Registered in England and Wales No. 06784783

Quilter Financial Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2022

Quilter Financial Limited

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Quilter Financial Limited

COMPANY INFORMATION

Directors	M Dean S C Gazard
Secretary	Quilter CoSec Services Limited
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
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: 06784783

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2022.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The principal activity of Quilter Financial Limited (the "**Company**") is to provide financial planning advice and related services through a network of intermediaries. The Company is incorporated in England and Wales and domiciled in the United Kingdom (**"UK"**).

The Company is authorised and regulated by the Financial Conduct Authority ("**FCA**").

The Company is part of the Quilter plc Group (the **"Group"** or **"Quilter"**), consisting of Quilter plc and its direct and indirect subsidiaries. Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter plc provides the Company with strategic and governance oversight.

Affluent segment

The Company forms part of the Affluent segment of the Group. This segment is comprised of Quilter Investment Platform, Quilter Investors and Quilter Financial Planning.

Quilter Investment Platform is a leading investment platform provider of advice-based wealth management products and services in the UK, which serves a largely affluent customer base through advised multi-channel distribution.

Quilter Investors is a leading provider of investment solutions in the UK multi-asset market. It develops and manages investment solutions in the form of funds for the Group and third-party clients. It has several fund ranges which vary in breadth of underlying asset class.

Quilter Financial Planning is a restricted and independent financial adviser network, providing mortgage and financial planning advice and financial solutions for both individuals and businesses through a network of intermediaries. It operates across all markets, from wealth management and retirement planning advice through to dealing with property wealth and personal and business protection needs.

QUILTER'S STRATEGY

Quilter's 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 the Groups investment solutions and increase the 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 in Quilter's goals and benefits all of stakeholders.

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 2022 as per the requirements of Streamlined Energy and Carbon Reporting. The Company is not required to report company specific information as it is a subsidiary of the Group.

STRATEGIC REPORT (continued)

QUILTER FINANCIAL LIMITED STRATEGY

Quilter Financial Limited forms part of the Quilter Financial Planning Group ("**QFP Group**"), a network of 2,530 financial advisers, including 1,442 restricted financial planners, who deliver personalised financial advice tailored to meet specific needs of the customer to deliver positive customer outcomes. The strategic aim of the QFP Group is to provide a market leading customer experience through controlled distribution and a focus upon the delivery of full financial planning within our target markets. The QFP Group is committed to offering a controlled advice proposition that delivers excellent customer outcomes, with a structure which ensures strong leadership and a strategic focus for advisers and clients in different market segments. The QFP Group operates a business model with two core channels, National and Network.

The Company is aligned with the Network channel.

Network Channel

The Network model continues to focus on affluent clients through its model of partnering with third party firms who generate and service their own client base, but still want access to a leading client proposition under a relationship whereby the regulatory control framework and associated responsibilities are robustly managed through the QFP Group. The focus of the Network continues to drive growth in restricted financial planner numbers to broaden the reach and penetration of the solutions offered by the wider Group, where in the best interests of the client.

KEY PERFORMANCE INDICATORS (KPIS)

Management evaluates the performance of the business using a number of measures. Key metrics for the Company were as follows:

	2022	2021
Adviser headcount number at year end for advisers operating under Quilter Financial Limited	**180**	195
	£'000	£'000
Fee income and other income from service activities	**40,851**	45,429
Other operating and administrative expenses	**(4,598)**	(6,585)
(Loss)/Profit before taxation	**(4,521)**	145
Cash and cash equivalents	**4,165**	4,029
Net assets	**8,460**	13,256

Decrease in Fee income is due to the fall in the number of advisers which drive revenue generation. In addition, the conflict in Ukraine and the high inflation levels experienced during the year have an adverse effect on markets which impacts on the recurring revenue that the Company earns.

The Company moved from a profit before tax for last year of £0.1m to a loss before tax for this year of (£4.5m) due to a one off £6.0m charge booked in the year relating to the impairment of intercompany receivables. This charge is offset at the Quilter counterparty so no impact to Group results.

The Company remains well capitalised with good levels of regulatory solvency headroom and a strong financial position.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties relate to the economic environment and expense levels impacting on margins earned, competition impacting adviser and customer persistency and risks within operational activities associated with systems, processes, people and external influences. The Company does not seek market risk from trading securities with its available excess funds. The Company has limited risk appetite for credit risk via loans to Appointed Representatives and company cash held with counterparties.

