Registered in England and Wales No. 01579311

Quilter Business Services Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2021

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COMPANY INFORMATION

Directors	K A Cook M O Satchel M Sullivan
Secretary	Quilter CoSec Services Limited
Banker	National Westminster Bank Plc 68 Above Bar Street Southampton SO14 7DS
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants Savannah House 3 Ocean Way Southampton Hampshire SO14 3TJ
Registered office	Senator House 85 Queen Victoria Street London EC4V 4AB Telephone: 0808 171 2626 Website: www.quilter.com Registered in England and Wales No. 01579311

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 Business Services Limited (the "Company") during the year was the provision of management and administrative services to the Quilter plc group (the "Group"). The principal activity of the Company is expected to continue, with no plans for these activities to change.

The Company is part of the Quilter plc group. Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter plc provides the Company with strategic and governance oversight.

QUILTER PLC STRATEGY

The Quilter 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 its stakeholders.

Quilter Business Services Limited is the management services company for the majority of entities within the Group. The Company pays for a significant portion of the expenses for the Group, and then recharges them on to the applicable operating entities by way of a management fee. Management fees are charged at a mark-up except to fellow subsidiary undertaking Quilter Life & Pensions Limited, which due to being a life assurance entity, is recharged fees at cost.

A Transitional Services Agreement ("TSA") was in place with ReAssure, in respect of Old Mutual Wealth Life Assurance Limited for 2020 and 2021. In 2021, £14,700,000 (2020: £14,306,000) of income has been received to cover costs incurred in providing these services. The agreement ceased in Q4 2021 following the migration of the client policies from Quilter technology to the ReAssure customer technology.

A Transitional Services Agreement is also in place with Utmost Group, who acquired the Quilter International Group on 30 November 2021, and covers the periods 2021, 2022 and 2023. In 2021, £732,000 of income has been received to cover costs incurred in providing these services.

KEY PERFORMANCE INDICATORS ("KPIs")

The table below shows the key performance indicators the Company uses to manage its business performance.

An important KPI for the Company is administrative expenses and maintaining strong control over these costs. In 2021 administrative expenses of £296,452,000 (2020: £284,811,000) were incurred. Administrative expenses and corresponding management fee income have both increased due to variable staff compensation, reflecting the improved business performance in 2021 compared to that of the prior year. The prior year incurred reduced run rate costs as a consequence of the COVID-19 operational environment, as well as cost savings made following a Group-wide multi-year programme optimising the cost base of the Group following significant Group business divestments.

Turnover for the year was £295,286,000 (2020: £282,383,000). The profit for the year, before taxation, amounted to £11,424,000 (2020: £9,150,000).

Key performance indicators table	2021 £'000	2020 £'000
Management fee income	295,286	282,383
Administrative expenses	(296,452)	(284,811)
Profit before tax	11,424	9,150
Total equity	126,920	105,390
Cash and cash equivalents	132,891	59,749
Average number of employees	1,703	2,023

PRINCIPAL RISKS AND UNCERTAINTIES
The management of the business and the execution of the Company's strategy is subject to a number of risks. The key risks affecting the business are described below.

The Company has adopted the Enterprise Risk Management framework of the Group. This provides the framework for the monitoring, management and governance of risk.

People
Quilter relies on its talent to deliver its service to customers. People risk has remained heightened during the pandemic as Quilter's people have adapted to new ways of working during a period of significant change. Delivery of Quilter's ambitious new strategic objectives will require particular skills and competencies to be successful. Failure to attract and retain suitable talent may impact on the delivery of Quilter's strategy and may have an adverse impact on Quilter's business, its financial and operational performance and its delivery of service to customers.

Change execution
Quilter continues to be subject to change execution risk given an ongoing programme of material change projects. The maturing of Quilter's change execution capabilities, and the successful completion of a number of key projects in 2021, including the Platform Transformation Programme and the implementation of a new general ledger system, has reduced the impact of this risk. The effective embedding of new technologies and processes across Quilter is key for the next phase. Any loss of focus on change execution disciplines could impact the delivery of the intended benefits, and risk disruption to continuing operations and the control environment.

