Registered in England and Wales No. 03087634

Quilter Perimeter Holdings Limited

(formerly Skandia UK Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2021

Contents

Quilter Perimeter Holdings Limited
(formerly Skandia UK Limited)

COMPANY INFORMATION
for the year ended 31 December 2021

BOARD OF DIRECTORS

D J L Eardley
K S Lee-Crossett
M O Satchel

COMPANY SECRETARY

Quilter CoSec Services Limited

BANKER

National Westminster Bank Plc
135 Bishopsgate
London
EC2M 3UR

AUDITOR

PricewaterhouseCoopers LLP
Chartered Accountants
Savannah House
3 Ocean Way
Ocean Village
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. 03087634

STRATEGIC REPORT

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

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Quilter Perimeter Holdings Limited (formerly Skandia UK 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 provides the Company with strategic and governance oversight. The Company forms part of the head office function of Quilter plc group.

The principal activity of the Company is that of a holding company. No significant change in the nature of these activities has occurred during the year and the Directors believe that the activities of the Company will remain unchanged for the foreseeable future. On 23 December 2021, the Company changed its name from Skandia UK Limited to Quilter Perimeter Holdings Limited.

The results of the Company for the period are set out in the income statement on page 10.

QUILTER STRATEGY

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

KEY PERFORMANCE INDICATORS (KPIs)

The Company's primary key performance indicator is IFRS profit after taxation. The profit for the year, after taxation, amounted to £11,495,000 (2020: profit £52,496,000). The lower profit reflects reduced dividend income from subsidiaries.

Other internal KPIs used by management are dividends received, investment in subsidiaries and the return on investment (dividends received expressed as a percentage of investments in subsidiaries).

Key performance indicators table

	2021 £000	2020 £000
Dividends received	94,961	272,889
Investment in subsidiaries	2,671,597	2,691,531
Return on investment	3.6%	10.1%
IFRS profit after taxation	11,495	52,496

The Company's KPI in respect of the statement of financial position is net assets, as shown below.

FINANCIAL POSITION AT THE END OF THE YEAR

The Company's net assets have decreased from £194,102,000 to £70,105,000.

During the year the Company carried out an impairment test on the carrying values of its investments in subsidiaries. The test highlighted a deficit in the fair value of Quilter Perimeter (IOM) Limited (formerly OMF (IOM) Limited), and therefore an impairment of £19,934,000 was recognised in the income statement in respect of this subsidiary.

The impairment arose as a consequence of the Company's subsidiary making dividend payments. The paid dividend was greater in value than the respective profit of the entity, which led to a reduction in net asset value below the cost of investment recorded in the financial statements of the Company.

During the year the Company received dividends totalling £94,961,000 and paid dividends totalling £135,492,000.

This included dividends received of £89,412,000 (2020: £77,764,000) from Quilter Perimeter (IOM) Limited (formerly OMF (IOM) Limited), Quilter Perimeter Limited (formerly OMFS (UK) Limited) of £nil (2020: £185,396,000) and £5,549,000 (2020: £9,729,000) from Quilter Perimeter GGP Limited (formerly OMFS (GGP) Limited) on 17 December 2021. On the same date, it paid a dividend of £5,492,000 (2020: £12,114,000) to its parent, Quilter plc, and a further £130,000,000 on 27 December 2021.

A new loan agreement was also entered into with its parent, Quilter plc. On 27 December 2021, the Company drew down £130,000,000 against this loan facility.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Company arise from the ability of its group undertakings to distribute dividends to the Company, any impairment of the valuation of those group undertakings and the ability of the Company to repay its outstanding loan.

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

SECTION 172 (1) STATEMENT

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

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

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
31 August 2022

DIRECTORS' REPORT

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

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

D J L Eardley
K S Lee-Crossett
M O Satchel

The Company Secretary during the period 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 2021 for the benefit of the 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 totalling £135,492,000 were declared and paid (2020: £ 12,114,000).

EMPLOYMENT POLICIES
The Company had no employees during or at the end of the year (2020: nil).

FINANCIAL INSTRUMENTS
The financial risk management objectives and policies of the Company are disclosed in note 15.

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

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

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

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.

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

STATEMENT OF GOING CONCERN
The financial statements have been prepared on a going concern basis. The Company forms part of the Quilter Perimeter UK sub-group of entities which have common control and directorships, and for this reason the board has reviewed this sub-group's projections for the next 12 months and beyond as a whole. The intra-group transactions for this sub-group aggregate to nil and transactions external to the sub-group are forecast to be cash-generating, and therefore 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.