STRATEGIC REPORT (continued)

Economic environment: During 2022, increasing inflationary pressures, the continuing Ukraine conflict, supply issues and post-Brexit trading issues have caused inflation to rise. The Bank of England expects this to continue, with the UK expected to enter a recession during 2023. Continued inflationary pressure could lead to interest rate rises, affecting investment performance, increasing expenses and affecting customers' ability to save. In addition to the severe humanitarian and geopolitical impacts, the Ukraine crisis is continuing to contribute to increased economic uncertainty and market volatility linked to commodity and energy price increases. Coupled with the current cost-of-living crisis, this could significantly impact on consumer confidence and ability to save and invest which could impact business performance.

Disruptive competition: There continues to be increased competition in the wealth management industry and acceleration in technological advancements. A rapidly shifting external environment brings opportunity for greater competitive disruption with potential to erode Quilter's market share.

Margin pressure: There is increasing competitive pressure to provide wealth management services at a lower overall cost to customers.

Conduct risk management: The delivery of demonstrably suitable customer outcomes continues to be a central focus for the advice businesses. The Company is aware of the customer harm, regulatory and cost implications arising from the provision of unsuitable advice and/or ongoing servicing. It continues to provide adviser supervision and advice assessments through its compliance operations, monitoring arrangements and executive governance arrangements, with oversight of its systems and controls at the core of the Company's control environment. This has been identified as a key strategic priority with investment allocated for the continued strengthening of its risk and control environment.

Customer complaints and redress experience: The controlled distribution model operated by the business benefits from expertise in defining and reviewing the restricted matrices and panels used by the business and strong governance over adherence to the defined advice standards, including file checking. This strategy combined with the operational approach to provide its customers with the right outcomes through process and Root Cause Analysis seeks to mitigate the risk of repeat instances or scenarios requiring client redress.

Financial instruments: The Company's main exposure to risk arising from financial instruments is its exposure to credit risk arising on cash or short-term deposits and trade and other receivables. The Company's cash and cash equivalents are managed to ensure this risk is mitigated.

Cyber threat developments: Evolving sophisticated cyber criminality presents a persistent threat of attack, capable of compromising the continuity of operations, or the security and integrity of information.

People: The Company relies on its talent to deliver its service to customers and to implement the broad range of strategic change initiatives that are planned. Poor staff engagement, failure to retain key staff or to attract suitable talent may impact the delivery of the strategy and may have an adverse impact on the Company's business, its financial and operational performance and the delivery of service to its customers.

Emerging risks: Quilter is a long-term business and as such we monitor risks which are less certain in terms of timescales and impact. The emerging risk profile is subject to regular review by management committees and the Board. The identification of these risks contributes to our stress and scenario testing which feeds into our strategic planning process and informs our capital calculations. The following are the emerging risks we feel are the most significant.

STRATEGIC REPORT (continued)

Generational shifts: The UK's ageing population, combined with the rapid growth in the total value of UK household wealth over the last 20 years, is causing shifts in generational wealth accumulation. A significant proportion of this wealth is held by the over-45s and, over the next 30 years, this is set to be transferred between generations as inheritance or gifts. A further intergenerational trend is the transfer of risk from institutions (employers, the state and financial service providers) to individuals, for example as seen in the pension industry. These trends present opportunities for the business in terms of increased demand for wealth management services, but the Company will also need to strategically adapt to changing future customer needs.

Disruptive competition & technology: There is increased competition in the wealth management industry and an acceleration in technological advancements. A rapidly shifting external environment brings opportunity for greater competitive disruption with potential to erode the Company's market share.

Climate change – disorderly transition to net zero: During 2021, Quilter began developing a comprehensive and robust long-term climate strategy to manage climate related financial and non-financial risks to fulfil our strategic priority to become a responsible wealth manager. This work will continue through 2023 and beyond.

Political changes and taxation: Restoration of public finances after the pandemic may require further changes to the tax regime, in addition to the rises in UK National Insurance that have been announced. These could include direct taxes on wealth or changes to pension tax relief for higher earners. Tax changes affecting customers' wealth and ability to save could impact investment flows and assets under advice and administration.

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 2022.