Climate strategy
Quilter takes its responsibility to the environment seriously and is determined to play its part in reducing climate impacts. In order to do this, Quilter must develop and deliver an achievable, coherent, comprehensive and robust long-term climate strategy to manage climate-related financial and non-financial risks. Failure to do so would result in Quilter being unable to meet regulatory and other stakeholder expectations, and fulfil its strategic priority to become the responsible wealth manager.

Information technology
Quilter's business is dependent on its technology infrastructure and applications to perform necessary business functions. Much of Quilter's legacy IT estate is currently being replaced by cloud-based applications, thereby reducing internal complexity. Nevertheless, a range of legacy applications are still supported, including the technology platform underpinning the divested Quilter International business, which will be supported until 2023 under a Transitional Services Agreement. Failure to manage technology risk could have a material adverse impact on Quilter's business, resilience capabilities, operations, financial condition, and reputation.

Operational resilience
Quilter provides important services for its customers, and its ability to maintain these services during unforeseen events is key. The significant geopolitical tensions in Ukraine are creating market volatility and an uncertain economic environment, however, the response to the continuing COVID-19 pandemic has provided comfort on Quilter's ability to operate in a severe operational resilience scenario. Any failures in Quilter's preparation for, or response to, sudden disruptions could compromise the maintenance of important business services, resulting in the potential for customer detriment, financial loss, damage to reputation or regulatory sanction.

STRATEGIC REPORT (continued)

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 Director's 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.

The Directors of the Company are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 (1) of the Companies Act 2006 and acknowledge that effective and meaningful engagement with stakeholders and employees is key to promoting the success of the Company. Given the activities of the Company, the key stakeholders are limited to the Company's sole shareholder, employees, suppliers, the community, and the environment. Consideration is given to these stakeholders when deliberating at Board meetings to the extent appropriate. Further details of how the Company has had regard for its stakeholders can be found in the Directors' Report.

On behalf of the board

M Sullivan
Director
8 March 2022

DIRECTORS' REPORT

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

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

DIRECTORS

The names of the current Directors are listed on page 1. The Directors who have held office during the year and up to the date of signing the financial statements are listed below:

K A Cook (appointed 15 March 2021)
M O Satchel
M Sullivan (appointed 15 March 2021)
D J L Eardley (resigned 15 March 2021)
P J Hucknall (resigned 30 September 2021)

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

DIRECTORS' THIRD-PARTY INDEMNITY PROVISIONS

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

POLITICAL DONATIONS

During the year, the Company made no political donations (2020: £nil).

BUSINESS RELATIONSHIPS STATEMENT

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

An explanation of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, has been set out in the Quilter plc Annual Report 2021, which does not form part of this report. There are no further considerations which would be relevant for the Company.

EMPLOYEES

The Company is committed to the development of policies to promote an inclusive culture and equal opportunities in employment for all its employees and ensuring that everyone has the opportunity to fulfil their full potential regardless of diversity characteristics. It continues to support employees under the Equality Act by making reasonable adjustments to their work environment and the nature of their work. The Company remains committed to continuing the employment of, and for arranging training for, employees who have become disabled while employed by the Company. Candidates are selected for interview, career development and promotion based upon their skills, qualifications, experience and potential.

As part of the Quilter Group governance framework, the Company relies upon Group practices and process in order to support employees. Monitoring and oversight are described in full in the Quilter plc 2021 Annual Report. In 2021, the Quilter Group continued to monitor colleagues' wellbeing and support them from the impact of the global pandemic. Measures included reinforcing remote working capabilities and maintaining our offices in line with UK Government guidelines to enable modest numbers of staff, where appropriate, to operate in a socially-distanced manner during periods of national lockdown.

An employee forum exists where employees have the opportunity to voice their views and opinions. It also provides a channel for the Company to inform and consult on any proposals impacting on employees. In addition, the views of colleagues are sought through regular engagement surveys to identify where the Company is doing well and where there is scope to improve. Quilter plc has employee incentive schemes which link to personal objectives and company objectives by involving the employees in the company's performance. There is also active learning and development and mentoring programmes, which continue to support employees career development.

DIRECTORS' REPORT (continued)

CLIMATE CHANGE

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

STREAMLINED ENERGY AND CARBON REPORTING

The Group is committed to managing its environmental impact and supports the Carbon Disclosure Project ("CDP"), a globally recognised initiative for companies to measure, manage, disclose and reduce their environmental impacts. A full explanation of how the Directors have had regard to the impact on the environment is contained within the Quilter plc Annual Report 2021 as per the requirements of Streamlined Energy and Carbon Reporting. The Company is exempt from reporting Company specific information as it is a subsidiary of the Group.

