Registered in England and Wales No. 01606702

Quilter Holdings Limited

(formerly Old Mutual Wealth Holdings Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2020

CONTENTS

COMPANY INFORMATION

Directors	D J L Eardley J Mitchell M O Satchel A S Tuddenham A M Waters
Secretary	Quilter CoSec Services Limited
Banker	National Westminster Bank Plc 68 Above Bar Street Southampton SO14 7DS
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 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: 01606702

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2020.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES
Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited) (the "Company") forms part of the Quilter plc group (the "Group"). Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter plc acts as the parent Company and provides the Company with strategic and governance oversight. The Company forms part of the Head Office function of Quilter plc.

The Company is an investment holding Company and as such its principal activities consist of monitoring liquidity and ensuring an adequate level of cash is available to the regulated trading entities should it be required. Conversely, should surplus cash arise in the trading entities, it will ensure this is passed from its subsidiaries to its parent Quilter plc. The Company also provides financing for the ongoing financial adviser firm acquisitions through its subsidiary Quilter Financial Planning Limited. The principal activities of the Company's subsidiaries during the year relates to pensions, investment products, asset management and financial advice in the UK and offshore and this will continue for the foreseeable future. Its subsidiaries are disclosed in note 9.

The results of the Company for the year are set out in the income statement on page 11.

QUILTER PLC STRATEGY
Quilter plc aims to be the leading UK and cross-border full-service wealth manager, providing advice-led investment solutions and investment platforms, focusing on delivering good customer outcomes. The breadth of the group's model helps to generate prosperity for customers by providing the services to develop suitable financial plans, manage customers' investments in risk-based solutions and by helping customers to access modern wealth wrappers via the Group's platforms. The unbundled, open nature of Quilter plc's model, offering flexibility to use one, two or all three components, is a key competitive advantage, provides customers and their advisors with choice at every stage and imposes external market discipline on the Group's propositions. Quilter plc's purpose and strategy are underpinned by core beliefs, which include: the belief in the value of trusted face-to-face advice, that better choice for customers does not mean more choice, investment solutions should be simply packaged, that award-winning and measurable outcomes for our customers should always offer good value, and that a Company's purpose goes beyond making a profit and should focus also on being a responsible business as well as a responsible investor. The Directors believe that the group's competitive advantage lies in its strong positions in attractive markets and its ability to offer high quality solutions across each element of the value chain at a competitive, transparent and unbundled price. Quilter plc's strategic objectives include delivering on customer outcomes, Advice and Wealth management growth, Wealth platforms growth, and cost optimisation.

Management is confident in the Group's strategic path and growth prospects. Short-term market, economic and political uncertainty may temper momentum in near-term flows and the level of assets under administration, as experienced in 2020 with the adverse impact of COVID-19 on equity market levels, but the group operates in a large and fragmented market that has good long-term growth potential.

KEY PERFORMANCE INDICATORS ("KPIs")
The table below shows the key performance indicators that the Company uses to manage its business performance.

IFRS profit is one of the Company's key performance indicators. The profit for the year amounted to £389,886,000 (2019: £81,540,000).

Other internal KPIs used by management are net assets, dividends received, investment in subsidiaries and the return on investment (dividends received expressed as a percentage of investments in subsidiaries). Profit and net assets have increased predominantly as a result of the impairment reversals detailed in note 9.

Table A: Key performance indicators.

	2020 £'000	2019 £'000
IFRS profit	389,886	81,540
Net assets	1,636,096	1,246,210
Dividends received	87,000	176,000
Investment in subsidiaries	1,719,370	1,340,126
Return on investment	5.1%	13.1%*

*2019 Restated

STRATEGIC REPORT (continued)

FINANCIAL POSITION AT THE END OF THE YEAR

The Company's net assets have increased from £1,246,210,000 to £1,636,096,000, with cash and cash equivalents increasing from £117,270,000 to £188,381,000.

On 06 August 2020, the Company received a dividend of £30,000,000 from its subsidiary Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited).

On 30 October 2020, the Company received a dividend of £21,000,000 from its subsidiary Quilter Cheviot Holdings Limited.

On 18 December 2020, the Company received a dividend of £36,000,000 from its subsidiary Quilter Cheviot Holdings Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy through its subsidiaries is subject to a number of risks. The key risks affecting the business are described below and within note 3.

The Company has adopted the Enterprise Risk Management framework of the group. This provides the framework for the monitoring, management and governance of risk, as detailed in note 3.

COVID-19

On 11 March 2020, COVID-19 was recognised by the World Health Organisation as a global pandemic. The Group's focus in managing the response to COVID-19 has been to ensure colleagues' health and safety, maintain operational resilience with high levels of client service, and providing good outcomes for shareholders. When the scale of the COVID-19 pandemic became apparent, the Group responded quickly to the challenges faced, with 98% of the Group's employees working remotely from late March 2020 and the accelerated delivery of IT and remote telephony solutions allowing Quilter plc to maintain high client service levels and to support customers and advisers.

The Group reviewed its financial budgets and operating plans in response to the challenges arising from COVID-19 and the unpredictable operating outlook. The Group is operationally resilient and remains focused on completing its principal strategic projects. The continued volatility in financial markets and the impact of more limited face-to-face contact within the advice segment is creating a challenging revenue environment and the group has updated its future cash flows accordingly. Against this backdrop, the Group has undertaken a number of management actions to reduce expenses but has acknowledged that future operating margin outcomes will likely be below previous target guidance provided by management. The Group did not use the support measures made available to companies by the UK Government.

The COVID-19 pandemic has had, and is expected to continue to have, minimal financial impact on the Company's revenues as these are not directly impacted by market movements. These being predominantly investment return from subsidiaries and the Company's immediate parent, and interest received on short term bank deposits.

SECTION 172 (1) STATEMENT

The Company is a wholly owned direct 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 2020.

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

STRATEGIC REPORT (continued)

The Directors of the Company are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 (1) of the Companies Act 2006 and acknowledge that effective and meaningful engagement with stakeholders 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, its subsidiaries 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 O Satchel
Director
14 June 2021

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2020.

The review of the business and its future developments, along with its principal risks and uncertainties, are disclosed within the strategic report.

DIRECTORS

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

D J L Eardley
J Mitchell
M O Satchel
A S Tuddenham
A M Waters

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

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 2020 for the benefit of the then directors, and at the date of this report, are in force for the benefit of the directors in relation to certain losses and liabilities which may occur, (or have occurred) in connection with their duties/powers or office.