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

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

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

INDEPENDENT AUDITOR

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

On behalf of the Board

M O Satchel
Director

31 August 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Independent auditors' report to the members of Quilter Perimeter Holdings Limited (formerly Skandia UK Limited)

Report on the audit of the financial statements

Opinion

In our opinion, Quilter Perimeter Holdings Limited's (formerly Skandia UK Limited) financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Income Statement, the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the 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 requirements and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates and judgemental areas of the financial statements, such as the recoverability assessment of the deferred tax asset. Audit procedures performed by the engagement team included:

- Discussions with the Board, management, senior management involved in the Quilter Group's Risk and Compliance function, Quilter Group's internal audit function and the Quilter Group's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing Board minutes as well as relevant meeting minutes

- Reviewing correspondence between the Company and HMRC in relation to compliance with laws and regulations
- Identifying and testing unusual manual journal entries posted during the year
- Reviewing all bank statement transactions to identify any potential transactions that haven't been recorded
- Incorporating an element of unpredictability into our audit procedures
- Assessment of any 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

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

31 August 2022

INCOME STATEMENT
for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Revenue			
Investment return	2	102,470	280,417
Total revenue		102,470	280,417
Expenses			
Finance cost	3	(93,250)	(102,954)
Impairment of investments in subsidiaries	5	(19,934)	(189,405)
Total expenses		(113,184)	(292,359)
Loss before taxation		(10,714)	(11,942)
Income tax	4	22,209	64,438
Profit for the year after taxation		11,495	52,496

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

The notes on pages 14 to 23 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	2021 £000	2020 £000
Profit for the year	11,495	52,496
Total comprehensive income for the year	11,495	52,496

The notes on pages 14 to 23 are an integral part of these financial statements.

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

	Note	Share capital £000	Retained earnings £000	Total equity £000
Balance as at 1 January 2021		1	194,101	194,102
Profit for the year		-	11,495	11,495
Dividends paid	13	-	(135,492)	(135,492)
Balance at 31 December 2021		1	70,104	70,105

	Note	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020		1	153,719	153,720
Profit for the year		-	52,496	52,496
Dividends paid	13	-	(12,114)	(12,114)
Balance at 31 December 2020		1	194,101	194,102

The notes on pages 14 to 23 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Note	2021 £000	2020 £000
Assets			
Investments in subsidiaries	5	2,671,597	2,691,531
Loans and advances	6	136,216	136,216
Deferred tax assets	9	42,118	40,028
Other receivables	7	1,913	1,913
Current tax assets	8	30,529	28,169
Cash and cash equivalents		2,052	-
Total assets		**2,884,425**	**2,897,857**
Equity and liabilities			
Equity			
Share capital	12	1	1
Retained earnings		70,104	194,101
Total equity		**70,105**	**194,102**
Liabilities			
Interest bearing liabilities	10	2,747,842	2,637,958
Other payables	11	66,478	65,797
Total liabilities		**2,814,320**	**2,703,755**
Total equity and liabilities		**2,884,425**	**2,897,857**

The notes on pages 14 to 23 are an integral part of these financial statements.

The financial statements on pages 10 to 23 were authorised and approved by the Board of Directors on 31 August 2022 and signed on its behalf by:

M O Satchel
Director

Company registered number: 03087634

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

1 ACCOUNTING POLICIES

General information
Quilter Perimeter Holdings Limited (formerly Skandia UK Limited) (the "Company") is a private company limited by shares, incorporated in England and Wales and domiciled in the 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.

Basis of preparation
The financial statements of the Company for the year ended 31 December 2021 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

First time application of FRS 101
The Company has transitioned to FRS 101 for the first time in 2021, the prior year was prepared in accordance with international accounting standards. No material adjustments have been required to the prior year in respect of the change in reporting approach.
The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the critical accounting estimates and judgements section on page 14.

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

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Company.

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

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

The financial statements have been prepared on a going concern basis. The Company forms part of the Quilter Perimeter UK sub-group of entities which have common control and directorships, and for this reason the board has reviewed this sub-group's projections for the next 12 months and beyond as a whole. The intra-group transactions for this sub-group aggregate to nil and transactions external to the sub-group are forecast to be cash-generating, and therefore 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.

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.

There are no critical accounting judgements for the current or prior years.

ACCOUNTING POLICIES (continued)

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 accounting guidance to make predictions about future actions and events. Actual results may differ from those estimates.