INVESTING RESPONSIBLY

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

CORPORATE GOVERNANCE STATEMENT

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

DISCLOSURE OF INFORMATION TO AUDITORS

Each Director at the date of approval of this report confirms that:

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

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

STATEMENT OF GOING CONCERN

The use of the going concern basis of accounting is considered appropriate, taking into account the Company's current financial position, future expected profitability, the principal risks facing the business and the effectiveness of the mitigating strategies which are or will be applied. The Company is well-placed to manage its business risks in the context of the current economic outlook and has sufficient financial resources to continue in business for a period of at least 12 months from the date of approving these financial statements.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has been appointed by the Company to hold office in accordance with Section 485 of the Companies Act 2006 for the 2021 financial year and have indicated their willingness to continue in office.

On behalf of the board

M Sullivan
Director
8 March 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Independent auditors' report to the members of Quilter Business Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Quilter Business Services 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, 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Discussions with the Board, management, internal audit, senior management involved in the Quilter Group's Risk and Compliance function and the Quilter Group's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Assessment of matters reported on the Quilter Group's whistleblowing register, including the quality and results of management's investigation of such matters.
- Reviewing correspondence between the Company and HMRC in relation to compliance with laws and regulations.
- Reviewing Board minutes as well as relevant meeting minutes.

- Identifying and testing journal entries with unusual account combinations, such as those that credit expense items where the debit entry is to an unexpected account in the statement of financial position.
- Reviewing the recoverability of intercompany receivables to conclude on the adequacy of the expected credit loss provision.
- Reviewing and testing the share-based payments awards expense and reserve taking into account the vesting service conditions and performance conditions.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

H Grainger

Helen Grainger (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
8 March 2022

INCOME STATEMENT
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue			
Management fees		295,286	282,383
Third party income	3	15,432	14,306
Investment return	4	320	103
Total revenue		311,038	296,792
Expenses			
Administrative expenses	5	(296,452)	(284,811)
Financing costs	8	(3,162)	(2,831)
Total expenses		(299,614)	(287,642)
Profit before tax		11,424	9,150
Income tax credit	9	858	11,771
Profit for the year after tax		12,282	20,921
Attributable to equity holder		12,282	20,921

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

The notes on pages 15 to 35 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	2021 £'000	2020 £'000
Profit for the year	12,282	20,921
Total comprehensive income for the year		
All attributable to equity holder	12,282	20,921

The notes on pages 15 to 35 are an integral part of these financial statements.

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

	Share capital £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	700	17,243	87,447	105,390
Profit for the year	-	-	12,282	12,282
Share-based payments	-	353	8,895	9,248
Balance at 31 December 2021	700	17,596	108,624	126,920

	Share capital £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	700	19,214	55,401	75,315
Profit for the year	-	-	20,921	20,921
Share-based payments	-	(1,971)	11,134	9,163
IFRS 16 adjustment	-	-	(9)	(9)
Balance at 31 December 2020	700	17,243	87,447	105,390

The notes on pages 15 to 35 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Note	2021 £'000	2020 £'000
Assets			
Property, plant and equipment	10	119,081	116,916
Intangible assets	11	21	89
Deferred tax assets	12	22,595	22,393
Investments in collective investment schemes	13	511	411
Current tax receivables		3,803	3,014
Trade and other receivables	14	84,681	66,650
Cash and cash equivalents	15	132,891	59,749
Total assets		363,583	269,222
Equity and liabilities			
Equity			
Share capital	17	700	700
Share-based payments reserve		17,596	17,243
Retained earnings		108,624	87,447
Total equity		126,920	105,390
Liabilities			
Interest bearing liabilities	18	-	20,000
Provisions	19	24,509	2,951
Lease liabilities	20	89,488	92,086
Trade and other payables	21	122,666	48,795
Total liabilities		236,663	163,832
Total equity and liabilities		363,583	269,222

The notes on pages 15 to 35 are an integral part of these financial statements.