DIVIDENDS

During the year dividends of £nil (2019: £nil) were paid.

EMPLOYEES

The Company has no employees (2019: nil). Management services are provided by a fellow subsidiary undertaking as disclosed in note 22.

FINANCIAL INSTRUMENTS

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

POLITICAL DONATIONS

During the year, the Company made no political donations (2019: £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 report and financial statements of the Quilter plc Annual Report, which does not form part of this report. There are no further considerations which would be relevant for the Company.

CLIMATE CHANGE

Another key development during the year was the formalisation of the Quilter climate change strategy which sets out an approach to measure, manage and reduce the Quilter group's contribution to climate change both as a business and an investor. Quilter has committed to reduce its contribution to climate change and support the transition to a low carbon economy, achieved through continued transition to renewable energy sources, reduced travel and the highest standard carbon-offsets where required. Quilter recognises the Financial Stability Board's Taskforce for Climate-related Financial Disclosures (TCFD) as the leading framework for climate-related disclosures and are the process of aligning fully with TCFD by the end of 2021.

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.

DIRECTORS' REPORT (CONTINUED)

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.

EVENTS AFTER THE REPORTING DATE

On 1 April 2021 the Quilter plc group entered into an arrangement to sell Quilter International ("QINT") to Utmost Group Limited. More details can be found in note 23.

Following the separation of Old Mutual Wealth from Old Mutual plc, the subsequent listing and creation of Quilter plc, the Company changed its name to Quilter Holdings Limited from Old Mutual Wealth Holdings Limited on 8 June 2021 and its registered address was changed to Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

STATEMENT OF GOING CONCERN

The financial statements have been prepared on a going concern basis. The Board has reviewed the Company's projections for the next 12 months and beyond including cash flow forecasts. As a result, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for 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 s 485 of the Companies Act 2006.

On behalf of the Board

M O Satchel
Director
14 June 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Company's Act 2006.

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 international accounting standards in conformity with the requirements of the Company's Act 2006 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 Holdings Limited (formerly Old Mutual Wealth Holdings Limited)

Report on the audit of the financial statements

Opinion

In our opinion, Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited)'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2020; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

With respect to the Strategic report and the 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 the Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the year ended 31 December 2020 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 the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, 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 the expenditure of the company and management bias in accounting estimates and judgemental areas of the financial statements, such as the impairment assessment of investment in subsidiaries. Audit procedures performed by the engagement team included:

- Discussions with the Board, management, Quilter plc internal audit, senior management involved in the Quilter plc group's Risk and Compliance and legal functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Assessment of matters reported on the Quilter plc group's whistleblowing register that relate to the company, including the quality and results of management's investigation of such matters.

- Reviewing Board minutes as well as relevant meeting minutes.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, such as a credit to expenditure and a debit to the statement of financial position (other than to expected accounts), which may be indicative of the understatement or manipulation of expenditure.
- Reviewed and tested the significant judgements made in the impairment assessment of the investment in subsidiaries.

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
14 June 2021

INCOME STATEMENT
for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue			
Investment return	4	88,288	179,025
Total revenue		88,288	179,025
Income/(Expenses)			
Administrative expenses	5	(63)	(98)
Finance costs	7	(11,022)	(11,151)
Reversal/(Impairment) to investment in subsidiary undertakings	9	310,244	(86,778)
Share of loss of associate	10	(4)	(90)
Total income/(expenses)		299,155	(98,117)
Profit before tax		387,443	80,908
Income tax credit	8	2,443	632
Profit for the financial year		389,886	81,540

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

The notes on pages 16 to 39 were approved by the board on 14 June 2021.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

	2020	2019
	£'000	£'000
Profit for the financial year	389,886	81,540
Total comprehensive income for the year		
All attributable to equity holder	389,886	81,540

The notes on pages 16 to 39 were approved by the board on 14 June 2021.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
Balance at 1 January 2020	116,100	1,130,110	1,246,210
Profit for the year	-	389,886	389,886
Balance at 31 December 2020	116,100	1,519,996	1,636,096

	Note	Share capital	Retained earnings	Total equity
		£'000	£'000	£'000
Balance at 1 January 2019		116,100	1,048,570	1,164,670
Profit for the year		-	81,540	81,540
Balance at 31 December 2019		116,100	1,130,110	1,246,210

The notes on pages 16 to 39 were approved by the board on 14 June 2021.

STATEMENT OF FINANCIAL POSITION
at 31 December 2020

	Note	2020 £'000	2019 £'000
Assets			
Investment in subsidiary undertakings	9	1,719,370	1,340,126
Investment in associate	10	1,461	1,465
Other investments	11	31	30
Loans and advances	12	142,704	122,704
Deferred tax assets	13	2,668	2,387
Current tax receivable		3,065	-
Other receivables	14	1	23
Cash and cash equivalents	15	188,381	117,270
Total assets		2,057,681	1,584,005
Equity and liabilities			
Equity			
Share capital	16	116,100	116,100
Retained earnings		1,519,996	1,130,110
Total equity attributable to equity holder		1,636,096	1,246,210
Liabilities			
Interest bearing liabilities	18	413,639	328,666
Current tax payable		-	2,536
Other payables	19	7,946	6,593
Total liabilities		421,585	337,795
Total equity and liabilities		2,057,681	1,584,005

The notes on pages 16 to 39 were approved by the board on 14 June 2021.

The financial statements on pages 11 to 39 were authorised and approved by the board of directors on 14 June 2021 and signed on its behalf by:

M O Satchel
Director

Company registered number: 01606702

STATEMENT OF CASH FLOWS
for the year ended 31 December 2020

	2020	2019
	£'000	£'000
		(Restated)
Cash flow from operating activities		
Net cash paid to service providers and suppliers[1]	(68)	(18)
Tax and group relief (paid)/received	(3,438)	5,086
Net cash (used in)/ generated from operating activities	(3,506)	5,068
Cash flow from investing activities		
Bank Interest received	174	327
Dividends received	87,000	176,028
Interest received on loans to group and subsidiary undertakings	1,120	1,923
Investment in subsidiary undertakings	(69,000)	(160,100)
Other investment	-	(30)
Increase in loan to related undertaking	(20,000)	-
Proceeds from sale of investment in Lighthouse Group plc[2]	-	1,842
Repayment of loan by parent undertaking	-	25,481
Net cash (used in)/generated from investing activities	(706)	45,471
Cash flow from financing activities		
Interest paid[3]	(2,691)	(3,341)
Increase in loans from subsidiary undertakings	78,000	40,000
Net cash generated from financing activities	75,309	36,659
Net increase in cash and cash equivalents	71,097	87,198
Cash and cash equivalents at beginning of the year	117,270	30,086
Effect of exchange rate on cash and cash equivalents[1]	14	(14)
Cash and cash equivalents at end of the year	188,381	117,270

A number of items within the 2019 comparatives have been reclassified to align to the presentation within the 2020 financial statements. There was no impact on cash and cash equivalents resulting from these reclassifications.