To ensure that Quilter achieves its purpose of helping create prosperity for the generations of today and tomorrow, it is critical for the Board to balance the needs, interests and expectations of our key stakeholders. At times these competing stakeholder views can be contradictory and in order to achieve long term success, it is the Board's role to navigate these complexities. The Board, with support from Corporate Secretariat, continues 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. Insights into how Quilter plc has ensured that section 172 (1) considerations remain at the heart of the Group's decision-making at all levels and the outputs of these decisions have been set out in the Quilter plc Annual Report.

In overseeing the business of the Company during the year, the Board of the Company has paid due regard to its duty to promote the success of the Company for the benefit of Quilter plc, its ultimate parent company, in the long-term, by supporting the delivery of the Group's strategic priorities.

Signed on behalf of the Board

S C Gazard

Director

28 March 2023

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2022.

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

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

S C Gazard
M Dean

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 and at the end of the financial year ended 31 December 2022 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
The Directors do not recommend the payment of a dividend (2021: £nil).

EMPLOYEES
The Company has no employees (2021: nil). Quilter Financial Planning Limited ("**QFPL**") and Quilter Business Services Limited employ all staff and the related disclosures are shown in those financial statements.

POLITICAL DONATIONS
No political donations were made during the year (2021: £nil).

MANAGED CAPITAL
The Company's objectives in managing its capital are to ensure that there are adequate resources to meet the Company's liabilities as they fall due, to meet external capital requirements set by the Financial Conduct Authority, and to allocate capital efficiently to support growth and return excess capital where appropriate. The Company manages its capital by measuring its resources and cash available on a regular basis, and through regular monitoring of excess regulatory capital. The Company's capital position and the movement in this from the prior year are disclosed within the statement of changes in equity. The Company met all external regulatory capital requirements during the year.

DISCLOSURE OF INFORMATION TO AUDITORS
Each of the persons who is a 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.

DIRECTORS' REPORT (continued)

STATEMENT OF GOING CONCERN

The use of the going concern basis of accounting is considered appropriate, reflecting the intention of the Company's indirect parent company, Quilter Financial Planning Limited, to provide continued capital support to the Company for at least the three years to 31 December 2025.

In turn, Quilter Financial Planning Limited has received a capital commitment from its ultimate parent, Quilter plc, for the same period, reflecting the strategic importance of the Quilter Financial Planning Group in the wider group.

In light of the above there are no material uncertainties, related events or conditions that may cast significant doubt over the ability of the Company to meet its liabilities as they fall due, for at least 12 months from the date of approving these financial statements.

CLIMATE CHANGE

In 2021, the Quilter climate change strategy was formalised with the objectives of to reducing Quilter's contribution to climate change and supporting 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 and offer clients climate focused investment solutions. The framework is aligned with the Taskforce on Climate-related Financial Disclosures (**"TCFD"**) disclosure requirements.

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.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has been appointed by the Company to hold office in accordance with section 485 of the Companies Act 2006.

Signed on behalf of the Board

M Dean

Director

28 March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with 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.

DIRECTORS' CONFIRMATIONS

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have 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.

M Dean

Director

28 March 2023

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Independent auditors' report to the members of Quilter Financial Limited

Report on the audit of the financial statements

Opinion

In our opinion, Quilter Financial Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2022; 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 2022 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, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, 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 overstatement of revenue by posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, internal audit, management involved in the risk and compliance functions and the Quilter Group's legal function;
- Reviewing relevant meeting minutes of the Board of Directors;
- Reviewing relevant correspondence with the Financial Conduct Authority;
- Identifying and testing journal entries, in particular any journals which meet the defined risk criteria;
- Challenging assumptions made by management in accounting estimates and judgements, in particular in relation to contract assets and
- Designing and performing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 March 2023

Income statement

For the year ended 31 December 2022

	Note	£'000 2022	£'000 2021
Income			
Fee income and other income from service activities	4	**40,851**	45,429
Other income	5	**42**	-
Total income		**40,893**	45,429
Expenses			
Fee and commission expenses		**(34,861)**	(38,699)
Other operating and administrative expenses		**(4,598)**	(6,585)
Impairment loss on reversal of amounts owed by group undertakings		**(5,955)**	-
Total expenses	6	**(45,414)**	(45,284)
(Loss)/Profit before tax		**(4,521)**	145
Tax (charge) on (loss)/profit	7	**(275)**	(15)
(Loss)/Profit for the financial year		**(4,796)**	130

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

The notes on pages 17 to 32 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended 31 December 2022