The financial statements on pages 11 to 35 were approved by the board of directors on 8 March 2022 and signed on its behalf by:

M Sullivan
Director

Company registered number: 01579311

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

1 GENERAL INFORMATION

Quilter Business Services Limited (the "Company") is a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom ("UK"). The principal activities of the Company are disclosed in the strategic report on pages 2 to 4.

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

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of Quilter Business Services 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 certain financial instruments which have been recognised at fair value through profit or loss, and in accordance with the Companies Act 2006.

First time application of FRS101
The Company has transitioned to FRS 101 for the first time in 2021, the prior year was prepared in accordance with international accounting standards. No material adjustments have been required to the prior year in respect of the change in reporting approach.

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 the critical accounting estimates and judgements section on page 16.

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.
- The requirements of the second sentence of paragraph 110 and paragraphs 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

An exemption from producing consolidated financial statements has been applied in respect of S400 of the Companies Act 2006.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

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

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

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

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

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

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

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

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.

Recognition of provisions following the sale of Quilter International

Management exercised significant judgement in determining the accounting treatment for a number of provisions in respect of the sale of Quilter International. The sale required a series of business activities related to the sale of the business resulting in costs to separate the business from the Group. This included separation from a significant number of IT systems and the migration of data. Provisions have been established where costs are either contractual obligations resulting from the sale agreement or represent a constructive liability in respect of ancillary work to separate the businesses. Significant judgement was required to assess whether the costs were directly attributable and incremental to the sale and whether a legal or constructive obligation existed in order to recognise the provisions. See note 19 for further details.

Critical accounting estimates

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

For the current and prior years, the Company did not have any material areas to disclose as to where an accounting estimate was required in the year.

Significant changes in the year

There are no significant changes in the current reporting period.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The accounting policies disclosed in these notes have been consistently applied throughout the current and prior financial year.

Financial Instruments

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

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

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

Measurement

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

Measurement basis	Accounting policies
Financial assets at FVTPL	These 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.

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding on specified dates.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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, 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. Other financial liabilities are measured at amortised cost using the effective interest method.

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

Interest bearing liabilities
Interest bearing liabilities are recognised initially at the proceeds received, net of transaction costs incurred. Subsequent to initial recognition, they are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Investments in subsidiaries
Parent company investments in subsidiary undertakings are initially stated at cost. All subsidiaries are dormant, non-trading companies which were incorporated as name protection entities, and are held at cost.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 IFRS 9's ECL model to two main types of financial asset that are measured at amortised cost:
– Trade and other 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.
– Intercompany receivables and cash and cash equivalents, to which the general three stage model (described above) is applied, whereby a 12-month ECL is recognised initially, and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.

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

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.

Intercompany balances are assessed for expected credit loss, but due to the value of cash within the Group, which could be waterfalled around each business, and no historical losses incurred on intercompany balances, no ECL has been recognised on intercompany balances.

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 go over 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 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits
The Company operates a defined contribution pension scheme. Contributions to defined contribution pension plans are charged to the income statement as they become payable in accordance with the rules of the scheme. The assets of the plans are held separately from those of the Company and are independently administered.

Employee share-based payments
The Company operates a number of share incentive plans for its employees. These involve an award of shares or options in the Company's ultimate parent company, Quilter plc (equity-settled share-based payments). The Company has not granted awards under cash-settled plans in the current or prior year.

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

Performance conditions may be market-based or non-market based. Market performance conditions are those related to an entity's equity, such as achieving a specified share price or target based on a comparison of the entity's share price with an index of share prices. Non-market performance conditions are those related to an entity's profit or revenue targets, an example of which would be Earnings per Share ("EPS"). Market-based performance conditions and non-vesting conditions are taken into account when estimating the fair value of the share or option awards at the measurement date. The fair value of the share awards or options is not adjusted to take into account non-market performance features. These are taken into consideration by adjusting the number of equity instruments in the share-based payment measurement and this adjustment is made each period until the equity instruments vest.

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

For equity-settled plans, the fair value is determined at grant date and not subsequently re-measured.

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

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

Property, plant and equipment
Items of property, plant and equipment are reported at cost less accumulated depreciation and impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

	Years
Office equipment and computers	3 - 5
Fixtures and fittings	5 - 10
Right-of-use assets	2 - 21

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset. This gain or loss is recognised in the income statement.

Depreciation on property, plant and equipment features as part of administrative expenses in the income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets
Internally developed and purchased software are reported at cost less accumulated amortisation and impairment losses.

