

QUILTER CHEVIOT HOLDINGS LIMITED

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.

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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 the Companies Act 2006, 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 management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with the Board, management, internal audit, management involved in the risk and compliance functions and the group and company's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing relevant meeting minutes including those of the Quilter Cheviot Governance, Audit and Risk Committee.
- Identifying and testing journal entries, in particular any journal entries posted with unusual characteristics, where any such journal entries were identified.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of the investment in subsidiaries.
- 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.

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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
XX XXXXX 2022

QUILTER CHEVIOT HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Other expense	5	-	(9)
Dividend income	6	50,000	57,000
Other gains / (losses)	10	(22,800)	-
PROFIT BEFORE INCOME TAX		27,200	56,991
Income tax expense	8	-	-
PROFIT FOR THE FINANCIAL YEAR		<u>27,200</u>	<u>56,991</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		<u>27,200</u>	<u>56,991</u>

All operations were continuing in the current and prior year.

The Notes on pages 16 to 38 form an integral part of the financial statements.

QUILTER CHEVIOT HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2021

2021	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021		56,513	146,258	7,255	210,026
Profit for the year		-	-	27,200	27,200
Total comprehensive income		-	-	27,200	27,200
Transactions with owners:					
- Dividends to equity holders of the Company	15	-	-	(50,000)	(50,000)
- Issue of share capital	14	89,000	-	-	89,000
- Conversion of share premium	14	-	(146,258)	146,258	-
- Transfers to other group entities	9	-	-	-	-
Balance at 31 December 2021	14	<u>145,513</u>	<u>-</u>	<u>130,713</u>	<u>276,226</u>
2020					
Balance at 1 January 2020		44,513	146,258	7,355	198,126
Profit for the year		-	-	56,991	56,991
Total comprehensive income		-	-	56,991	56,991
Transactions with owners:					
- Dividends to equity holders of the Company	15	-	-	(57,000)	(57,000)
- Issue of share capital	14	12,000	-	-	12,000
- Conversion of share premium	14	-	-	-	-
- Transfers to other Group entities	9	-	-	(91)	(91)
Balance at 31 December 2020	14	<u>56,513</u>	<u>146,258</u>	<u>7,255</u>	<u>210,026</u>

The Notes on pages 16 to 38 form an integral part of the financial statements.

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STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 £'000	2020 £'000
ASSETS			
Investments in subsidiaries	10	275,829	210,026
Other receivables	11	89,000	-
TOTAL ASSETS		<u>364,829</u>	<u>210,026</u>
LIABILITIES AND EQUITY			
Other payables	12	88,603	-
TOTAL LIABILITIES		<u>88,603</u>	<u>-</u>
EQUITY			
Called up share capital	14	145,513	56,513
Share premium account	14	-	146,258
Retained earnings		130,713	7,255
TOTAL EQUITY		<u>276,226</u>	<u>210,026</u>
TOTAL LIABILITIES AND EQUITY		<u>364,829</u>	<u>210,026</u>

The financial statements on pages 13 to 15 were approved by the Board of Directors on 3 August 2022 and signed on its behalf by



P P Barnacle
Director

Company Registered Number: 08257448

The Notes on pages 16 to 38 form an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

18. CAPITAL MANAGEMENT (continued)

The primary sources of capital used by the Company are equity shareholders' funds. Alternative resources are utilised where appropriate. Risk appetite has been defined for the level of capital, liquidity and debt within the Group. The risk appetite includes long term targets, early warning thresholds and risk appetite limits. The dividend policy sets out the target dividend level in relation to profits.

The Company manages the following items as capital:

	2021	2020
	£'000	£'000
Ordinary share capital	145,513	56,513
Share premium	-	146,258
Reserves	130,713	7,255
	<u>276,226</u>	<u>210,026</u>

19. RELATED PARTY TRANSACTIONS

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

Key management compensation

Remuneration of key management personnel is disclosed in Note 7.

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

20. ULTIMATE PARENT COMPANY

The Company's immediate parent company is Quilter Cheviot 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

21. 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.