	£'000 **2022**	£'000 2021
(Loss)/Profit for the financial year	**(4,796)**	130
Total comprehensive income for the financial year	**(4,796)**	130

The notes on pages 17 to 32 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2022

	Note	Ordinary Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2022		**6,290**	**200**	**6,766**	**13,256**
Total comprehensive income		-	-	(4,796)	(4,796)
Balance at 31 December 2022		**6,290**	**200**	**1,970**	**8,460**

		Ordinary Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021		**2,290**	**200**	**6,636**	**9,126**
Total comprehensive income		-	-	130	130
Share capital issued	12	4,000	-	-	4,000
Balance at 31 December 2021		**6,290**	**200**	**6,766**	**13,256**

Total comprehensive income includes Profit for the year and the total comprehensive income presented is equal to the Profit in both years presented.

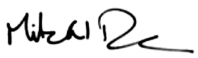
The notes on pages 17 to 32 form an integral part of these financial statements.

Statement of financial position
At 31 December 2022

	Note	£'000 2022	£'000 2021
Contract assets	8	**1,360**	2,068
Trade, other receivables and other assets	9	**16,049**	17,440
Deferred tax assets	10	**8**	10
Cash and cash equivalents	11	**4,165**	4,029
Total assets		**21,582**	23,547
Equity and liabilities			
Equity			
Ordinary Share capital	12	**6,290**	6,290
Share premium		**200**	200
Retained earnings		**1,970**	6,766
Total equity attributable to equity holders		**8,460**	13,256
Liabilities			
Provisions	13	**1,779**	1,200
Current tax liabilities		**299**	284
Trade, other payables and other liabilities	14	**11,044**	8,807
Total liabilities		**13,122**	10,291
Total equity and liabilities		**21,582**	23,547

The notes on pages 17 to 32 form an integral part of these financial statements.

The financial statements on pages 13 to 32 were approved by the Board of Directors and authorised for issue on 28 March 2023 and signed on its behalf by:



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M Dean
Director

General information

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

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

1: Basis of preparation

The financial statements of Quilter Financial Limited for the year ended 31 December 2022 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 as applicable to companies using FRS 101.

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 note 2.

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).
- The second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- 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.

These financial statements have been prepared on a historical cost basis and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates.

The accounting policies set out below, have, unless otherwise stated, been applied consistently to all periods presented on these financial statements.

1: Basis of preparation (continued)

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

There were no new standards or interpretations which became effective from 1 January 2022.

Amendments to standards:

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

Going concern

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

In assessing this, the Directors have considered:

- the liquidity of the Company's assets;
- the projected regulatory capital position of the Company;
- the written commitment of the Company's direct parent to provide the required level of continued capital support for at least three years to 31 December 2025 along with the managements' consideration of the parent's ability to provide that support.

Quilter Financial Planning Limited (**"QFPL"**), the parent company of the QFP Group, has received confirmation in writing from its ultimate parent, Quilter plc, that it will continue to make funds available to QFPL for at least three years to 31 December 2025, and will not seek repayment of funds provided during that period. The Group's willingness to provide this ongoing support reflects QFP Group's position as being an integral part of the Group strategy and advice solution offerings.

In light of the commitment of support from the Group, the Company has received confirmation of ongoing intent to provide capital support from its indirect parent, QFPL, that it will continue to make funds available to the Company for at least three years to 31 December 2025 and will not seek repayment of funds provided during that period.

On this basis management have a reasonable expectation that the Company has adequate resources available to it in order to continue in operational existence for the foreseeable future (being 12 months from the date of this report). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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: Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The QFPL Board Audit Committee reviews these areas of judgement and estimates and the appropriateness of significant accounting policies adopted in the preparation of these financial statements.

Critical accounting judgements
The Company's critical accounting judgements are detailed below and are those that management makes when applying its significant accounting policies and that have the most effect on the net profit and net assets recognised in the Company's financial statements.

- Contract assets

  Management have applied the following judgements in the calculation of contract assets:

  1. Contract assets will only be calculated for retail investment business. Other classes of business require further conditions to be met after the provision of advice (e.g. acceptance of risk by insurers on protection business). Therefore, for these other classes of business, the uncertainty over whether advice will result in income is sufficiently high that a contract asset cannot be recognised at the point of providing advice.

  2. The calculation of the contract asset does not need to include any factor for the time value of money. This is because any contract asset is expected to be received within months of the year end.

  See note 8 for further details.