1 Cash paid to service providers included an element of interest paid and a small amount due to foreign exchange. These amounts have been represented.
2 Sale of investment and capital gain arising from sale now shown in aggregate to reflect the total cash amount received.
3 Non-cash movements previously shown as change in immediate parent loan have been removed and netted against interest paid to show the true cash interest amount.

The notes on pages 16 to 39 were approved by the board on 14 June 2021.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

1 GENERAL INFORMATION

Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited) (the "Company") forms part of the Quilter plc group (the "Group") and is a private Company limited by shares incorporated and domiciled in United Kingdom. The address of its registered office is disclosed in the Company information section on page 1. The principal activities of the Company are disclosed in the strategic report.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments which have been recognised at fair value. The financial statements have been prepared in pounds sterling and are rounded to the nearest thousand. These are separate financial statements as the Company has elected under the Companies Act s.400 not to prepare consolidated financial statements.

The Directors have considered the resilience of the Company, taking into account its current financial position, the principal risks facing the business and the effectiveness of the mitigating strategies which are or will be applied. An assessment of the impact of COVID-19 on the going concern for the Company has been completed, concluding that the Company can withstand a severe but plausible downside scenario for at least the next 12 months. The COVID-19 pandemic could indirectly impact the Company's investment return from subsidiaries and the immediate parent, given those companies' underlying exposure to market movements. This assessment was based on the most recent management approved three-year profit forecasts, and incorporated scenarios that reflected the impact of significant decreases in market levels. 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 have 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.

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except as noted below.

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

Standards, amendments to standards, and interpretations adopted in the 2020 annual financial statements

There have been no new standards or interpretations which became effective 1 January 2020.

Amendments to standards:

The following amendments to the accounting standards, issued by the International Accounting Standards Board ("IASB") and in conformity with the requirements of the Companies Act 2006, have been adopted by the Company from 1 January 2020 with no material impact on the Company's results, financial position or disclosures:

- amendments to References to the Conceptual Framework in IFRS Standards;
- amendments to IFRS 3 Business Combinations - Definition of a Business;
- amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material;
- amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform;
- amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions.

Future standards, amendments to standards, and interpretations not early adopted in the 2020 annual financial statements
Certain new standards, interpretations and amendments to existing standards have been published by the IASB that are mandatory for the Company's annual accounting periods beginning after 1 January 2021. The Company has not early adopted these standards, amendments and interpretations. The following standards have been issued by the International Accounting Standards Board, and are not applicable or not expected to be applicable for the Company:

- IFRS 17 *Insurance Contracts* (yet to be endorsed by the EU)

Financial instruments
Financial instruments cover a wide range of financial assets, including financial investments, loans and advances, cash and cash equivalents and financial liabilities, including 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 years 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 year 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. Two categories are applicable to the Company's financial assets: fair value through profit or loss ("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.

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 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Other investments
Investments are classified as FVTPL at initial recognition and are stated at fair value, with any resultant gain or loss recognised in the income statement. At the reporting date the equity investments are valued at quoted bid market price. Purchases and sales of securities are recognised on the trade date.

Loans and advances
Loans and advances are non-derivative financial instruments with fixed or determinable terms of repayment that are not quoted in an active market.

Loans to group companies are initially recorded at fair value including transaction costs and are recognised on the date the funds are transferred. Subsequently, loans are stated at amortised cost using the effective interest rate method less any deduction for possible impairment. Each loan is valued on an individual basis.

Other receivables
Other receivables are non-interest bearing and are stated at amortised cost using the effective interest rate method, less appropriate allowances for estimated irrecoverable amounts which approximates to 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.

Other payables
Other payables are short-term, non-interest bearing and are stated at amortised cost, which is not materially different to cost and approximates to fair value.

Investments in subsidiaries
Parent Company investments in subsidiary undertakings are initially stated at cost. Subsequently, investments in subsidiary undertakings are stated at cost less provision for impairment. An investment in a subsidiary is deemed to be impaired when its carrying amount is greater than its estimated recoverable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements. All impairments or reversals of impairments are recognised in the income statement as they occur, except where impairments arise only as the result of group structure in which case they are dealt with directly in equity.

Impairment of financial assets
The impairment model applies to financial assets measured at amortised cost. Financial assets at amortised cost include loans and advances, 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 the ECL model to all financial assets that are measured at amortised cost:
- 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; and
- loans at amortised cost 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.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements

The preparation of financial statements requires management to exercise judgement in applying accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Critical accounting estimates and judgements are those that involve the most complex or subjective assessments and assumptions. 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 significantly from those estimates.

The areas where judgements and estimates have the most significant effect on the amounts recognised in these financial statements are summarised below:

Area	Critical accounting judgements	Note
Impairment charges - presentation	Impairments to investments in subsidiaries are shown in the income statement or, if related only to the group's structure, shown directly within equity. Impairment charges in equity reflect management judgement in respect of the Company giving up expectations of certain future cash flows that would have arisen from subsidiaries, but for changes or planned changes to the group structure. Reversals of impairments charges shown directly in equity are recorded directly in the income statement.	9

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

Area	Critical accounting estimates	Note
Investment in subsidiaries – measurement	Investments in subsidiaries are initially held at historical cost and tested annually for impairment. Where the values of the subsidiaries are impaired, then investments in subsidiaries are carried at management's estimate of the recoverable value, being the higher of the value-in-use or fair value less costs to sell. The recoverable value of the Company's asset management businesses including companies that have direct or indirect investments in underlying trading subsidiaries, is based on their value-in-use, which incorporates the discounted value of expected future cash flows. This calculation includes significant estimates relating to forecast cash flows, new business growth and discount rates. Fair value less costs to sell is used to measure the recoverable value of the Company's financial adviser subsidiaries. The fair value methodology uses the Assets under Advice ("AuA") at the year end and applies a multiplier based on recent Quilter Financial Planning and other industry acquisitions. This calculation assumes an estimated market-based multiplier to measure the fair value of the investment.	9

Investment in associate

An associate is an entity over which the Company has significant influence but not control or joint control. The investment in associate is accounted for using the equity method of accounting, after initially being recognised at cost.

