546
Reclassification between cost and depreciation	(1,174,511)
At 31 December 2021	14,614,786
Carrying amount	
At 31 December 2020	50,866,310
At 31 December 2021	47,008,419

[1]See Note 2 for details regarding the restatement.

Intangible assets are amortised over 8 years on a straight-line basis. Other intangible assets relate to the Company's acquisition of advice businesses.

Reclassification between cost and depreciation (£1,174,511) was a restatement as an impairment charge was posted against accumulated amortisation rather than the cost of the asset.

Other movements relate to fair value adjustments in relation to previous acquisitions made by the Company for which other intangibles adjusted.

Refer to Note 22 for acquisitions in the year.

Impairment testing

In accordance with the requirements of IAS 36 Impairment of Assets, goodwill is tested for impairment annually, or earlier if an indicator of impairment exists, by comparing the carrying value of the Cash Generating Unit ("**CGU**") to which the goodwill relates to the recoverable value of that CGU, being the higher of that CGU's value-in-use or fair value less costs to sell. If applicable, an impairment charge is recognised when the recoverable amount is less than the carrying value. Goodwill impairment indicators include sudden stock market falls, the absence of Net Client Cash Flows ("**NCCF**"), significant falls in profits and an increase in the discount rate.

The carrying amount of the Company's goodwill is tested annually for impairment by comparing the carrying value of the underlying asset to the recoverable value, being the higher of value-in-use (''**VIU**'') and its fair value (''**FV**'') less costs to sell. If applicable, an impairment charge is recognised in the Income Statement when the recoverable amount is lower than the carrying value. For 2021 FV produces the higher outcome for the Company and has therefore been adopted in these Financial Statements as the valuation methodology.

The FV test has been constructed firstly by producing discounted cashflows from the acquired assets. This is based on plan assumptions for 2022. A discount rate of 9.9% and growth rate of 1.02% has been applied, this is consistent with modelling across the Group.

Secondly we have calculated the terminal value of integrated margin – this is the value added to the Group by the Company as clients advised by the Company will have their assets managed by entities within the Group. The assumption for this methodology is that if the business were to be sold the clients would remove their assets from Quilter to be managed by the purchasing company.

After undertaking the above tests and with consideration given to the potential impact of a market downturn, the recoverable amount for the aggregate goodwill and intangible assets exceeds the carrying value. Management are therefore satisfied that no further impairment is required as at 31 December 2021.

Sensitivity analysis has been completed on the calculation. The discount rate would have to increase to 19% from 9.9% before we would need to impair the assets. The growth rate is 1.02%. If the growth rate is flat there is still no indication of an impairment charge until the discount rate reaches 18%. Management is satisfied there is enough headroom in the current testing to allow for adverse changes to discount and growth rates.

13 TRADE AND OTHER RECEIVABLES

	2021 £	2020 £
Due from Group undertakings	167,614	11,343,894
Trade receivables	20,627	100,227
Indemnification asset	-	1,655,147
	188,241	13,099,268

The indemnification asset is shown at its estimated recoverable amount, net of a provision for non-recoverability:

	2021 £	2020 £
Gross amount of Indemnification asset as at 31 December	1,496,649	1,655,147
Provision as at 1 January	-	-
Increase in provision in year	(1,496,649)	-
Provision as at 31 December	**(1,496,649)**	-
Net amount as at 31 December	**-**	1,655,147

The indemnification asset represents sums recoverable from the vendors of acquired business in respect of adjustments under the purchase agreements.

In prior years, this sum was considered to be fully recoverable as the Company had the ability to offset the indemnity against contingent consideration.

In the year ended 31 December 2021, the Company recalculated the liability for contingent consideration as at the balance sheet date and identified there was no further payment expected (Note 17).

With no contingent consideration balance payable there is no longer the ability to withhold funds to cover the indemnification asset. Therefore, although the Company still considers the indemnification asset to be receivable, it is not possible to ascertain its recoverability with absolute certainty. Therefore, the balance has been fully impaired in the year.

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

14 CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank	16,509,926	3,222,793
Total cash and cash equivalents	16,509,926	3,222,793

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

15 TRADE, OTHER PAYABLES AND OTHER LIABILITIES

	2021 £	2020 £
Amounts due to group undertakings	2,553,591	-
Other payables	2,231,734	3,691,595
Total trade, other payables and other liabilities	4,785,325	3,691,595

All amounts due are short term and interest free.