Area	Critical accounting estimates	Note
Deferred tax – measurement	The recognition of deferred tax assets is subject to the estimation of future taxable profits, which is based on the Quilter plc group annual business planning process and in particular on estimated levels of assets under management, which are subject to a large number of factors including worldwide stock market movements and related movements in foreign exchange rates, together with estimates of net client cash flow, expenses and other charges. Tax planning is undertaken on a group-wide basis and the business plan, adjusted for known and estimated tax sensitivities, is used to determine the extent to which deferred tax assets are recognised. In general, the group assesses recoverability based on estimated taxable profits over a 3-year planning horizon. Where credible longer term profit forecasts are available the specific entity may assess recoverability over a longer period, subject to a higher level of sensitivity testing. For the purpose of providing for deferred tax assets, foreseeable profits have been modelled based on the future results of the Group as a whole, on the basis that excess future losses of the Company can be surrendered to other group companies under the group relief provisions. Sensitivity analysis demonstrates significant headroom in the recoverable amount of the deferred tax asset over the taxable profits contained within the Quilter plc group 3-year planning horizon. The impact of a 20% decrease in group profitability over that period has been assessed and would not result in any impact over recoverability of deferred tax assets.	9

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

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

All tax provisions for the Company continue to be calculated consistent with IAS 12 Income taxes and provisions and in respect of any uncertain tax positions. There are also no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the Company's financial statements.

Future standards, amendments to standards, and interpretations not early-adopted in the 2021 annual financial statements
There have been no new standards or interpretations which became effective 1 January 2021.

Significant accounting policies
The Company's significant accounting policies are described below. There have been no changes to the Company's significant accounting policies as a result of changes in accounting standards during the year. The accounting policies disclosed in these notes have been consistently applied throughout the current and prior financial year.

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

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best represents the way the business is managed and information is reported to management. The assessment considers the stated portfolio policies and objectives. It is important to determine whether management's strategy in holding the financial asset is to earn contractual interest revenue, for example to match the duration of financial assets to the duration of liabilities that are funding those assets or to realise cash flows through the sale of the assets. The frequency, volume and timing of sales in prior periods may be reviewed, along with the reasons for such sales and expectations about future sales activity. This helps management determine whether financial assets should be measured at fair value. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. Reclassifications are expected to occur infrequently.

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

ACCOUNTING POLICIES (continued)

Measurement basis	Accounting policies
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.

Loans and advances
Loans to group companies are initially recorded at cost 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.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, call deposits and other short-term deposits with an original maturity of three months or less.

All 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 approximates to their fair value.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Other financial liabilities are measured at amortised cost using the effective interest method.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less impairments. Where in the opinion of the directors there has been an impairment in the value of an asset, such impairment is recognised as a charge in the income statement. Where the impairment relates to a previous downward valuation, and where this was taken to other income in the income statement, any reversal of the downward revaluation will also be taken to other income.

Impairment of financial assets
The impairment model applies to financial assets measured at amortised cost. Financial assets at amortised cost include loans and advances, other receivables, cash and cash equivalents.

Under IFRS 9, credit loss allowances are measured on each reporting date according to a three-stage expected credit loss ("ECL") impairment model:

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

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

ACCOUNTING POLICIES (continued)

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

Impaired financial assets:
Stage 3
When a financial asset is considered to be credit-impaired, the allowance for credit losses ("ACL") continues to represent lifetime expected credit losses, however, interest income is calculated based on the amortised cost of the asset, net of the loss allowance, rather than its gross carrying amount.

Application of the impairment model
The Company applies IFRS 9's ECL model to three main types of financial assets that are measured at amortised cost:

- Other receivables, to which the general three-stage model (described above) is applied. This approach requires the recognition of a Lifetime ECL allowance on day one and thereafter.
- Cash at amortised cost, to which the general three-stage model (described above) is applied, whereby a 12-month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.
- Loans and advances at amortised cost, to which the general three-stage model (described above) is applied, whereby a 12-month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.

ECLs are 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. 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 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.

Dividend income
Dividends receivable from group companies are recognised in the period in which the dividends are declared and approved at the general meeting.

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

ACCOUNTING POLICIES (continued)

Interest bearing liabilities
Interest bearing liabilities are recognised initially as 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.

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.

Taxation

Current tax
Current tax is the expected tax payable on the taxable income for the year, using the 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 reported and tax values of assets and liabilities. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax liabilities are not discounted.

