Registered in England and Wales No. 01752066

Quilter UK Holding Limited

(formerly Old Mutual Wealth UK Holding Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 December 2021

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COMPANY INFORMATION

Directors	P A Dark D J L Eardley J Mitchell M Sullivan
Secretary	Quilter CoSec Services Limited
Banker	National Westminster Bank Plc 68 Above Bar Street Southampton SO14 7DS
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants Savannah House 3 Ocean Way Ocean Village Southampton Hampshire SO14 3TJ
Registered office	Senator House 85 Queen Victoria Street London EC4V 4AB United Kingdom Telephone: 0808 171 2626 Website: www.quilter.com Registered in England and Wales No. 01752066

STRATEGIC REPORT

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

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding 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 the Quilter plc group. On 8 June 2021, the Company changed its name from Old Mutual Wealth UK Holding Limited to Quilter UK Holding Limited. On the same date, it also changed its registered address from Old Mutual House to Senator House.

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, the Company will ensure this is passed from its subsidiaries to its parent Quilter Holdings Limited. The principal activities of the Company's subsidiaries during the year relates to investment products traded within the UK. These activities are expected to 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 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 table below shows the key performance indicators that the Company uses to manage its business performance.

IFRS profit or loss is one of the Company’s key performance indicators. The profit for the year, after taxation, amounted to £2,193,000 (2020: £130,583,000 loss). Profits in the year have increased as a result of no impairment charges in the current year.

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). Net assets have decreased as a result of dividends paid in the year.

	2021 £'000	2020 £'000
IFRS Profit/(loss) after tax	2,193	(130,583)
Net assets	59,038	276,845
Dividends received	10,000	40,000
Investment in subsidiaries	217,510	616,643
Return on investment	4.6%	6.5%

FINANCIAL POSITION AT THE END OF THE YEAR

The Company’s total net assets have decreased from £276,845,000 to £59,038,000, with cash and cash equivalents decreasing from £92,292,000 to £85,837,000.

On 24 March 2021, the Company received dividends of £10,000,000 from its subsidiary, Quilter Life & Pensions Limited (formerly Old Mutual Wealth Life & Pensions Limited) (2020 total dividends received: £40,000,000).

On 30 November 2021, the Company completed the sale of Quilter International Holdings Limited to Utmost Group for consideration of £441,047,000. Following the sale, the Company paid a dividend of £220,000,000 to its parent, Quilter Holdings Limited, and repaid a loan of £200,000,000 to its ultimate parent Quilter plc.

STRATEGIC REPORT (continued)

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 Company has adopted the Enterprise Risk Management framework of the group. This provides the framework for the monitoring, management and governance of risk. The key risks affecting the business are described below.

The key risks affecting the Company are those that are relevant for the trading subsidiaries that the Company owns. These risks are described below.

Climate strategy

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

Information technology

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

Operational resilience

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

Capital management

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

Liquidity risk

Quilter's 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. The Company monitors liquidity and ensures that an adequate level of cash is available to the regulated entities should it be required.

STRATEGIC REPORT (continued)

SECTION 172 (1) STATEMENT

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

In order to ensure decision-making bodies within Quilter plc continue to take their decisions on a fully informed basis, the Group has taken steps to further embed Management's and 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 and employees is key to promoting the success of the Company. Given the activities of the Company, the key stakeholders are limited to the Company's sole shareholder, other group entities, the community, and the environment. Consideration is given to these stakeholders when deliberating at Board meetings to the extent appropriate. Further details of how the Company has had regard for its stakeholders can be found in the Directors' Report.

On behalf of the board

M Sullivan
Director
22 September 2022

DIRECTORS' REPORT

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

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

DIRECTORS

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

P A Dark
D J L Eardley
J Mitchell
M Sullivan (appointed 1 July 2021)
A M Waters (resigned 1 July 2021)

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 2021 for the benefit of the then Directors, and at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties/powers or office.

DIVIDENDS

During the year dividends of £220,000,000 (2020: £30,000,000) were paid and no further dividend is recommended (2020:£nil).