- *Recognition of insurance recovery asset in respect of customer complaints*

  Management have applied judgement in order to determine whether an asset can be reasonably estimated, and the measurement of such asset, in relation to an insurance recovery under the Company's professional indemnity policies (**"PI Policies"**). Under the PI Policies, the Company is entitled to be indemnified for a "Claim" (and defence costs) in respect of legal liabilities arising in connection with the Company's advice activities. See note 9 for further details.

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 net carrying amounts of assets and liabilities within the next financial year. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques that are aligned with relevant actuarial and accounting standards and guidance to make predictions about future actions and events. Actual results may differ from those estimates.

2: Critical accounting estimates and judgements (continued)
Critical accounting estimates (continued)

- Contract assets

  Contract assets are calculated as the expected outstanding fee receivable in respect of investment or pension transfer advice given. In making this calculation, management have made the following estimates:

  1. The average period between when the performance obligation is met and when the revenues are received. For ongoing business, this has been based on the average periods between provider statement dates (as an approximation of when fees are deducted from customers) and cash receipt. And for new business, this has been based on the average period between when the advice has been recorded (as a best approximation of when the advice was given) and cash receipt.

  2. The average level of revenues to which the average lag between meeting the performance obligation and receiving payment will be applied. For both ongoing and new business, this has been set at the average monthly revenue over the preceding quarter. This is considered to reflect any trends in business volumes and market values.

  Per Note 8, the asset amounted to £1,360,000 as at December 2022 (December 2021: £2,068,000). A decrease of 10% to the expected market value of new investments placed or pension transfer values would decrease the asset by £92,000. An increase or decrease of 25% to the lag between meeting the performance obligation on new business and receiving payment would increase/decrease the asset by £230,000.

3: 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.

Fee income and other income from service activities

Fee income and other income from service activities represent the fair value of services provided, net of value added tax. Revenue is only recognised to the extent that management is satisfied that it is highly probable that no significant reversal of the revenue recognised will be required when uncertainties are resolved. In circumstances where refunds are expected on a portion of the income, including indemnity commission on policies sold, an estimate of the reduction of revenue is made and charged to the income statement at the point of sale, based upon assumptions determined from historical experience.

Financial instruments

Financial instruments cover a wide range of financial assets, including trade and intercompany receivables and cash and cash equivalents and certain financial liabilities, including trade and intercompany payables. 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.

3: Significant accounting policies (continued)

Initial measurement
A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at Fair value through the Profit and Loss (**"FVTPL"**), transaction costs that are directly attributable to its acquisition.

Subsequent 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 within the Company: FVTPL and amortised cost. This classification determines the subsequent measurement basis. The following accounting policies apply to the subsequent measurement of financial assets.

Measurement basis	Accounting policies
Financial assets at FVTPL	These financial assets are subsequently measured at fair value. Net gains and losses, including interest and dividend income, are recognised in profit or loss.
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Fair value measurement
Fair value is a market-based measure and is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For a financial instrument, the best evidence of fair value at initial recognition is normally the transaction price, which represents the fair value of the consideration given or received.

Where observable market prices in an active market, such as bid or offer (ask) prices are unavailable, fair value is measured using valuation techniques based on the assumptions that market participants would use when pricing the asset or liability. If an asset or a liability measured at fair value has a bid or an offer price, the price within the bid-offer spread that is most representative of fair value is used as the basis of the fair value measurement.

Amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and unless recognised as FVTPL on initial recognition applying the Fair Value Option (see below):

- 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 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 for 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.

3: Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, money market collective investment funds and other short-term deposits with an original maturity of three months or less and no significant credit risk.

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 equate to fair value.

Financial liabilities
Financial liabilities, being the Company's trade payables, are measured at amortised cost using the effective interest method.

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

Impairment of financial assets
The expected loss accounting model for credit losses applies to financial assets measured at amortised cost. Financial assets at amortised cost include trade and intercompany receivables and cash and cash equivalents.

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.

3: Significant accounting policies (continued)

Application of the impairment model
The Company applies the ECL model to all financial assets that are measured at amortised cost:
- Trade and intercompany receivables, to which the simplified approach prescribed by IFRS 9 is applied. This approach requires the recognition of a Lifetime ECL allowance on day one and thereafter.

ECLs are probability-weighted estimates 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). Full provision is made for amounts due from advisers on termination of their relationship with the Company. 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.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs
Loans and advances 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.