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

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2 INVESTMENT RETURN

	2021 £000	2020 £000
Quilter Perimeter (IOM) Limited (formerly OMF (IOM) Limited)	89,412	77,764
Quilter Perimeter (UK) Limited (formerly OMFS UK Limited)	-	185,396
Quilter Perimeter GGP Limited (formerly OMFS (GGP) Limited)	5,549	9,729
Dividends received from subsidiaries	94,961	272,889
Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)	7,509	7,528
Interest received from fellow group undertakings	7,509	7,528
Total investment return	102,470	280,417

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

3 FINANCE EXPENSES

	2021 £000	2020 £000
Quilter Perimeter (IOM) Limited (formerly OMF (IOM) Limited)	87,635	92,801
Quilter Perimeter GGP Limited (formerly OMFS (GGP) Limited)	5,615	10,153
Interest paid to subsidiaries	93,250	102,954

Auditor remuneration paid to Pricewaterhouse Coopers LLP, of £5,225 (2020: £5,000), is borne by Quilter Business Services Limited, a fellow group company.

Auditor's remuneration for audit services consists of fees in respect of the statutory audit. There are no non-audit fees.

4 TAXATION

	2021 £000	2020 £000
Income tax expense		
Current tax expense		
Current year corporation tax credit	(20,091)	(18,131)
Prior year corporation tax credit	(28)	(7,600)
Deferred tax expense		
Deferred tax charge	(2,090)	(38,707)
Tax charge on loss on ordinary activities	(22,209)	(64,438)
Factors affecting tax charge for the period		
Loss before taxation	(10,714)	(11,942)
Tax at standard rate of 19% (2018: 19%)	(2,036)	(2,269)
Effects of:		
UK dividends receivable	(18,043)	(51,849)
Effect on deferred tax on changes in tax rates	(5,890)	-
Impairments of subsidiaries not tax deductible	3,788	35,987
Movement in previously unrecognised deferred tax assets	-	(38,552)
Prior year corporation tax credit	(28)	(7,600)
Other	-	(155)
Total taxation for the year	(22,209)	(64,438)

Factors that may affect future charges
The main rate of corporation tax is 19%. This will increase to 25% with effect from 1 April 2023. The Company has recognised deferred tax assets as disclosed in note 9. The Company considers that the future profits will be sufficient to utilise the tax asset recognised.

5 INVESTMENT IN SUBSIDIARIES

	2021 £000	2020 £000
Carrying value at 1 January		
At the beginning of the year	2,691,531	2,880,936
Impairment	(19,934)	(189,405)
Carrying value at 31 December	2,671,597	2,691,531

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.

The 2020 impairment test highlighted a deficit in the fair values of Quilter Perimeter (IOM) Limited (formerly OMF (IOM) Limited) and therefore an impairment of £19,934,000 was recognised in the income statement. In 2020 the corresponding impairment was £189,405,000.

As the recoverable amount of the Company's investments in subsidiaries is based on fair value less costs to sell, there are no critical accounting estimates that impact their valuation and are therefore not subject to any sensitivity analysis.

At 31 December 2021, the Company held direct interests in the following entities, which are wholly owned:

Name	**Nature of business**	**Country of residence**	**Registered Office address**
Quilter Perimeter (UK) Limited (formerly OMFS UK Limited)	Holding company	England & Wales	Senator House, 85 Queen Victoria Street, London, EC4V 4AB
Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited) [1]	Holding company	England & Wales	Senator House, 85 Queen Victoria Street, London, EC4V 4AB
Quilter Perimeter Limited (formerly OMLA Holdings Limited)	Holding company	England & Wales	Senator House, 85 Queen Victoria Street, London, EC4V 4AB
Quilter Perimeter (IOM) Limited (formerly OMF (IOM) Limited)	Financing company	Isle of Man	33-37 Athol Street, Douglas, IM1 1LB Isle of Man
Old Mutual Europe GmbH	Holding company	Germany	Wiesenhüttenstraße 11, 60329 Frankfurt am Main. Germany
Skandia Retail Europe Holding GmbH	Holding company	Germany	Wiesenhüttenstraße 11, 60329 Frankfurt am Main. Germany

[1]The Company holds a direct investment in Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited) of 90.4%, plus an indirect investment of 9.6%.

6 LOANS AND ADVANCES

	2021 £000	2020 £000
Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)	136,216	136,216

The Company has a loan with Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited) of £136,216,000. Interest is charged on the basis of 5.5% per annum on the loan which is held at amortised cost. The carrying amount approximates to fair value which is valued as the principal amount repayable.