Internally developed and purchased software is amortised over its estimated useful life. Such assets are stated at cost less accumulated amortisation and impairment losses. 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 Group 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 set out in the relevant accounting guidance, the main criteria being that future economic benefits can be identified as a result of the development expenditure. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the relevant software, which range between three and five years.

Amortisation on intangible assets features as part of administrative expenses in the income statement.

Provisions
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.

Other payables
Other payables are not interest-bearing and are stated as either non-financial liabilities or at amortised cost, which is not materially different to cost and approximates to fair value.

Revenue recognition
Revenue comprises the fair value for services, net of value added tax. Revenue is recognised as follows:

Management fee income
Management fee income represents management fees from group undertakings for the provision of management and administrative services. Management fees are charged at a mark-up except to fellow subsidiary undertaking Quilter Life & Pensions Limited, which due to being a life assurance entity, is recharged fees at cost. Management fee income is recognised in the same period the expenditure is incurred.

Third party income
Third party income comprises recharged expenses incurred by the Company in respect of transitional services provided to ReAssure in connection with the sale of Old Mutual Wealth Life Assurance Limited and Utmost Group in respect of the sale of Quilter International. Third party income is recognised in the period the expenditure is incurred.

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

Expense recognition
All expenses are recognised in the income statement as a cost when incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Current tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. The taxable income for the year is determined in accordance with enacted legislation and taxation authority practice for calculating the amount of tax payable.

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. For the Company, the recognition of deferred tax assets is subject to the estimation of future taxable profits, which is based on Quilter plc group annual business planning process and in particular on estimated levels of assets under management, which are subject to a large number of factors including worldwide stock market movements and related movements in foreign exchange rates, together with estimates of net client cash flow, expenses and other charges.

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 guidance, 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 12 includes further detail of circumstances in which the Company does not recognise temporary differences.

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign currency monetary assets and liabilities are translated to sterling at the year-end closing rate. Non-monetary assets denominated in a foreign currency that are measured in terms of historical cost are translated using the exchange rate in effect at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate in effect at the date when the fair value was determined. Foreign exchange rate differences that arise are reported net in the income statement as foreign exchange gains/losses.

Investments in collective investment schemes
Investments in collective investment schemes are designated at fair value through the income statement at initial recognition and are subsequently measured at fair value, with any resultant gain or loss recognised in the income statement.

Holdings in unit trusts are valued at quoted bid price. Open Ended Investment Company ("OEIC") assets are single priced funds and are valued at the quoted net asset value per share. Any holdings in dual priced unit trusts are priced at the mid-price of the creation and cancellation prices. Purchases and sales of securities and currencies are recognised on the trade date.

3 THIRD PARTY INCOME

The Company has received £15,432,000 (2020: £14,306,000) of income from third parties. £14,700,000 (2020: £14,306,000) was received from ReAssure, in respect of transitional services provided following the sale of Old Mutual Wealth Life Assurance Limited and £732,000 (2020: £nil) from Utmost Group, in respect of the transitional services provided following the sale of Quilter International.

4 INVESTMENT RETURN

	2021 £'000	2020 £'000
Interest on short term bank deposits (amortised cost)	10	11
Interest on short term bank deposits (mandatorily at FVTPL)	310	92
	320	103

There has been no interest income earned on impaired financial assets.

5 ADMINISTRATIVE EXPENSES

	2021 £'000	2020 £'000
Staff costs	159,533	155,301
Depreciation	4,693	2,826
Depreciation charge for right-of-use assets	7,149	6,720
Amortisation of purchased software	68	82
Auditors' remuneration: audit services paid	52	50
Administration and other expenses	124,957	119,832
Other operating and administrative expenses	296,452	284,811

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

6 EMPLOYEE BENEFITS

	2021 £'000	2020 £'000
Salaries and bonus remuneration	120,564	113,507
Share-based payments	8,958	8,692
Social security costs	15,003	13,486
Pension costs	8,776	8,582
	153,301	144,267
The monthly average number of employees was as follows:	1,703	2,023

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

Included within the wages and salaries costs for the current year are termination benefits of £6,688,000 (2020: £2,108,000).

The above costs are included within administrative expenses on the income statement. The benefits quoted above differ to the total in the staff costs within administrative expenses, which include training and recruiting, other personnel expenses and car expenses.