16 LEASE LIABILITIES

	2021 £	2020 £
Opening balance at 1 January	2,034,307	2,486,799
Modifications	92,593	103,873
Disposals	-	(108,821)
Reclassification within statement of financial position	(408,688)	-
Finance interest charge for the year	36,158	56,324
Lease liability reduction for the year	(391,303)	(503,868)
Closing balance at 31 December	1,363,067	2,034,307
Lease liability to be settled within 12 months	257,925	370,259
Lease liability to be settled after 12 months	1,105,142	1,664,048
Total discounted lease liability at 31 December	1,363,067	2,034,307
Maturity analysis – contractual undiscounted cash flows		
Less than one year	288,710	415,537
One to five years	861,356	1,504,730
More than five years	326,201	262,583
Total undiscounted lease liability at 31 December	1,476,267	2,182,850

Lease Liabilities
Lease liabilities represent the obligation to pay lease rentals as required by IFRS16 and are categorized as financial liabilities at amortised cost.

Reclassification within statement of financial position was a transfer of the dilapidations liability from lease liabilities to Provisions as detailed in Note 19.

17 OTHER FINANCIAL LIABILITIES

	2021 £	2020 £
Amounts due within one year:		
Deferred purchase consideration	39,998	2,248,123
Amounts due in more than one year:		
Deferred purchase consideration	-	3,858,200
	39,998	6,106,323

In connection with acquisitions in 2019, a deferred consideration of £3,085,773 was due and payable at the end of 2022 if performance criteria set forth in the acquisition agreement was achieved. As at the end of 2021 it was determined that the performance criteria for the remainder of the deferral period would not be met, and therefore no deferred consideration would be due and payable.

Other earlier acquisitions had a deferred consideration of £3,020,549 at year end 2020. Payments on these acquisitions during the year were £2,980,551 leaving a balance of £39,998 to be paid in 2022.

The deferred purchase consideration in the table above is discounted to reflect the net present value of the future obligation. The liability has been updated to reflect the latest assessment of the deferred purchase consideration. Please refer to note 22 for details of acquisitions.

18 DEFERRED TAX

Deferred tax assets

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

The movement on recognised deferred tax assets is as follows:

	Accelerated Depreciation £	Losses £	Other £	Share schemes £	Total £
Assets at 1 January 2020	-	236,196	313,398	11,490	561,084
Equity	-	-	-	2,106	2,106
Movement in the year	1,297	27,788	(79,107)	14,569	(35,453)
Assets at 1 January 2021	1,297	263,984	233,726	28,165	527,172
Equity	-	-	-	11,770	11,770
Movement in the year	29	83,363	(216,742)	20,271	(113,079)
Assets at 31 December 2021	1,326	347,347	16,984	60,206	425,863

18 DEFERRED TAX (continued)

Deferred tax liabilities

The movement on deferred tax liabilities is as follows:

	Accelerated Depreciation £	Intangible assets £	Total £
Liabilities at 1 January 2020	9,684	4,344,489	4,354,173
Additions		(36,817)	(36,817)
Movement in the year	(9,684)	(445,270)	(454,954)
Liabilities at 1 January 2021	-	3,862,402	3,862,402
Movement in the year		(313,650)	(313,650)
Liabilities at 31 December 2021		3,548,752	3,548,752

The main rate of corporation tax is 19%. On the 3 March 2021, the Chancellor of the Exchequer announced in the Budget a future increase in the corporation tax rate from 19% to 25%, effective from 1 April 2023, which change in rate having been substantially enacted by 31 December 2021 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.

On 23 September 2022, The UK Chancellor of the Exchequer announced that the intended increase in the UK corporate tax rate to 25% from April 2023 referred to above will be cancelled. This change has not been substantively enacted as at the date of these accounts, and so is not reflected in the company's balance sheet. The impact of this change is not expected to be material to these accounts.