7 OTHER RECEIVABLES

	2021 £000	2020 £000
Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)	1,913	1,913

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

8 TAX ASSETS

	2021 £000	2020 £000
Current tax assets	30,529	28,169

All amounts are current.

9 DEFERRED TAX

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

	Tax losses carried forward £000	Other carried forward £000	Total £000
Movement in the year	155	38,552	38,707
Asset at 31 December 2020	1,476	38,552	40,028
Movement in the year	466	1,624	2,090
Asset at 31 December 2021	1,942	40,176	42,118

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

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

The Company has not provided a deferred tax asset in respect of brought forward losses of £50,000,000 (2020: £50,000,000) available to be surrendered to other Group companies as based on the three-year planning horizon the utilisation of these losses is not reasonably foreseeable. If recognised at the UK corporation tax rate in force as at 31 December 2021 of 19%, this would have increased deferred tax assets as at that date by £9,500,000 (2020: £9,500,000).

10 INTEREST BEARING LIABILITIES

	2021 £000	2020 £000
Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited) [1]	557,001	557,106
Quilter Perimeter (IOM) Limited (formerly OMF (IOM) Limited) [2]	2,060,841	2,080,852
Quilter plc [3]	130,000	-
	2,747,842	2,637,958

[1] The Company has a term loan of £488,937,000 with Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited) that expires on 30 September 2022. Interest is charged at 1.5%.

[1] The Company has a £300,000,000 revolving credit facility with Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited. The facility is recallable on demand (31 December 2021: £68,064,000 drawn, 31 December 2020: £68,871,000 drawn). Interest is charged on the facility at LIBOR.

[2] The Company has a loan note with Quilter Perimeter (IOM) Limited (formerly OMF (IOM) Limited) for £1,844,000,000 and deferred interest on this balance. Interest is LIBOR plus 4.1% margin and the loan has a maturity date of 29 June 2027.

[3] The Company has a fully-drawn £130,000,000 loan facility with Quilter plc.

11 OTHER PAYABLES

	2021 £000	2020 £000
Quilter Perimeter UK Limited (formerly OMLA Holdings Limited)	46,637	46,637
Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited)	611	20
Quilter Perimeter (IOM) Limited (formerly OMF (IOM) Limited)	19,230	19,140
	66,478	65,797

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

12 SHARE CAPITAL

	2021 £000	2020 £000
Issued		
1,000 ordinary shares of £1 each (2020 1,000 ordinary shares of £1 each)	1	1
	1	1

13 DIVIDENDS

	2021 £000	2020 £000
Dividends paid		
2020 dividends paid to Quilter plc (12,114,000p per share)	-	12,114
2021 dividends paid to Quilter plc (5,492,000p per share)	5,492	-
2021 dividends paid to Quilter plc (130,000,000p per share)	130,000	-
Dividends paid to immediate parent	135,492	12,114

14 RELATED PARTY TRANSACTIONS

All directors are employed by, and receive their emoluments from fellow group undertakings. The Directors holding office during the year ended 31 December 2021 consider that their services to the Company are incidental to their other duties within the group and accordingly no remuneration has been apportioned to this Company.

15 FINANCIAL INSTRUMENT RISK

The Company complies with group risk policies on the key risks associated with the business. These cover the UK Prudential Regulatory Authority defined risk categories of group, credit, insurance, liquidity, operational and market risk. The policies, approved by the board of the ultimate parent company, Quilter plc, are reviewed annually as part of the risk appetite assessment process. Each component risk is assigned a risk owner at director level who is responsible for the ongoing review, mitigation and execution of appropriate action plans.

The Company is exposed to limited liquidity, credit and market risk since the loan balances are with group companies.

16 CAPITAL MANAGEMENT

Total equity attributable to equity holders is managed as capital and there are no externally imposed capital requirements of the Company. The Company reviews its obligations as an intermediate holding Company towards the capital requirements of its subsidiaries, to ensure that the Company has sufficient capital to fulfil its purpose as a holding company for the group.

17 FINANCIAL AND CAPITAL COMMITMENTS

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

18 CONTINGENT LIABILITIES

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

19 EVENTS AFTER THE REPORTING DATE

There are no events after the balance sheet date to report on.

20 ULTIMATE PARENT UNDERTAKING

The Company's immediate and ultimate parent is Quilter plc a company registered in England and Wales. The Company's financial statements are consolidated within the financial statements of Quilter plc. The financial statements are available from:

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