Contract assets
Contract assets are classified as non-financial. Due to their short-term nature, their carrying amount is considered to be the same as their fair value

The expected loss accounting model for credit losses applies to contract assets, The Company applies the ECL model to contract assets, which are measured at amortised cost. The simplified approach prescribed by IFRS 9 is applied to contract assets. This approach requires the recognition of a Lifetime ECL allowance on day one and thereafter.

3: Significant accounting policies (continued)

Taxation

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. 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 standards, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not a business combination and at the time of their occurrence affect neither accounting nor taxable profit.

Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more probable than not that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material, provisions are discounted and represent the present value of the expected expenditure. Provisions are not recognised for future operating costs or losses.

The Company recognises specific provisions where they arise for the situations outlined below:

- Client compensation and related costs, when the Company compensates clients in the context of providing fair customer outcomes.
- Legal uncertainties and the settlement of other claims.

Contingent liabilities are possible obligations of the Company of which the timing and amount are subject to significant uncertainty. Contingent liabilities are not recognised in the statement of financial position, unless they are assumed by the Company as part of a business combination. They are however disclosed, unless they are considered to be remote. If a contingent liability becomes probable and the amount can be reliably measured it is no longer treated as contingent and recognised as a liability.

Contingent assets, which are possible benefits to the Company, are only disclosed if it is probable that the Company will receive the benefit. If such a benefit becomes virtually certain, it is no longer considered contingent and is recognised on the statement of financial position as an asset.

4: Fee income and other income from service activities

Fee income and other income from service activities represents income receivable on advice provided by financial advisers and is derived from continuing operations in the United Kingdom.

5: Other income

	£'000	£'000
	2022	2021
Bank interest receivable	**42**	-
Total other income	**42**	-

6: Total expenses

This note provides further details in respect of the items appearing in the expenses section of the income statement.

	£'000	£'000
	2022	2021
Fee and commission expense	**34,861**	38,699

Fee and commission expenses represent sums payable to advisers in respect of the fee income and other income from service activities.

	£'000	£'000
	2022	2021
Management recharges from group companies	**1,040**	1,924
FCA levies	**839**	1,251
Complaints, remediations and bad debts	**1,508**	97
Other administrative expenses	**1,211**	3,313
Total operating and administrative expenses	**4,598**	6,585

Directors' remuneration

	£'000	£'000
	2022	2021
Proportion of Directors' emoluments paid by third parties attributable to the company		
Remuneration	**76**	59
Pension	**-**	-
Total share based payments	**38**	17

2 Directors had money paid to money purchase schemes during the year (2021: 2).
2 Directors received, or were due to receive, shares or share options under a long-term incentive scheme (2021: 2).
1 Directors exercised options during the year (2021: 2).

During the year there was no compensation for loss of office paid to Directors (2021: £nil); this includes the estimated money value of the following benefits: payment in lieu of notice, loss of participation in the Save As You Earn scheme, pay-out of contractual long-term incentive, pension contributions, bonus and statutory redundancy.

6: Total expenses (continued)]

Auditors' remuneration

Audit fees were paid by Quilter Financial Planning Limited on behalf of the company and included within the 'Management recharge from group companies'.

	£'000 2022	£'000 2021
Fees payable for audit services	**55**	24
Fees for audit-related assurance services	**14**	12
Total Company auditors' remuneration	**69**	36

Impairment loss

	£'000 2022	£'000 2021
Impairment loss	**5,955**	-
Total Impairment loss	**5,955**	-

The loss in 2022 relates to an impairment provision against amounts due from group undertakings.

7: Tax charge on (loss)/profit

Tax charged to the income statement

	£'000 2022	£'000 2021
Current tax		
United Kingdom	**273**	28
Adjustments to current tax in respect of prior periods	**1**	(2)
Total current tax charge	**274**	26
Deferred tax		
Origination and reversal of temporary differences	**1**	-
Movement in previously unrecognised deferred tax	**-**	(11)
Total deferred tax charge/(credit)	**1**	(11)
Total tax charged to the income statement	**275**	15

7: Tax charge on (loss)/profit (continued)

Reconciliation of total income tax expense

The income tax charged to profit differs from the amount that would apply if all of the Entity's profits from the different tax jurisdictions had been taxed at the UK standard corporation tax rate. The difference in the effective rate is explained below:

	£'000 2022	£'000 2021
Loss before tax	**(4,521)**	146
Corporation tax charge at 19% (2021: 19%)	**(859)**	28
Adjustments to current tax in respect of prior years	**1**	(2)
Other disallowable expenditure	**1,133**	-
Net movement on unrecognised deferred tax assets	**-**	(11)
Total tax charged to income statement	**275**	15

Factors that may affect future charges

The main rate of corporation tax is 19% for the financial year 2022 (2021:19%). The rate will increase to 25% with effect from 1 April 2023. This change was substantively enacted in 2021 and the new rate has been used in recognising the Company's deferred tax assets and liabilities for reversals expected to take place on or after 1 April 2023.