EMPLOYEES

The Company has no employees (2020: nil). Management services are provided by Quilter Business Services Limited, a fellow group undertaking.

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Company are disclosed in the Strategic Report.

POLITICAL DONATIONS

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

CHARITABLE DONATIONS

During the year, the Company made charitable donations of £7,374 (2020: £36,303).

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 accounts 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

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").

DIRECTORS' REPORT (continued)

STREAMLINED ENERGY AND CARBON REPORTING

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

INVESTING RESPONSIBLY

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

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

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

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 Section 485 of the Companies Act 2006 for the 2021 financial year and have indicated their willingness to continue in office.

By order of the Board

M Sullivan
Director
22 September 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.

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 UK Holding Limited

Report on the audit of the financial statements

Opinion

In our opinion, Quilter UK Holding Limited's financial statements:

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

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

Basis for opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, 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 manual journal entries and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with the Board, 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.
- 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.
- Identifying and testing unusual manual journal entries posted during the year, which may be indicative of management bias and account manipulation.
- Incorporating an element of unpredictability in our testing.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Helen Grainger (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
23 September 2022

INCOME STATEMENT
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue			
Investment return	3	10,554	40,807
Expenses			
Administrative expenses	4	(32,163)	(11,771)
Finance costs	5	(10,860)	(11,738)
Impairment of investment in subsidiary undertaking	9	-	(152,710)
Total expenses		(43,023)	(176,219)
Profit/(loss) on disposal of subsidiary undertaking	9	26,580	(495)
Loss before tax		(5,889)	(135,907)
Income tax credit	7	8,082	5,324
Profit/(loss) after tax		2,193	(130,583)
Attributable to equity holder		2,193	(130,583)

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

The notes on pages 15 to 28 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	2021	2020
	£'000	£'000
Profit/(loss) after tax	2,193	(130,583)
Total comprehensive profit/(loss) for the year		
All attributable to equity holders	2,193	(130,583)

The notes on pages 15 to 28 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 at 1 January 2021		**58,000**	**218,845**	**276,845**
Total comprehensive profit for the year		-	2,193	2,193
Dividends paid	8	-	(220,000)	(220,000)
Reduction of share capital	14	(58,000)	58,000	-
Balance at 31 December 2021		**-**	**59,038**	**59,038**

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020		**58,000**	**379,428**	**437,428**
Total comprehensive loss for the year		-	(130,583)	(130,583)
Dividends paid	8	-	(30,000)	(30,000)
Balance at 31 December 2020		**58,000**	**218,845**	**276,845**

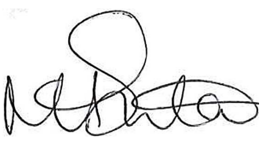
The notes on pages 15 to 28 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Note	2021 £'000	2020 £'000
Assets			
Investment in subsidiary undertakings	9	217,510	616,643
Deferred tax assets	10	1,444	1,097
Loans and advances	11	40,000	40,000
Other receivables	12	1,928	638
Current tax receivable		12,018	4,337
Cash and cash equivalents	13	85,837	92,292
Total assets		358,737	755,007
Equity and liabilities			
Equity			
Share capital	14	-	58,000
Retained earnings		59,038	218,845
Total equity attributable to equity holders		59,038	276,845
Liabilities			
Interest bearing liabilities	15	263,120	463,120
Other liabilities	18	181	181
Other payables	19	36,398	14,861
Total liabilities		299,699	478,162
Total equity and liabilities		358,737	755,007

The notes on pages 15 to 28 are an integral part of these financial statements.

The financial statements on pages 11 to 28 were approved by the Board of Directors on 22 September 2022 and signed on its behalf by:



M Sullivan
Director

Company registered number: 01752066

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

1 GENERAL INFORMATION

Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited) (the “Company") forms part of the Quilter plc group (the Group) and is a private company limited by shares incorporated in England and Wales 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 of Quilter UK Holding Limited for the year ended 31 December 2021 have been prepared in accordance with Financial Reporting Standard 101, ‘Reduced Disclosure Framework’ (“FRS 101”). The financial statements have been prepared under the historical cost convention, 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 16.