The Company's share of its associate's post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. Where the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses.

Revenue recognition

Revenue is recognised as follows:

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Dividend income
Dividend income from investments is recognised when the shareholder's right to receive payments has been established.

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

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

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

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

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income. In certain circumstances, as permitted by accounting 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.

3 FINANCIAL INSTRUMENTS RISK

Risk management framework
The Company has adopted the Quilter Group Enterprise Risk Management (ERM) framework which comprises core components such as:
– the corporate governance arrangements which set out the way that the organisation is structured and managed;
– a set of Strategic Risk Appetite Principles that provide guidance on our attitude toward key areas of risk and support the ongoing management and oversight of risk;
– the processes involved in the identification, measurement, assessment, management and monitoring of risk, including assignment of risk owners and risk reporting; and
– the culture and behaviour that is exhibited and the associated reward mechanisms.

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

Capital Management
As a member of the Quilter Group, the Company applies the Quilter Group capital management policy.

The Group manages its capital with a focus on capital efficiency and effective risk management. The capital management objectives are to maintain the Group's ability to continue as a going concern while supporting the optimisation of return relative to the risks. The Group ensures that it can meet its expected capital and financing needs at all times having regard to the Group's business plans, forecasts, strategic initiatives and regulatory requirements in all businesses in the Group. Capital forecasts have been reviewed regularly during 2020 in response to the emerging impacts of the COVID-19 pandemic which has evolved over the year end and, where appropriate, management actions have been taken in response to these forecasts.

The Group's overall capital risk appetite is set with reference to the requirements of the relevant stakeholders and seeks to:

- maintain sufficient, but not excessive, financial strength to support stakeholder requirements;
- optimise debt to equity structure to enhance shareholder returns; and
- retain financial flexibility by maintaining liquidity including unutilised committed credit lines.

The primary sources of capital used by the Company are equity shareholders' funds of £1,636,096,000 (31 December 2019: £1,246,210,000). The Company retains sufficient capital resources to continue as a going concern and support its operations with any surplus capital distributed as a dividend.

Operational risk
The Company defines operational risk as the risk of failure of people, processes, systems or external events which results in financial loss, damage to brand/reputation or adverse regulatory intervention or government or regulatory fine.

Operational risk includes all risks resulting from operational activities which the Company undertakes excluding strategic risks and risks resulting from being part of a wider group of companies. Given the Company's limited operational activities is not exposed to a significant level of operational risk.

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

The Company is exposed to credit and counterparty risk primarily arising from the investment of its shareholder funds. Sources of credit risk are managed in line with the requirements of the Credit Risk Policy that ensures cash is placed with highly rated counterparties and is appropriately diversified. The Company additionally makes loans to other entities in the group which are monitored to ensure the credit and counterparty risk is appropriately managed.

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

3 FINANCIAL INSTRUMENTS RISK (CONTINUED)

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

Interest rate risk
Interest rate risk is defined as the risk of a deviation of the actual interest rates from the expected interest rates, resulting in the potential for a negative impact on earnings or capital and/or reduced solvency.

An exposure exists as a result of a small number of loans that are linked to an underlying variable interest rate, such as LIBOR, and so the value of these interest payments will vary if the underlying interest rate changes. It also has a small number of loans that have fixed interest rates, where the present value of these loans would vary in the event of a change in interest rates. The Company monitors the impact of interest rate changes on its financial position, with the risk managed in line with the group's Market Risk Policy. The Company is exposed to limited interest rate risk except in respect of loans to and from group undertakings and surplus cash which is held on overnight deposit and current accounts. The amount of cash held at 31 December 2020 was £61,482,000 (2019: £81,070,000) as shown in note 15 and the amount of loans from group undertakings at 31 December 2020 was £413,639,000 (2019: £328,666,000) as shown in note 18.

The effective interest rate applicable to interest bearing financial instruments is as follows:

	2020 Variable	2019 Variable
Assets		
Overnight deposit	-0.13%	0.70%
Current account	0.00%	0.26%

Price risk
The Company is exposed to increased market price risk through its investments in equities as described in note 11; there is an equity price risk of £31,000 (2019: £30,000).

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

The liquidity strategy is to maintain sufficient liquidity within the business such that it can meet its target liquidity requirement at all times. The minimum requirements are set out in the Liquidity Policy that ensures a risk appetite statement, limits and triggers are in place, supported by an appropriate Contingency Funding Plan that addresses potential liquidity requirements that may arise during a liquidity stress.

Sensitivity tests
Sensitivity analysis has been performed by applying the following parameters to the statement of financial position and income statement as at 31 December 2020 and 31 December 2019.

The sensitivities described below are only in respect of the Company’s holdings of cash, loans and equities as described in the Market Risk section above. Changes in interest rates and equity market prices also impact the profitability and related valuation of subsidiaries which can, in certain circumstances, result in impairments to the carrying values of those subsidiaries as further explained in ‘Critical accounting estimates and judgements’ in Note 2.

Interest rate sensitivity
The impact of an increase and decrease in market interest rate of 1% (e.g. if the current interest rate is 5% the test allows for the effects of an immediate change to 4% and 6%) is assessed.

A decrease in interest rate of 1% would have increased profit and shareholder’s equity by £2,266,000 (2019: increase £1,205,000) after tax; an equal change in the opposite direction would have decreased profit by £1,702,000 (2019: decrease £718,000) after tax. The reduction in profit would however be limited to the amount of interest received, as the Company only has variable rate loans and bank accounts currently attracting interest of less than 1%.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

3 FINANCIAL INSTRUMENTS RISK (CONTINUED)

Equity price sensitivity
A 10% movement in equity prices would impact the investments whose valuations are based on market prices. In this analysis, all gains are assumed to be realised gains.

An increase in equity prices by 10% would have increased profit by £2,000 (2019: £2,000) after tax. An equal change in the opposite direction would have decreased profit by £2,000 (2019: £2,000) after tax.