The Company has recognised deferred tax assets as disclosed in note 10. The Company considers that future years' profits will be sufficient to utilise the tax asset carried forward.

8: Contract assets

	£'000 2022	£'000 2021
Opening balance	**2,068**	3,494
Movement in year	**(708)**	(1,426)
Total contracts assets	**1,360**	2,068

Contract assets represent fees and commissions earned but not yet received from investment and pension providers.

There was no material revenue recognised in the reporting period from performance obligations satisfied, or partially satisfied, in previous periods.

9: Trade, other receivables and other assets

This note analyses total trade, other receivables and other assets.

	£'000 2022	£'000 2021
Trade receivables	**1,040**	(174)
Amounts due from group undertakings	**14,360**	16,672
Prepayments and accrued income	**39**	38
Amount recoverable from advisers for indemnity commission	**446**	793*
Amount recoverable from professional indemnity insurance	**164**	111*
	16,049	17,440

*Included as part of Trade receivables in the 2021 Financial Statements.

9: Trade, other receivables and other assets (continued)

All balances are expected to be settled within 12 months.

Trade receivables mainly relate to trade debtors and other debtors.

None of the receivables reflected above have been subject to the renegotiation of terms. All receivables are interest free and are carried at fair value.

All amounts due from Group undertakings are short-term and interest-free with the carrying amount approximating to fair value and are subject to the 12-month ECL model. None of the receivables reflected above have been subject to the renegotiation of terms. All other receivables are also current, short term and interest free and are carried at fair value.

A provision is made against amounts due from other group undertakings if the balance receivable exceeds the recoverable net assets of the entity, and that entity does not have any commitment from support from elsewhere in the Quilter group.

As a result, the provision for amounts owed by subsidiaries of Caerus Group Limited has increased by £5,955,000 (2021: £nil) in the year.

A number of advisers (and former advisers) are indebted to the Company. This debt ordinarily arises from indemnity commission or complaint insurance excesses applied to the adviser's account. Each one of these is reviewed regularly in conjunction with the amounts retained from advisers to cover potential indemnity commission recoverable and provision made where recovery is deemed necessary. All the Company’s financial assets included in this note are classified as assets at amortised cost under IFRS 9. IFRS 9 requires impairments of financial assets to be assessed using an ‘expected loss’ model. The movements in provisions made against trade debtors and deducted in arriving at the balances stated above were as follows:

Trade receivables are presented net of the following provision relating to amounts receivable from advisers.

	£’000	£’000
Expected credit loss utilisation	**2022**	2021
Balance brought forward	**18**	20
Charged/(credited) to income statement	**5,966**	(2)
Balance carried forward	**5,984**	18

10: Deferred tax assets/liabilities

Recognised deferred tax assets and liabilities
Deferred income taxes are calculated on all temporary differences at the tax rate applicable to the jurisdiction in which the timing differences arise.

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

	Other temporary differences	Closing deferred tax asset/ (liability)
	£'000	£'000
Asset at 1 January 2021	-	-
Income statement charge	10	10
Asset at 31 December 2021	10	10
Income statement charge	(2)	(2)
Asset at 31 December 2022	8	8

Deferred tax assets or liabilities are recognised to the extent that temporary differences are expected to reverse in the foreseeable future. The timing of reversals are estimated based on the company's annual business plan. Deferred tax assets are recognised to the extent that they are supported by the company's business plan or where appropriate the group's business plan.

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 profitability have been assessed and do not give rise to concerns over recoverability.

The main rate of corporation tax is 19% for the financial year 2022. The rate will increase to 25% with effect from 1 April 2023. This change having been substantively enacted has been used in recognising the Company's deferred tax assets and liabilities for reversals expected to take place on or after 1 April 2023.