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’.
- Paragraphs 91 to 99 of IFRS 13, ‘Fair value measurement’ (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- 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 in respect of S400 of the Companies Act 2006.

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

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

There have been no new standards or interpretations which became effective 1 January 2021.

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

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

Critical accounting judgements
Critical accounting judgements are those that management makes when applying its significant accounting policies and that have the most effect on the net profit and net assets recognised in the Company's financial statements. There are no critical accounting judgements for the Company for the current year or prior year.

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

Area	Critical accounting estimates	Note
Investment in subsidiaries – measurement	Investment 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.	9

Significant changes in the year
There are no significant changes in the current reporting period.

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 range of financial assets, including 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVTPL because this best reflects the way they are managed.
The Company recognises purchases and sales of financial investments on trade date, which is the date that the Company commits to purchase or sell the assets. The costs associated with investment transactions are included within expenses in the statement of comprehensive income.

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets
The impairment model applies to financial assets measured at amortised cost, but not to investments in equity instruments. 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").

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 which are measured at amortised cost:
- Loans at amortised cost, other receivables and cash and cash equivalents, to which the general three stage model (described above) is applied, whereby a 12 month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

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.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Current tax
Current tax is the expected tax payable or receivable 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 or receivable.

Current tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

Deferred tax
Deferred taxes are calculated according to the statement of financial position method, based on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

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

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income. In certain circumstances, as permitted by accounting 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 the occurrence affect neither accounting nor taxable profit.

Investments in collective investment schemes

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

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

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

3 INVESTMENT RETURN

	2021 £'000	2020 £'000
Dividends from subsidiary, Quilter International Holdings Limited	-	20,000
Dividends from subsidiary, Quilter Life & Pensions Limited (formerly Old Mutual Wealth Life & Pension Limited)	10,000	20,000
Interest on short-term bank deposits (amortised cost)	-	4
Interest on short-term bank deposits (mandatorily at FVTPL)	-	248
Interest on loan to immediate parent	545	621
Realised gains/(losses), equities – shareholder	9	(66)
	10,554	40,807

4 ADMINISTRATIVE EXPENSES

	2021 £'000	2020 £'000
Management fees paid to group undertaking	32,163	11,771
Of which:		
Auditors' remuneration: audit services paid to PricewaterhouseCoopers LLP	5	5

Management fees paid to group undertaking for the year ended 31 December 2021 include the reimbursement of costs related to the disposal of the Company's investment in Quilter International Holdings Limited.

Amounts paid to PricewaterhouseCoopers LLP in 2021 were in respect of statutory audit fees of £5,225 (2020: £5,000). There are no non-audit fees (2020: £nil).

5 FINANCE COSTS

	2021 £'000	2020 £'000
Finance costs for liabilities held at amortised cost		
Interest payable to ultimate parent[1]	2,623	3,106
Interest payable to immediate parent[2]	700	1,102
Interest payable to fellow group undertaking[3]	7,531	7,530
Interest on short-term bank deposits (amortised cost)	6	-
	10,860	11,738

[1]Quilter plc

[2]Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited)

[3]Quilter Perimeter Holdings Limited (formerly Skandia UK Limited)

6 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The directors' emoluments disclosed below 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 (2020: four directors). During the year the Company paid £39,850 (2020: £27,384), relating to Directors' remuneration, to Quilter Business Services Limited as part of the management fee.

The 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.

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.

	2021 £'000	2020 £'000
Aggregate directors' emoluments		
Aggregate emoluments excluding pension contributions	328	289
Company pension contribution to money purchase schemes	10	13

Five directors had money paid to money purchase schemes during the year (2020: Four).

Five directors received or were due to receive shares or share options under a long-term incentive scheme (2020: Two). Four directors (2020: None) exercised options during the year.

Shares or share options were in Quilter plc shares.