4 INVESTMENT RETURN

	Note	2020 £'000	2019 £'000
Investment income and realised gains			
Interest receivable from immediate parent	22	-	301
Interest receivable from subsidiary undertaking[1]	22	1,121	1,622
Dividends from subsidiary Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)	22	30,000	140,000
Dividends from subsidiary Quilter Cheviot Holdings Limited	22	57,000	36,000
Dividends from other investments		-	28
Profit on sale of subsidiaries	22	-	128
Interest on short term bank deposits (amortised cost)		43	91
Interest on short term bank deposits (mandatorily at FVTPL)		123	231
		88,287	178,401
Realised gains			
Realised gains on equities, net		-	624
Unrealised gains			
Unrealised gains on equities, net		1	-
		88,288	179,025

[1]Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)

The interest on the loan to parent undertaking and the dividends from subsidiary undertakings reflects the only investment return on financial assets not held at fair value. All other investment returns reflect gains on financial assets that are held at fair value through the income statement. There has been no interest income earned on financial assets that are subject to impairment.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

5 ADMINISTRATIVE EXPENSES

	Note	2020 £'000	2019 £'000
Administrative expenses		63	98
Administrative expenses include:			
Management fees paid to subsidiary undertaking	22	61	97
Of which:			
Auditors remuneration: services paid to PricewaterhouseCoopers LLP (2019: KPMG LLP)		7	11

Amounts paid to PricewaterhouseCoopers LLP in 2020 were in respect of statutory audit fees of £6,946 (2019: paid to KPMG LLP £11,000). There are no non-audit fees (2019: nil).

6 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.

	2020 £'000	2019 £'000
Aggregate directors' emoluments		
Aggregate emoluments excluding pension contributions	856	1,129
Company pension contribution to money purchase schemes	30	32

Five directors had money paid to money purchase schemes during the year (2019: six).

Four directors (2019: five) received or were due to receive shares or share options under a long term incentive scheme. One director (2019: four) exercised options during the year.

Share-based payments were in Quilter plc shares.

	2020 £'000	2019 £'000
Emoluments of the highest paid director		
Aggregate emoluments excluding pension contributions	175	477
Company pension contribution to money purchase schemes	2	6

The highest paid director exercised share options in the current year and in the prior year.

The Directors' emoluments disclosed above are in respect of the five directors of the Company in office during the year who are directly employed by Quilter Business Services Limited, a fellow group undertaking (2019: six directors). During the year the Company paid £nil (2019: £7,566), relating to directors' remuneration, to Quilter Business Services Limited as part of the management fee.

The above disclosure includes the remuneration of those Directors in relation to their services to this Company and its subsidiaries. The remuneration for each director is apportioned on the basis of time spent across the Company and its subsidiaries but restricted to the period in which they were a director of this Company.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

7 FINANCE COSTS

	Note	2020 £'000	2019 £'000
Financing costs for liabilities held at amortised cost			
Interest payable to parent undertaking	22	10,341	10,460
Interest payable to subsidiary undertaking[1]	22	681	691
		11,022	11,151

1 Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited) and Quilter Financial Planning Limited

8 INCOME TAX CREDIT

	2020 £'000	2019 £'000
Current tax credit		
Current year corporation tax credit	(1,862)	(1,711)
Prior year corporation tax (credit)/charge	(300)	325
	(2,162)	(1,386)
Deferred tax (credit)/charge		
Deferred tax (credit)/charge	(281)	754
	(281)	754
Tax credit on profit on ordinary activities	(2,443)	(632)
Factors affecting tax credit for the year		
Profit before tax	387,443	80,908
Corporation tax charge 19% (2019: 19%)	73,613	15,373
Effect of:		
UK dividends receivable	(16,530)	(33,445)
Sale of subsidiary not taxable	-	(143)
(Reversal)/Impairment of subsidiaries not tax deductible	(58,946)	16,488
Expenses not deductible for tax purposes	1	17
Prior year corporation tax (credit)/charge	(300)	324
Prior year adjustments to deferred tax	-	424
Effect on deferred tax for changes in tax rates	(281)	330
Total tax credit	(2,443)	(632)

Factors that may affect future charges
Since 1 April 2017 the main rate of UK corporation tax has been 19%. A reduction to 17% from 1 April 2020 was enacted in 2016; this change was subsequently revoked, and the rate remains at 19%. On 3 March 2021 the Chancellor of the Exchequer announced in the budget a future increase in corporation tax from 19% to 25%, effective 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

9 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2020 £'000	2019 £'000
Investment in subsidiary undertakings	1,719,370	1,340,126

Investments in subsidiaries are stated at cost, less impairment in value.

Movement analysis	Investments in subsidiaries £'000
At 1 January 2019	1,266,804
Investment in subsidiaries	160,100
Impairment provision	(86,778)
At 31 December 2019	1,340,126
Investment in subsidiaries	69,000
Impairment provision	(70,370)
Reversal of impairment provision	380,614
At 31 December 2020	1,719,370

2019 investment in subsidiaries

On 14 February 2019, the Company purchased £32,000,000 of £1 ordinary shares in its subsidiary Quilter Financial Planning Limited.

On 21 March 2019, the Company purchased £11,000,000 of £1 ordinary shares in its subsidiary Quilter Financial Planning Limited.

On 25 March 2019, the Company purchased £10,000,000 of £1 ordinary shares in its subsidiary Quilter Investment Platform Limited (formerly Old Mutual Wealth Limited).

On 27 March 2019, the Company purchased £50,000,000 of £1 ordinary shares in its subsidiary Quilter Financial Planning Limited.

On 11 July 2019, the Company purchased £10,400,000 of £1 ordinary shares in its subsidiary Quilter Financial Planning Limited.

On 23 July 2019, the Company purchased £25,000,000 of £1 ordinary shares in its subsidiary Quilter Investment Platform Limited (formerly Old Mutual Wealth Limited).

On 16 December 2019, the Company purchased £21,700,000 of £1 ordinary shares in its subsidiary Quilter Financial Planning Limited.

2020 investment in subsidiaries

On 14 April 2020, the Company purchased £12,000,000 of £1 ordinary shares in its subsidiary Quilter Investment Platform Limited (formerly Old Mutual Wealth Limited).

On 21 April 2020, the Company purchased £12,000,000 of £1 ordinary shares in its subsidiary Quilter Financial Planning Limited.

On 1 May 2020, the Company purchased £12,000,000 of £1 ordinary shares in its subsidiary Quilter Cheviot Holdings Limited.

On 29 June 2020, the Company purchased £23,000,000 of £1 ordinary shares in its subsidiary Quilter Financial Planning Limited.

On 22 December 2020, the Company purchased £10,000,000 of £1 ordinary shares in its subsidiary Quilter Financial Planning Limited.