11: Cash and cash equivalents

	£'000	£'000
	2022	2021
Cash at bank	**165**	29
Money market funds	**4,000**	4,000
Total cash and cash equivalents	**4,165**	4,029

Management do not consider that there are any amounts of cash and cash equivalents which are not available for use in the Company's day-to-day operations.

12: Ordinary Share capital

The Company's Ordinary Share capital at the end of the year is a follows:	Number of shares (authorised, allotted and fully paid)	£'000 Nominal value
At 1 January 2021		
'A' Ordinary shares of £1 each	2,260,075	2,260
'B' Ordinary shares of £1 each	30,025	30
Shares issued		
'A' Ordinary shares of £1 each	4,000,000	4,000
Total Ordinary share capital at 31 December 2021	6,290,100	6,290
At 1 January 2022		
'A' Ordinary shares of £1 each	6,260,075	6,260
'B' Ordinary shares of £1 each	30,025	30
Total Ordinary share capital at 31 December 2022	6,290,100	6,290

Each ordinary A share carries one voting right, an entitlement to receive a dividend and a return of capital on liquidation or otherwise up to £10,000,000, after the payment of any unpaid creditors, in priority to the ordinary B shares.

The ordinary B shares do not have any voting or dividend rights but rank pari passu on return of capital after the priority payment noted above.

On 30 April 2021, 4,000,000 A shares of £1 each were issued to the company's parent undertaking and fully paid up.

13: Provisions

	Indemnity commission provision	Complaints provision	**Total**
	£'000	£'000	**£'000**
At 1 January 2021	954	281	**1,235**
Charged to Income Statement	14	97	**111**
Utilised during the year	-	(146)	**(146)**
At 31 December 2021	**968**	**232**	1,200
Charged to Income Statement	(22)	1,433	**1,411**
Utilized in the year		(501)	**(501)**
Release of unused provision	(331)	-	**(331)**
At 31 December 2022	**615**	**1,164**	**1,779**

Indemnity commission provision
In the event of a clawback of indemnity commission in respect of policies cancelled during the indemnity period, the Company has an obligation to settle the liability. The provision for clawback of indemnity commission represents the expected cost of clawbacks from product providers for subsequent policy cancellations and mid-term adjustments in respect of policies written at 31 December 2022.

13: Provisions (continued)

The provision is calculated by reference to historical data resulting from past claims, referenced to present day sales of indemnity products. The amount provided represents the gross obligation, discounted at a cost of capital of 11.9% and, where these amounts can be recovered from advisers, an asset is recognised (and similarly discounted). This provision is charged as a reduction of revenue on the income statement at the point of sale of each policy. The provision was reviewed at the end of 2022.

An asset is held for the amount recoverable from advisers for any liability caused by the above within trade, other receivables and other assets (note 9). As at 31 December 2022 this stood at £446,000 (2021: £793,000).

Provision for complaints
Provision is made for expected settlements on open complaints.

The increase in complaints during the year can be attributed to two specific cases amounting to £489,000 and £225,000.

An asset is held for the amount recoverable from professional indemnity insurance caused by the above within trade other receivables and other assets (note 9). As at 31 December 2022 this stood at £164,000 (2021: £111,000).

14: Trade, other payables and other liabilities

	£'000	£'000
	2022	2021
Trade payables	**4,027**	3,294
Other payables	**772**	2,728
Amounts due to group undertakings	**6,245**	2,785
Total trade, other payables and other liabilities	**11,044**	8,807

Trade payables principally comprise amounts due to advisers relating to Fee and commission expenses pending settlement.

Other payables relate to amounts payable to advisers relating to an incentive scheme.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. All trade and other payables are short-term and interest-free.

Amounts due to group undertakings are unsecured, interest-free and current.

15: Related party transactions

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

Key management personnel transactions
Remuneration of key management personnel is disclosed in Note 6.

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

16: Contingent liabilities

There are no contingent liabilities as at 31 December 2022 (2021: £nil).

17: Ultimate parent company

The Company's immediate parent company is Caerus Holdings Limited, a company registered in England and Wales.

The ultimate parent company, controlling party and the smallest and largest group to consolidate these financial statements is Quilter plc, registered in England and Wales. The consolidated financial statements are available from:

The Company Secretary
Quilter plc
Senator House
85 Queen Victoria Street
London
EC4V 4AB
www.quilter.com

18: Events after the end of the reporting period

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