All employees were involved in the administration of the Group's activities in the current and prior year. The pension costs shown above are the Company's contributions into defined contribution pension plans. The additional cost of providing death in service benefits in the year was £252,000 (2020: £259,000).

7 REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

The remuneration of the Directors is recharged to other companies in the Group. The Directors' services to this Company are of a non-executive nature and remuneration is deemed to be wholly attributable to services to the other companies within the Group. Accordingly, the above details include no remuneration in respect of the Directors.

8 FINANCING COSTS

	2021 £'000	2020 £'000
Interest payable to fellow subsidiary undertakings	35	19
Interest charge on lease liabilities (see note 20)	3,127	2,812
	3,162	2,831

9 TAXATION

	2021 £'000	2020 £'000
Current year corporation tax credit	(811)	(2,146)
Prior year adjustment in respect of current tax	(210)	(199)
Deferred tax charge/(credit)	163	(9,426)
Income tax credit for the year	(858)	(11,771)

	2021 £'000	2020 £'000
The income total tax credit for the year can be reconciled to the accounting profit as follows:		
Profit before tax	11,424	9,150
Profit before tax at the applicable tax rate, 19% (2020: 19%)	2,171	1,738
Effect of:		
Expenses not deductible for tax purposes	555	103
Prior year adjustments to deferred tax	948	614
Prior year adjustment in respect of current tax	(210)	(199)
Recognition of previously unrecognised deferred tax assets	-	(12,849)
Effect on deferred tax for changes in tax rates	(4,322)	(1,178)
	(858)	(11,771)

The main rate of corporation tax is 19%. This will increase to 25% with effect from 1 April 2023.

The Company has recognised deferred tax assets as disclosed in Note 12. The Company consider that future years' profits will be sufficient to utilise the tax asset carried forward.

10 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use asset £'000	Office equipment and computers £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 January 2021	103,188	44,750	37,990	185,928
Disposals	(11,062)	-	-	(11,062)
Additions	10,887	3,189	9,863	23,939
At 31 December 2021	103,013	47,939	47,853	198,805
Accumulated depreciation and impairment				
At 1 January 2021	22,147	39,177	7,688	69,012
Disposals	(1,130)	-	-	(1,130)
Depreciation charge for the year	7,149	1,487	3,206	11,842
At 31 December 2021	28,166	40,664	10,894	79,724
Carrying amount				
At 31 December 2020	81,041	5,573	30,302	116,916
At 31 December 2021	74,847	7,275	36,959	119,081

11 INTANGIBLE ASSETS

	Purchased software £'000	Internally developed software £'000	Total £'000
Cost			
At 1 January 2021	11,341	62,711	74,052
Additions	-	-	-
Disposal	-	(62,711)	(62,711)
At 31 December 2021	11,341	-	11,341
Accumulated amortisation and impairment			
At 1 January 2021	11,252	62,711	73,963
Amortisation charge for the year	68	-	68
Disposal	-	(62,711)	(62,711)
At 31 December 2021	11,320	-	11,320
Carrying amount			
At 1 January 2021	89	-	89
At 31 December 2021	21	-	21

Fully amortised internally developed software has been disposed of following the final migration of assets on to the new platform.

12 DEFERRED TAX ASSETS

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

	Accelerated depreciation £'000	Share based payments £'000	Other carried forward £'000	Total £'000
Asset at 1 January 2020	8,522	3,342	749	12,613
Movement in the year	9,515	445	(180)	9,780
Asset at 31 December 2020	18,037	3,787	569	22,393
Movement in the year	(218)	366	54	202
Asset at 31 December 2021	17,819	4,153	623	22,595

The main rate of corporation tax is 19%. On 3 March 2021, the Chancellor of the Exchequer announced in the Budget a future increase in the corporation tax rate from 19% to 25%, effective from 1 April 2023. This change having been substantially enacted by 31 December 2021 has been used in recognising the Company's deferred tax assets and liabilities should the reversal be expected to take place after 1 April 2023.

A deferred tax asset or liability is recognised to the extent that temporary differences are expected to reverse in the foreseeable future.

The value of the deferred tax assets not recognised as at 31 December 2021 was £nil (2020: £nil).