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

Unprovided deferred tax assets

	Losses £	Total £
Assets at 1 January 2020	870,766	4,354,173
Movement in the year	102,443	(491,771)
Assets at 1 January 2021	973,209	3,862,402
Movement in the year	307,329	(313,650)
Liabilities at 31 December 2021	1,280,538	3,548,752

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

19 PROVISIONS

	Indemnity commission provision £	Provision for complaints £	Redress provision £	Property Provision £	Total £
At 1 January 2020	91,538	317,746	-	-	409,284
Additions	-	487,851	1,655,147	-	2,142,998
Utilisation	(38,460)	(99,162)	-	-	(137,622)
At 31 December 2020	53,078	706,435	1,655,147	-	2,414,660
Additions	7,506	344,860	-	-	352,366
Reclassification within statement of financial position				408,688	408,688
Unused amounts reversed	-	-	(158,498)	-	(158,498)
Utilisation	-	(825,752)	-	-	(825,752)
At 31 December 2021	60,584	225,543	1,496,649	408,688	2,191,464

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

Provision for complaints
Provision is made for expected settlements on open complaints.

Redress provision
The redress provision represents the estimated cost of settling claims from clients and the amount represents the gross obligation and where these amounts can be recovered an asset is recognised (see note 13).

Property provision
Property provisions represent the discounted value of expected future costs of reinstating leased property to its original condition at the end of the lease term. This was previously included in the total held as a lease liability and reclassified for 2021.

20 CONTRACT ASSETS

	2021 £	2020 £
Contract assets accrued income opening balance	2,254,898	2,480,299
Contract assets accrued income/(cost)	412,217	(225,401)
Contract assets accrued income closing balance	2,667,115	2,254,898

Contract assets accrued income is a calculation based upon written cases which have not been paid at year end. Therefore, this is an estimate of future revenue which is based on the previous quarter's cash receipts.

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for the year ended 31 December 2021

21 SHARE CAPITAL

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

Ordinary shares of £1 each – allotted and fully paid	Number of shares	Nominal value	Share premium
At 1 January 2020	88,561,000	88,561,000	-
Movement	-	-	-
At 31 December 2020	88,561,000	88,561,000	-
Movement	-	-	-
At 31 December 2021	**88,561,000**	**88,561,000**	**-**

The shares have full voting rights attached

22 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Business acquisitions completed during the year ended 31 December 2021

There have been no new share-based acquisitions during the period.

2021	Trade and assets acquisitions £	Post-acquisition true-up £	Trade and assets acquisitions Total £
Cost			
Goodwill	-	-	-
	-	-	-

There have been no new trade and acquisitions during the period. Movements during the period solely relate to previous acquisitions true-ups.

2021	Trade and assets acquisitions £	Post-acquisition true-up £	Trade and assets acquisitions Total £
Cost			
Intangibles	-	(20,390)	(20,390)
Goodwill	-	(22,955)	(22,955)
	-	(43,345)	(43,345)

22 INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

Business acquisitions completed during the year ended 31 December 2020
There were no new share-based acquisitions during the period. Movements during the period solely relate to previous acquisitions true-ups, resulting in a £0.7m reduction in goodwill.

2020	Post-acquisition true-up £	Share-based acquisitions Total £
Cost		
Goodwill	(704,526)	(704,526)
	(704,526)	(704,526)

There was one trade and assets acquisition in 2020. This was acquired directly into the Company and capitalised as intangibles. The total value of the acquired assets recognised at the point of acquisition was per the table. The liability in respect of the deferred discounted consideration costs is based on the level of recurring revenues in respect of the client banks for a period post completion, which is typically 12 months.

2020	Trade and assets acquisitions £	Post-acquisition true-up £	Trade and assets acquisitions Total £
Cost			
Intangibles	127,900	(321,672)	(193,772)
Goodwill	232,748	(633,015)	(400,267)
	360,648	(954,687)	(594,039)

In total for 2020, including the prior period acquisition true-ups, across both the share-based and trade and assets acquisitions the overall estimated consideration was reduced by £1.3m. Of this a reduction of £0.2m was ascribed to intangible assets and a reduction of £1.1m was ascribed to goodwill. With regards to the sellers, £0.1m was paid in cash at the outset, with an estimated future consideration of £0.3m, payable in cash, recognised in the statement of financial position.