	2021 £'000	2020 £'000
Emoluments of the highest paid director		
Aggregate emoluments excluding pension contributions	108	77
Company pension contribution to money purchase schemes	3	2

The highest paid director exercised share options during the current year.

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

7 INCOME TAX CREDIT

	2021 £'000	2020 £'000
Current year corporation tax credit	(7,670)	(4,281)
Prior year corporation tax adjustment	(65)	(928)
Deferred tax credit	(347)	(115)
Tax credit for the year	(8,082)	(5,324)
The total tax credit for the year can be reconciled to the accounting loss as follows:		
Loss before tax	(5,889)	(135,907)
Tax on loss at the applicable tax rate, 19% (2020: 19%)	(1,119)	(25,822)
Effect of:		
Prior year corporation tax adjustment	(65)	(928)
Effect on deferred tax for changes in tax rates	(347)	(115)
UK dividends receivable	(1,900)	(7,600)
UK tax payable under controlled foreign company requirements	401	-
Gain on sale of subsidiary not taxable	(5,050)	107
Impairment of subsidiaries not tax deductible	-	29,015
Expenses not deductible for tax purposes	(2)	19
	(8,082)	(5,324)

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 10. The Company consider that the future profits will be sufficient to utilise the tax asset recognised.

8 DIVIDENDS

	2021 £'000	2020 £'000
Dividends paid		
Aggregate dividends	220,000	30,000
Dividends per share	2,200,000,000p	51.72p

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

9 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	2021 £'000	2020 £'000
Investment in subsidiary undertakings	217,510	616,643

Investments in subsidiaries are stated at cost, less impairment in value. All shares held are ordinary shares.

Movement analysis

	Investments in subsidiaries £'000
At 1 January 2020	764,343
Investment in subsidiary undertaking	5,010
Impairment of subsidiary	(152,710)
At 31 December 2020	616,643
Disposal of subsidiary	(399,133)
At 31 December 2021	217,510

2021 investment in subsidiary

On 30 November 2021, the Company completed the sale of Quilter International Holdings Limited to Utmost Group plc for consideration of £441,047,000.

2020 investment in subsidiaries

On 27 April 2020, the Company invested £5,010,000 in its subsidiary Quilter Insurance Company Limited, a new entity incorporated in the year.

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

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 4AB
Quilter Pensions Trustees Limited	Ordinary	100	Senator House, 85 Queen Victoria Street, London, EC4V 4AB
Quilter Insurance Company Limited (incorporated in Isle of Man)	Ordinary	100	Third Floor, St Georges Street, Upper Hill Street Douglas, IM1 1EE, Isle of Man

Impairment testing
In accordance with the requirements of IAS 36 *Impairment of Assets*, the investments in subsidiaries are reviewed annually for indication of impairment. Upon this review in 2021, it has been identified that the net assets of each subsidiary exceed the value of the investments. Accordingly, the Directors consider there is no indication of impairment and no further testing for impairment required.

Should further testing be required, testing for impairment is performed 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.

9 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (continued)

The recoverable value of the Company's trading subsidiaries, including companies that have direct or indirect investments in underlying trading subsidiaries, is based on their value-in-use.

Key assumptions applied and results of the value-in-use calculation

Assumptions

	2021	2020
Period on which management approved forecasts are based	N/A	3 years
Growth rate applied beyond approved business plan period	N/A	0.6%
Discount rate applied to future cash flows	N/A	9.0%

Profit on sale of subsidiary undertaking

As a result of the sale of Quilter International Holdings Limited to the Utmost Group, the Company generated a profit on sale of £26,580,000. This represents the sale proceeds of £441,047,000, less directly-attributable sale costs of £15,334,000, less the carrying value of assets disposed of, which amounted to £399,133,000.

10 DEFERRED TAX ASSETS

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

	Tax losses carried forward	Other carried forward	Total
	£'000	£'000	£'000
Assets at 1 January 2020	982	-	982
Movement in the year	115	-	115
Assets at 31 December 2020	1,097	-	1,097
Movement in the year	347	-	347
Assets at 31 December 2021	1,444	-	1,444

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 impacts of a 20% decrease in group profitability have been assessed and do not give rise to concerns over recoverability.