13 INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES

	2021 £'000	2020 £'000
At fair value through the income statement		
Investments in collective investment schemes	511	411

These investments are individually insignificant and short term.

14 TRADE AND OTHER RECEIVABLES

	2021 £'000	2020 £'000
Due from immediate parent	-	2,902
Due from fellow subsidiary undertakings	48,700	28,745
Prepayments and accrued income	25,530	29,085
Other	10,451	5,918
Trade and other receivables	84,681	66,650

Amounts due from group undertakings are unsecured, current and interest free. All other receivables are short term, current and interest free. All amounts are classified as either at amortised cost or non-financial assets.

15 CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Bank balances	43,591	38,749
Money market funds	89,300	21,000
Cash and cash equivalents	132,891	59,749

Bank balances are current and recognised at amortised cost. Money market investments are current and are recognised mandatorily at FVTPL.

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

16 INVESTMENTS IN SUBSIDIARIES

The subsidiary undertakings at the year end, all wholly owned and registered in England and Wales, are:

Company	Shareholding	Registered Office Address
Quilter Shelfco 1	Ordinary	Senator House 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom
Quilter Shelfco 2	Ordinary	Senator House 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom
Quilter Wealth Solutions Limited	Ordinary	Senator House 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom

The value of the investment in each of the subsidiaries is £1.

Investment in subsidiaries
Quilter Business Services Limited holds one ordinary share in each of these subsidiaries. These are dormant, non-trading companies and were incorporated as name protection entities. The investments are each valued at original cost of £1 (2020: £1) and due to materiality are not shown separately on the statement of financial position.

17 SHARE CAPITAL

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
700,000 (2020: 700,000) ordinary shares of £1 each	700	700

The Company has elected under the Companies Act 2006 to remove authorised share capital limits.

18 INTEREST BEARING LIABILITIES

The interest bearing liability represents a draw down from an existing loan facility during 2020, with Quilter Holdings Limited, a fellow subsidiary undertaking, at LIBOR + 0.50%. The loan was repaid in 2021.

Amounts borrowed are unsecured and repayable on demand. The carrying amount approximates to fair value which is valued as the principal amount repayable.

19 PROVISIONS

	Sale of Quilter International £'000	Sale of OMWLA £'000	IT licences £'000	Provision for onerous contracts £'000	Property provisions £'000	Total £'000
Balance at 1 January 2020	-	6,058	-	2,295	-	8,353
Release of unused provisions	-	-	-	(784)	-	(784)
Utilisation	-	(3,107)	-	(1,511)	-	(4,618)
Balance at 31 December 2020	-	2,951	-	-	-	2,951
Additions in the year	16,665	-	-	-	6,436	23,101
Reclassifications within Statement of Financial Position	-	-	1,532	-	-	1,532
Release of unused provisions	-	-	(742)	-	-	(742)
Utilisation	(235)	(1,940)	(200)	-	-	(2,375)
Unwind of discount	-	-	-	-	42	42
Balance at 31 December 2021	16,430	1,011	590	-	6,478	24,509

Of the total provisions recorded above, £15,000,000 (2020: £nil) is estimated to be payable after more than one year.

Provisions arising on the disposal of Quilter International of £16,430,000 (2020: £nil)
Quilter International was sold on 30 November 2021, resulting in a number of provisions totalling £16,665,000 being established in respect of the costs of disposing of the business and the related costs of business separation, and data migration.

The costs of business separation arise from the process required to separate Quilter International's infrastructure, which is complex and covers a wide range of areas including people, IT systems, data, and contracts facilities. A programme team has been established to ensure the transition of these areas to the acquirer. These provisions have been based on external quotations and estimations, together with estimates of the time required for incremental resource costs to achieve the separation, which is expected to occur over a two-year period.

The most significant element of the provision is the cost of migration of IT systems and data to the acquirer. Work has taken place during 2021 in preparation for migration. Calculation of the provision is based on management's best estimate of the work required, the time it is expected to take, the number and skills of the staff required and their cost, and the cost of related external IT services to support the work. In reaching these judgements and estimates, management has made use of their past experience of previous IT migrations following business disposals, including the recent migration of QLA. Of the £16,430,000 provision, £7,000,000 is forecast to be utilised within one year.