22 INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

Directly held

Company name	Share class	Registered Office Address
Premier Planning Limited (in liquidation 19 March 2018)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN
NPL Financial Limited (dissolved 5 April 2022)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN
Freedom Financial Planning (Manchester) Ltd. (dissolved 5 July 2022)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN
D G Pryde Limited (dissolved 20 April 2021)	Ordinary	Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2DB
Prescient Financial Intelligence Limited (in liquidation 4 October 2021)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN
Indirectly held:		
Charles Jacques Limited (in liquidation 4 October 2021)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN
Maestro Financial Services Limited (dissolved 5 April 2022)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN

The amounts yet to be paid are included within Other financial liabilities (see note 17).

The investments in subsidiaries are tested annually for impairment by comparing the carrying value of the underlying investments to the recoverable value, being the higher of the value-in-use or fair value less costs to sell. If applicable, an impairment charge is recognised when the recoverable amount is less than the carrying value.

23 MAXIMUM EXPOSURE TO CREDIT RISK

The tables below represent the Company's maximum exposure to credit risk. The Company does not have any significant exposure arising from items not recognised on the statement of financial position.

	Credit rating relating to financial assets that are neither past due nor impaired									
At 31 December 2021	**AAA**	**AA**	**A**	**BBB**	**<BBB**	**Internally rated**	**Included through consolidation of funds**	**Carrying value including held for sale**	**Less: Amount classified held for sale**	**Carrying value**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Financial investments	-	-	-	-	-	-	-	-	-	-
Short-term funds and securities	-	-	-	-	-	-	-	-	-	-
Other investments and securities	-	-	-	-	-	-	-	-	-	-
Assets subject to 12-month ECL model	-	-	-	-	-	-	-	-	-	-
Loans neither past due nor impaired	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	16,509,926	-	-	-	-	-	-	16,509,926
Other receivables	-	-	-	-	-	4,537,904	-	-	-	4,537,904
	-	-	16,509,926	-	-	4,537,904	-	-	-	21,047,830
	-	-	16,509,926	-	-	4,537,904	-	-	-	21,047,830

	Credit rating relating to financial assets that are neither past due nor impaired									
At 31 December 2020 (restated)	**AAA**	**AA**	**A**	**BBB**	**<BBB**	**Internally rated**	**Included through consolidation of funds**	**Carrying value including held for sale**	**Less: Amount classified held for sale**	**Carrying value**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Financial investments	-	-	-	-	-	-	-	-	-	-
Short-term funds and securities	-	-	-	-	-	-	-	-	-	-
Other investments and securities	-	-	-	-	-	-	-	-	-	-
Assets subject to 12-month ECL model	-	-	-	-	-	-	-	-	-	-
Loans neither past due nor impaired	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	3,222,793	-	-	-	-	-	-	3,222,793
Other receivables	-	-	-	-	-	17,832,899	-	-	-	17,832,899
	-	-	3,222,793	-	-	17,832,899	-	-	-	21,055,692
	-	-	3,222,793	-	-	17,832,899	-	-	-	21,055,692

24 SHARE-BASED PAYMENTS

During the year ended 31 December 2021, the Company participated in a number of share-based payment arrangements. This note describes the nature of the plans and how the share options and awards are valued.

Measurements and assumptions
The Company operates the following share-based payment schemes with awards over Quilter plc shares which came into force on 25 June 2018: the Quilter plc Performance Share Plan, the Quilter plc Share Reward Plan, the Quilter plc Share Incentive Plan, and the Quilter plc Sharesave Plan.

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

	Description of award				Vesting conditions			
Scheme	**Restricted Shares**	**Conditional Shares**	**Options**	**Other**	**Dividend entitlement[1]**	**Contractual Life(years)**	**Typical Service (years)**	**Performance (measure)**
Quilter plc Performance Share Plan	-	✓	-	-	✓	Not less than 3	3	Conduct, Risk & Compliance Underpins
Quilter plc Share Reward Plan	-	✓	-	-	✓	Typically 3	3	-
Quilter plc Share Incentive Plan	✓	-	-	-	✓	Not less than 3	2	-
Quilter plc Sharesave Plan[2]	-	-	✓	✓	-	$3^{1/2}$ - $5^{1/2}$	3 & 5	-
Old Mutual Wealth Phantom Share Reward Plan - Conditional Shares[3]	-	✓	-	-	✓	Typically 3	3	-

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

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

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

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

25 RELATED PARTY TRANSACTIONS

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

26 ULTIMATE PARENT COMPANY

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

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

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

27 EVENTS AFTER THE REPORTING DATE

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