9 INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

Company name	Share class	% Held	Registered office address
Quilter Life & Pensions Limited (formerly Old Mutual Wealth Life & Pensions Limited)	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Quilter Investment Platform Limited (formerly Old Mutual Wealth Limited)[1]	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Quilter Investment Platform Nominees Limited (formerly Old Mutual Wealth Nominees Limited)	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)[1]	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Charles Jacques Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Freedom Financial Planning (Manchester) Ltd.	Ordinary A	100	Hill House, 1 Little New Street, London, EC4A 3TR
Prescient Financial Intelligence Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Quilter Pension Trustees Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Quilter Private Client Advisers Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Maestro Financial Services Limited (in liquidation)	Ordinary	100	Hill House, 1 Little New Street, London, EC4A 3TR
NPL Financial Limited (in liquidation)	Ordinary	100	Hill House, 1 Little New Street, London, EC4A 3TR
Premier Planning Limited (in liquidation)	Ordinary	100	Hill House, 1 Little New Street, London, EC4A 3TR
Cheviot Capital (Nominees) Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Quilpep Nominees Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Quilter Cheviot Holdings Limited[1]	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Quilter Cheviot Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Quilter Nominees Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Violet No.2 Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AG
Blueprint Distribution Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Blueprint Financial Services Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Blueprint Organisation Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Caerus Bureau Services Limited	Ordinary	100	Hill House, 1 Little New Street, London, EC4A 3TR
Caerus Capital Group Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

9 INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

Quilter Financial Limited	Ordinary A	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Caerus Holdings Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Caerus Wealth Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Caerus Wealth Solutions Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Intrinsic Cirilium Investment Company Limited	Ordinary A	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Quilter Financial Services Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Quilter Financial Planning Limited [1]	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Intrinsic Financial Solutions Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Quilter Mortgage Planning Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Intrinsic Valuation Services Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Intrinsic Wealth Financial Solutions Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Quilter Wealth Limited	Ordinary	100	Wiltshire Court, Farnsby Street, Swindon, SN1 5AH
Quilter Financial Planning Solutions Limited	Ordinary	100	Riverside House, The Waterfront, Newcastle upon Tyne, NE15 8NY
Think Synergy Limited	Ordinary	100	Riverside House, The Waterfront, Newcastle upon Tyne, NE15 8NY
Falcon Financial Advice Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouse Advisory Services Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouse Benefits Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouse Corporate Services Ltd	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouse Direct Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouse Financial Advice Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouse Financial Adviser Services Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouse Financial Advisers Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouse Group plc	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouse Pensions Help Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB

9 INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

Lighthouse Support Services Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouse Wealth Management Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouse+ Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
LighthouseCarrwood Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthouseplus Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Lighthousetemple Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
LighthouseWealth Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
LighthouseXpress Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Luceo Asset Management Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
The Falcon Group Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Quilter Financial Advisors Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, United Kingdom, EC4V 4AB
Charles Derby Group Limited	Ordinary	100	6 Tollgate Business Park, Tollgate West, Stanway, Colchester, Essex, CO3 8AB
Charles Derby Private Clients Limited	Ordinary A	100	6 Tollgate Business Park, Tollgate West, Stanway, Colchester, Essex, CO3 8AB
Charles Derby Wealth Management Limited	Ordinary	100	6 Tollgate Business Park, Tollgate West, Stanway, Colchester, Essex, CO3 8AB
Forward Thinking Wealth Management Limited	Ordinary	100	6 Tollgate Business Park, Tollgate West, Stanway, Colchester, Essex, CO3 8AB
D G Pryde Limited	Ordinary A	100	Saltire Court, 20 Castle Terrace, Edinburgh, Scotland, EH1 2DB
Financial Services Advice & Support Limited	Ordinary	100	C/O Addleshaw Goddard LLP, 19 Canning Street, Edinburgh, Scotland, EH3 8EH
Quilter International Business Services Limited (incorporated in the Isle of Man)	Ordinary	100	King Edward Bay House, King Edward Road, Onchan, IM99 1NU
Quilter International Holdings Limited (incorporated in the Isle of Man)	Ordinary	100	King Edward Bay House, King Edward Road, Onchan, IM99 1NU
Quilter International Isle of Man Limited (incorporated in the Isle of Man)	Ordinary	100	King Edward Bay House, King Edward Road, Onchan, IM99 1NU
Quilter International Trust Company Limited (incorporated in the Isle of Man)	Ordinary	100	King Edward Bay House, King Edward Road, Onchan, IM99 1NU
Quilter Cheviot Europe Limited (incorporated in Ireland)	Ordinary	100	Hambledon House, 2nd Floor, 19/26 Lower Pembroke Street, Dublin 2
Quilter International Ireland dac (incorporated in Ireland)[1]	Ordinary	100	Hambledon House, 2nd Floor, 19/26 Lower Pembroke Street, Dublin 2
Pembroke Quilter (Ireland) Nominees Limited (incorporated in Ireland)	Ordinary	100	Hambledon House, 2nd Floor, 19/26 Lower Pembroke Street, Dublin 2

9 INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

Quilter Cheviot International Limited (incorporated in Jersey)	Ordinary A	100	3rd Floor, Windward House, La Route de la Liberation, St Helier, JE1 1QJ
C.I.P.M. Nominees Limited (incorporated in Jersey)	Ordinary	100	3rd Floor, Windward House, La Route de la Liberation, St Helier, JE1 1QJ
QGCI Nominees Limited (incorporated in Jersey)	Ordinary	100	3rd Floor, Windward House, La Route de la Liberation, St Helier, JE1 1QJ
Quilter International Middle East Limited (incorporated in United Arab Emirates)	Ordinary	100	7&8, Level 2, Gate Village 7, Dubai International Financial Centre, Dubai, 482062
AAM Advisory PTE, Limited (incorporated in Singapore)	Ordinary	100	138 Market Street, #06-01/02 Capita Green, Singapore, 048946

[1] Directly Owned

Impairment testing
In accordance with the requirements of IAS 36 *Impairment of Assets*, the investments in subsidiaries are tested annually for impairment by comparing the carrying value of the underlying investment to the recoverable value, being the higher of the value-in-use or fair value less costs to sell. If applicable, an impairment charge is recognised when the recoverable amount is less than the carrying value.

Previously Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited) and Quilter Investment Platform Limited (Old Mutual Wealth Limited) were treated as a cash generating unit on the basis of the cash flows within the Wealth Platforms segment being integrated. However, following the announcement of the proposed sale of the international business we reassessed that treatment and believe we can no longer aggregate those cash flows.

The recoverable value of the Company's asset management, including companies that have direct or indirect investments in underlying trading subsidiaries, is based on their value-in-use, which incorporates the discounted value of expected future cash flows. This calculation includes significant estimates relating to forecast cash flows, new business growth and discount rates.