19 PROVISIONS (continued)

Provisions arising on the disposal of Quilter Life Assurance of £1,011,000 (2020: £2,951,000)
Old Mutual Wealth Life Assurance ("OMWLA"), a fellow subsidiary, was sold on 31 December 2019, resulting in a number of provisions totalling £6,058,000 being established in respect of the costs of disposing the business and the related costs of business separation.

The costs of business separation arise from the process to separate OMWLA's infrastructure, which is complex and covers a wide range of areas including people, IT systems, data, contracts and facilities. A programme team has been established to ensure the transition of these areas to the acquirer. These provisions have been based on external quotations and estimations, and estimates of the time required for incremental resource costs to achieve the separation.

The most significant element of the provision was the cost of migration of IT systems and data to the acquirer. Work has progressed across 2020 and 2021.

Calculation of the provision is based on management's best estimate of the work required, the time it is expected to take, the number and skills of the staff required and their cost, and the cost of related external IT services to support the work. In reaching these judgements and estimates, management have made use of their past experience of previous IT migrations following business disposals.

The remainder of the provision is forecast to be utilised within the first half of 2022.

IT licences of £590,000 (2020: £nil)

During 2020, an accrual for underpayments upon IT licences was established within "Trade and other payables" of £1,532,000. The balance was reclassified to "Provisions" during the year, due to the variability of the amounts required to settle the obligations. The provision was reassessed during 2021 and £742,000 released and £200,000 was utilised during the year. The remaining balance is estimated to be payable within one year.

Property provisions of £6,478,000 (2020: £nil)
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. During 2021, management reviewed the Group's property provisions and the assumptions on which these provisions are based. The review included consideration of external advice on potential future costs, in order to determine a reasonable estimate of the amount to be recognised. Property provisions are utilised or released when the reinstatement obligations have been fulfilled. The associated asset for property provisions is included within "Property, plant and equipment".

20 LEASE LIABILITIES

	2021 £'000	2020 £'000
Opening balance at 1 January	92,086	95,768
Additions	9,827	117
Disposals	(9,583)	(2,374)
Finance interest charge for the year	3,127	2,812
Lease liability payments for the year	(5,969)	(4,237)
Closing balance at 31 December	89,488	92,086
Lease liability to be settled within 12 months	6,698	3,163
Lease liability to be settled after 12 months	82,790	88,923
Total discounted lease liability at 31 December	89,488	92,086
Maturity analysis - contractual undiscounted cash flows		
Less than one year	9,386	4,336
One to five years	34,329	38,022
More than five years	65,566	70,037
Total undiscounted lease liability at 31 December	109,281	112,395

Termination options are included in a number of the Company's property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

As at 31 December 2021, future undiscounted cash outflows of £nil (2020: £22 million) have been included in the lease liability which will occur beyond termination option dates on none (2020: three) of the Company's principal property leases.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

21 TRADE AND OTHER PAYABLES

	2021 £'000	2020 £'000
Due to fellow subsidiary undertakings	57,824	8,933
Other taxes and social security costs	4,961	6,266
Trade creditors and accruals	59,881	33,596
Trade and other payables	122,666	48,795

Amounts due to Group companies are current, unsecured and interest free. All other amounts are current, short term and interest free. All amounts are recognised as either at amortised cost or non-financial assets.

Trade creditors and accruals include accruals covering the incentive bonus scheme which fluctuates year- on- year in line with set performance targets. The increase to the comparative year represents settling all creditors ahead of general ledger migration in 2020.

22 FINANCIAL AND CAPITAL COMMITMENTS

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

23 SHARE BASED PAYMENTS

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

Description of share-based payment arrangements

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

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

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

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

[2]Adjusted profit compound annual growth rate ('CAGR').

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

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

Options

The weighted average share price at the dates of exercise for options exercised during the year was £1.62 (2020: £0.95).

13,631,719 options outstanding at 31 December 2021 have an exercise price of £nil for the Quilter plc Performance Share Plan, and between £1.25 and £1.31 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 1.4 years. At 31 December 2020, the exercise price was £nil for the Quilter plc Performance Share Plan, and £1.25 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 1.6 years.

24 CONTINGENT LIABILITIES

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

25 EVENTS AFTER THE REPORTING DATE

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

26 ULTIMATE PARENT COMPANY

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

The Company's financial statements are only consolidated within the financial statements of Quilter plc. The financial statements are available from:

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