The value of deferred tax assets not recognised as at 31 December 2021 was £6,628,194 (2020: £5,307,000). This relates to gross carried forward losses of £26,513,000 (2020: £26,513,000). The whole of the increase in the value of the asset not recognised is due to the change in UK tax rate

11 LOANS AND ADVANCES

	2021 £'000	2020 £'000
Loan to immediate parent at 1 month LIBOR + 1.304%	40,000	40,000

The loan is recognised at amortised cost, with the carrying amount approximating to fair value.

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

12 OTHER RECEIVABLES

	2021 £'000	2020 £'000
Accrued bank interest	9	1
Due from fellow group undertakings	1,904	635
Due from immediate parent	4	2
Due from ultimate parent	11	-
	1,928	638

All amounts due from group companies are unsecured and are settled quarterly. All amounts are current, short-term and interest free and recognised at amortised cost, with the carrying amount approximating to fair value.

There have been no non-performing receivables or material impairments in the financial year that require disclosure. None of the receivables reflected above have been subject to the renegotiation of terms.

13 CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Bank balances	13,456	14,794
Money market OEIC investments	72,381	77,498
Cash and cash equivalents	85,837	92,292
<u>Credit ratings</u>		
Bank balances		
A	13,456	14,794
	13,456	14,794
Money market OEIC investments		
AAA	72,381	77,498
	72,381	77,498

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.

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

14 SHARE CAPITAL

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
1 (2020: 57,999,999) ordinary shares of £1 each	-	58,000

On 30 November 2021, the issued share capital of the Company was reduced from £57,999,999 to £1 as a result of cancelling and extinguishing 57,999,998 of the issued ordinary shares of £1 each in the capital of the Company, and the amount by which the share capital was reduced was credited to reserves.

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

15 INTEREST BEARING LIABILITIES

	2021 £'000	2020 £'000
Loan from immediate parent at 3 month LIBOR + 0.5%[1]	122,704	122,704
Loan from fellow group undertaking at 5.512%[2]	136,216	136,216
Loan from ultimate parent at 1 month LIBOR plus 1.304%[3]	-	200,000
Loan from fellow group undertaking at 1 month LIBOR + 0.5%[4]	4,200	4,200
	263,120	463,120

[1]Quilter Holdings Limited (formerly Old Mutual Wealth Holdings Limited)
[2]Quilter Perimeter Holdings Limited (formerly Skandia UK Limited)
[3]Quilter plc
[4]Quilter Insurance Company Limited

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.

16 FINANCIAL AND CAPITAL COMMITMENTS

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

17 CONTINGENT LIABILITIES

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

18 OTHER LIABILITIES

	2021 £'000	2020 £'000
Unsecured loan notes	181	181

A loan note liability held by IFA Holding Company Limited, a Group undertaking, was transferred to the Company during 2019. An equivalent cash amount was paid to the Company from IFA Holding Company Limited at the same time. The loan notes were held at a nominal interest rate range of 4.0975% - 8.0975%.

The transfer of the liability was approved to enable the preparation of the strike off of IFA Holding Company Limited during 2021.

The face value and carrying value of the unsecured loan notes are considered to be equal and held at amortised cost.

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

19 OTHER PAYABLES

	2021 £'000	2020 £'000
Due to subsidiary undertaking[1]	-	12,000
Due to ultimate parent[2]	21	11
Due to fellow group undertakings[3]	36,342	2,824
Loan note accruals	35	26
	36,398	14,861

[1]Quilter International Isle of Man Limited
[2]Quilter plc
[3]Quilter Business Services Limited and Quilter Perimeter holdings Limited (formerly Skandia UK Limited)

All amounts are current and short-term. Amounts due to group companies are at amortised cost, unsecured and are settled quarterly.

20 EVENTS AFTER THE REPORTING DATE

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

21 ULTIMATE PARENT COMPANY

The Company's immediate parent company is Quilter Holdings Limited, 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