The value-in-use calculations for asset management companies are determined as the sum of net tangible assets and the expected profits from existing and expected future new business. The cash flows that have been used to determine the value-in-use of the cash generating units are based on three-year business plans. These cash flows grow at different rates because of the different strategies of the CGUs. In cases where the CGUs have made significant acquisitions in the recent past, the profits are forecast to grow faster than the more mature businesses. Post the three-year business plan, the growth rate used to determine the terminal value of the CGUs in the annual assessment approximates to the UK long-term growth rate of 0.6% (2019: 0.8%). Market share and market growth information are also used to inform the expected volumes of future new business.

Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited) investment in Quilter Cheviot Holdings Limited is based on the value generated by the Quilter Cheviot business unit.

Key assumptions in value-in-use calculations

	2020	2019
Period on which management approved forecasts are based	3 years	3 years
Growth rate applied beyond approved business plan period	0.6%	0.8%
Discount rate applied to future cash flows	9.0%	10.1%

Impairment tests performed on asset management companies
During the year the value of the investment in Quilter Investment Platform Limited (formerly Old Mutual Wealth Limited) was written down by £70,370,000, as a result of the value-in-use falling below the carrying value.

9 INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

There has been a reversal of a previous impairment of £232,709,000 in Quilter Cheviot Holdings Limited as a result of the value in use recoverable value of £802,445,000 exceeding the carrying value. This adjustment reverses the previous impairments of £86,778,000 and £145,930,000 booked in 2019 and 2018 respectively.

Sensitivity of impairment assessment for value-in-use calculation
The value-in-use calculation includes significant estimates relating to forecast cash flows, new business growth and discount rates. Due to the level of estimation involved in this calculation, it is subject to sensitivity tests, including the impacts of a 10% reduction in future cash flows and a 1% increase in the discount rate.

The following table shows the consequence of the downside sensitivities of key assumptions within the value-in-use calculations on the carrying amount of the Company's investment in subsidiary balance at 31 December 2020:

	Investment in subsidiaries
	£000
Forecast cash flows reduced by 10%	13,087
Discount rate increased by 1%	4,915

The recoverable value of the Company's investment in Quilter International Ireland dac has been measured using the fair value less costs to sell methodology. The fair value methodology has been calculated using the net proceeds of sale following the announcement on 1 April 2021 of Quilter plc's intention to sell the International business which Quilter International Ireland dac forms part of.

Management believe that any reasonable change in the net proceeds of sale would not cause the recoverable amount to fall below the carrying amount. Accordingly, no impairment charge has been recognised at 31 December 2020.

Investment in financial adviser subsidiary

Fair value less costs to sell is used to measure the recoverable value of the Company's financial adviser subsidiaries. The fair value methodology uses the Assets under Advice ("AuA") at the year end and applies a multiplier based on recent Quilter Financial Planning ("QFP") and other industry acquisitions. This calculation assumes an estimated market-based multiplier to measure the fair value of the investment. The value-in-use calculation incorporates the discounted value of expected future cash flows and is subject to significant estimates relating to cash flows, new business growth and discount rates.

The recoverable value of the Company's non-trading subsidiaries is based on the fair value less costs to sell, which is not subject to any significant estimates.

Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited) investment in Quilter Financial Planning is based on the value generated by the Quilter Financial Planning business unit.

Key assumptions applied and results of the fair value less costs to sell calculation for the financial adviser subsidiaries
The fair value less costs to sell valuation is determined by applying an estimated market-based multiplier of 1.35% (2019: 1.00%) to the AuA at 31 December 2020. The multiplier is estimated with reference to several recent acquisitions within the financial adviser industry.

Impairment tests performed on financial adviser companies
The impairment test indicated that the fair value less costs to sell of £360,082,000 exceeded the carrying value at 31 December 2020 and as such a partial reversal of previous impairments of £147,905,000 has been recognised.

Following the recognition of an impairment reversal, the recoverable value is now equal to the carrying value of the investment at 31 December 2020. This means that any decrease in the market-based multiplier used as part of the calculation of the fair value would result in an impairment. A reduction in the multiplier from 1.35% to 1.00% would result in an impairment of £69,094,000.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

10 INVESTMENTS IN ASSOCIATE

	2020	2020	2019	2019
	Carrying value	Company share of loss	Carrying value	Company share of loss
	£'000	£'000	£'000	£'000
Name of the Company				
360 DOT NET LIMITED	1,461	(4)	1,465	(90)

The registered office address is 12-14, Upper Marlborough Road, St.Albans, Hertfordshire, AL1 3UR.

On 31 December 2019, the outstanding loan of £784,000 to 360 DOT NET Limited was converted to 693 Ordinary A shares of 360 DOT NET Limited, increasing the Company's investment to 17.5%.

11 OTHER INVESTMENTS

	2020	2020	2019	2019
	Cost	Fair value	Cost	Fair value
	£'000	£'000	£'000	£'000
Corporate investment	30	31	30	30
	30	31	30	30

Other investments are held at FVTPL which differs to their initial cost as shown in the table above.

12 LOANS AND ADVANCES

	Note	2020 £'000	2019 £'000
Lending to subsidiary undertaking at 1 year LIBOR + 0.5%[1]	22	122,704	122,704
Lending to subsidiary undertaking at 1 year LIBOR + 0.5%[2]	22	20,000	-
		142,704	122,704

[1] Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)

[2] Quilter Business Services Limited

All loans are recognised at amortised cost, with their carrying amount approximating to fair value.

All loans are repayable on demand. There have been no non-performing loans, loans subject to renegotiations or material impairments on loans and advances.

13 DEFERRED TAX ASSETS

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

	Tax losses carried forward £'000
Asset at 31 December 2018	3,141
Movement in the year	(754)
Asset at 31 December 2019	2,387
Movement in the year	281
Asset at 31 December 2020	2,668

Since 1 April 2017 the main rate of UK corporation tax has been 19%. A reduction to 17% from 1 April 2020 was enacted in 2016; this change was subsequently revoked, and the rate remains at 19%. On 3 March 2021 the Chancellor of the Exchequer announced in the budget a future increase in corporation tax from 19% to 25%, effective 1 April 2023. The change in the rate has not yet been substantially enacted but had it been at the 31 December 2020 the impact on the Company's deferred tax assets and liabilities would be immaterial.

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 2020 was £12,812,000 (2019: £11,464,000). This relates to gross carried forward losses of £67,433,000 (2019: £67,433,000).

14 OTHER RECEIVABLES

	Note	2020 £'000	2019 £'000
Bank interest		1	23
		1	23

All amounts are current, short term and interest free and recognised at amortised cost, with the carrying amount approximating to fair value.

15 CASH AND CASH EQUIVALENTS

	2020 £'000	2019 £'000
Bank balances	61,482	81,070
Money market OEIC investments	126,899	36,200
Cash and cash equivalents	188,381	117,270
Credit ratings		
Bank balances		
A	61,482	55,770
AA	-	25,300
	61,482	81,070
Money market OEIC investments		
AAA	126,899	36,200
	126,899	36,200

Bank balances are current and recognised at amortised cost. Money market investments are recognised mandatorily at FVTPL. Bank balances are subject to a 12 month ECL.

16 SHARE CAPITAL

	2020 £'000	2019 £'000
Allotted and called up		
Fully paid – 115,600,000 (2019: 115,600,000) ordinary shares of £1 each	115,600	115,600
Partly paid – 2,500,000 (2019: 2,500,000) ordinary shares of £1 each, 20p paid	500	500
	116,100	116,100

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

17 FINANCIAL INSTRUMENTS

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

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

The following statement of financial position captions contain financial instruments that have been analysed into the three specified levels as described above:

2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets designated at fair value through the income statement				
- other investments	31	-	-	31
- cash and cash equivalents – money market funds only	126,899	-	-	126,899
Total assets measured at fair value	126,929	-	-	126,929

2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets designated at fair value through the income statement				
- other investments	30	-	-	30
- cash and cash equivalents – money market funds only	36,200	-	-	36,200
Total assets measured at fair value	36,230	-	-	36,230

There have been no changes in valuation techniques during the year under review. There have been no transfers between level 1 and level 2 during the year under review.

18 INTEREST BEARING LIABILITIES

	Note	2020 £'000	2019 £'000
Loan from immediate parent undertaking at 1 year LIBOR + 0.5%	22	89,829	89,829
Loan from immediate parent undertaking at 10%	22	74,810	67,837
Loan from immediate parent undertaking at 1 month LIBOR + 1.304%	22	131,000	131,000
Loan from subsidiary undertaking at 1 month LIBOR + 1.304%[1]	22	40,000	40,000
Loan from subsidiary undertaking at 1 month LIBOR + 0.5%	22	56,000	-
Loan from subsidiary undertaking at 1 month LIBOR + 0.5%	22	22,000	-
		413,639	328,666

[1]Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)

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

Amounts are recognised at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

19 OTHER PAYABLES

	Note	2020 £'000	2019 £'000
Due to fellow subsidiary undertakings[1]	22	35	15
Due to immediate parent	22	7,896	6,563
Commission		15	15
		7,946	6,593

[1]Quilter Business Services Limited, Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited) and Quilter Financial Planning Limited.

All amounts are current and short term. Amounts due to group companies are unsecured, interest free and are settled periodically throughout the year. Amounts are recognised at amortised cost.

20 FINANCIAL AND CAPITAL COMMITMENTS

There are no material financial and capital commitments at 31 December 2020 (2019: £nil).

21 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2020 (2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

22 RELATED PARTY TRANSACTIONS

The following transactions were entered into with related parties during the year:

	Note	2020 £'000	2019 £'000
Interest receivable from immediate parent	4	-	301
Interest receivable from subsidiary undertaking	4	1,121	1,622
Dividends from subsidiary undertaking	4	87,000	176,000
Management fees paid to group undertakings	5	61	97
Interest payable to parent undertaking	7	10,341	10,460
Interest payable to group undertaking	7	681	691
Investment in subsidiary undertaking - addition	9	69,000	160,100
Lending to subsidiary undertaking at 1 year LIBOR + 0.5%	12	122,704	122,704
Lending to subsidiary undertaking at 1 year LIBOR + 0.5%	12	20,000	-
Loan from immediate parent undertaking at 1 year LIBOR + 0.5%	18	89,829	89,829
Loan from immediate parent undertaking at 10%	18	74,810	67,837
Loan from immediate parent undertaking at 1 month LIBOR + 1.304%	18	131,000	131,000
Loan from subsidiary undertaking at 1 month LIBOR + 1.304%	18	40,000	40,000
Loan from subsidiary undertaking at 1 month LIBOR + 0.5%	18	56,000	-
Loan from subsidiary undertaking at 1 month LIBOR + 0.5%	18	22,000	-
Due to subsidiary undertakings	19	35	15
Due to immediate parent	19	7,896	6,563

Management services in the current and prior year are provided by Quilter Business Services Limited, a fellow group undertaking. Quilter Business Services Limited charges a management fee for costs incurred and services provided. This management fee is charged at cost plus mark-up.

Transactions with key management personnel, remuneration and other compensation
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company. Details of transactions with key management personnel are provided in note 6.

Key management personnel transactions
Key management personnel of the Company and members of their close family have undertaken transactions with the Company or an entity within the Quilter group in the normal course of business.

The products within the Company and Quilter group are available to all employees of the Company on preferential staff terms, the impact of which is immaterial to the Company’s financial statements. During the year ended 31 December 2020, key management personnel and their close family members contributed £80,000 (2019: £183,000, restated from nil) to pensions and investments (in both internal and external funds). The total value of investments in pensions investment products by key management personnel serving at any point during the year and their close family members was £1,188,000 (2019: £1,058,000, restated from nil) at the end of the year. The prior year comparatives have been restated due to the subsequent identification of additional investments in Group products associated with key management personnel in the year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

23 EVENTS AFTER THE REPORTING DATE

Disposal of Quilter International Business

On 1 April 2021, Quilter plc announced the proposed sale of Quilter International to Utmost Group Limited, following a detailed strategic review. Total consideration for the sale is anticipated to be approximately £483 million, inclusive of a 5% interest charge on the base consideration of £460 million from 1 January 2021 to completion of the sale. The sale is expected to complete around the end of 2021, conditional upon Quilter shareholder approval, customary regulatory approvals in the Isle of Man, Ireland, Hong Kong, Singapore and the Dubai International Financial Centre, and anti-trust approval from the European Commission. The Company's direct subsidiary, Quilter International Ireland dac, and the Company's indirect subsidiary, Quilter International Holdings Limited, along with its subsidiaries, will be sold as part of the proposed sale.

Following the separation of Old Mutual Wealth from Old Mutual plc, the subsequent listing and creation of Quilter plc, the Company changed its name to Quilter Holdings Limited from Old Mutual Wealth Holdings Limited on 8 June 2021 and its registered address was changed to Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

24 ULTIMATE PARENT COMPANY

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

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

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