Registered in England and Wales No. 05372217

Quilter Financial Planning Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2022

Quilter Financial Planning Limited

CONTENTS

Quilter Financial Planning Limited

COMPANY INFORMATION

Directors	C J L Samuel (Chairman) S J Colsell M Dean S C Gazard M L Ismail K R Lambden P S Matthews
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: 05372217

STRATEGIC REPORT

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

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

The principal activity of Quilter Financial Planning Limited (the "**Company"**) is that of a holding company together with service provision and strategic and governance oversight to its subsidiary companies. The principal activities of its subsidiary companies include financial planning and mortgage advice through both a network of self-employed intermediaries and employed advisers. The Company is incorporated in England and Wales and domiciled in the United Kingdom (**"UK"**).

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 achieving 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 exempt from reporting company-specific information as it is a subsidiary of the Group.

STRATEGIC REPORT (continued)

QUILTER FINANCIAL PLANNING LIMITED STRATEGY

Quilter Financial Planning Limited forms part of the Quilter Financial Planning Group (**"the 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.

National Channel

The focus of the National Channel is to grow the number of clients directly serviced under the Quilter brand, taking greater control of the end-to-end client journey, providing clients with a consistent high-quality service experience. The National Channel covers multiple market segments through both employed and self-employed advisers.

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
	£'000	£'000
Fee income and other income from service activities	**46,474**	88,638
Investment return	**1,419**	884
Other operating and administrative expenses	**(96,398)**	(125,916)
Loss before tax	**(84,574)**	(39,466)
Cash and cash equivalents	**20,067**	21,936
Net assets	**167,357**	225,581

The loss before tax has increased from £39.4m to £84.6m primarily due to a charge of £35.2m (2021: £2.3m) relating to the impairment of investment in subsidiary undertakings.
In the year, the directors have recognised an impairment of its investments in Lighthouse Group Limited and Charles Derby Limited to reflect current market conditions and increased discount rates. See note 9 for further details.

Other operating and administrative expenses have decreased to £96.3m from £125.9m largely due to a fall in Staff costs as result of a year-on-year reduction in headcount principally due to staff transfers within the Group. The average number of persons employed by the Company in the year was 538 compared to 688 in the prior year. At the year-end there were 486 persons employed by the Company (2021: 675).

In addition, management charges from other group companies increased from £26.9m in 2021 to £36.3m in 2022. As the Company does not recover these charges from its' subsidiaries this contributes to the increase in loss before tax.

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, the Company 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.

The Board, and where appropriate it's Audit Committee, Risk & Governance Committee and Investment Oversight Committee, considers and discusses information from across the organisation to help it understand the impact of the Company's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance as well as information covering areas such as key risks, legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting, and through in-person presentations.

The Board received the following regular reports during 2022:

- Chief Executive Officer's Report: provides the CEO's summary views of the significant matters impacting the Quilter Financial Planning business.
- Finance Report: updates the Board on the Company's financial performance against the Business Plan, prior year performance and other Key Performance Indicators.
- Chief Risk Officer's Report: this report provides an update on the Second Line opinion on the material risks to which the Company is exposed.
- Customer Reports: these provide updates on the customer experience, any changes to activities being undertaken to improve the customer experience, any new activity undertaken to meet customer needs and the benefits of this activity to the customer. This also includes any customer complaints and support provided.
- Human Resource Reports: this provides the Board with updates on people management and risk, succession and talent management and metrics such as staff engagement.
- Core Advice Channel Reports - Network and National: regular performance updates, adviser engagement events and initiatives, market challenges and recruitment activity.

Maintaining an open and transparent relationship with our regulators is a key priority and the Board and the Risk and Governance Committee receive regular reporting on key regulatory engagement, and the Chief Risk Officer, as a standing attendee of each meeting, provides further updates as needed. The Risk & Governance Committee has also spent time reviewing the regulatory horizon and the action being taken to ensure the Company is, and will continue to, meet regulatory expectations.

The Board reviews the Company's conflicts of interest register at least annually to ensure that management are active in their assessment and mitigation of conflicts in order to protect the interests of Quilter's customers.

The importance of our suppliers is acknowledged by the Board and supplier relationships are managed and maintained in line with Quilter Group policy. Please refer to the Quilter plc 2022 Annual Report for further information on how we foster relationships with our suppliers.

The Company's people are central to our business and, the Board dedicated time throughout the year to consider the interests of colleagues across the Quilter Financial Planning Group. The Board recognises the importance of attracting and retaining talented people in a highly competitive job market, particularly in light of the ongoing cost of living challenges. The Board has also spent time reviewing the employee survey scores, sought views and feedback from management to contextualise the data and reviewed proposals to address feedback from our people during the year.

The following are some examples of how the Directors have had regard to the matters set out in section 172 (1) when discharging their duties:

Stakeholder considerations

Consideration of the views and expectations of our regulators and customers were core to the Board's decision making during 2022, specifically in relation to the oversight of the implementation plans for the Consumer Duty, including the Board's review of the implementation plan, prior to sharing with the FCA. The implementation of this new duty aligns with a core part of the Company's strategic rationale to deliver good outcomes for customers. The Board, and its committees, will continue to oversee management's endeavours to implement the plan during 2023.

STRATEGIC REPORT (continued)
Stakeholder considerations (continued)

The Investment Oversight Committee spent time reviewing spent significant time evaluating and challenging the improvements proposed to QFP's investment proposition. During 2022 the IOC assessed and approved the addition of two further Wealth Select ethical, social and governance-focused ("ESG-focused") solutions to the Restricted Investment Matrix (the "Matrix"). This was following the identification of a greater customer demand for ESG-focused investment options, the solutions were launched in Q4 2022. The Board and its Investment Oversight Committee have monitored the new propositions since launch.

During 2020, a number of complaints were received in relation to historic pension transfer advice in respect of the British Steel Pension Scheme provided by Lighthouse prior to its acquisition by the Company in June 2019. This subsequently led to the Company's regulator, the Financial Conduct Authority ("FCA"), initiating a skilled person's ("s.166") review and an enforcement investigation into whether Lighthouse has breached certain FCA requirements in connection with advising on and arranging defined benefit ("DB") pension transfers in the period from 1 April 2015 to 30 April 2019.

During 2022 the Board has continued to work and co-operate closely with the skilled person and the FCA in relation to the s166 review. Reviews are conducted of relevant cases and offers of remediation are made if the historic pension transfer advice in respect of the British Steel Pension Scheme was not suitable; and any lessons arising from the s166 review and these complaints have been fully learnt and embedded. Even though the relevant advice pre-dated our acquisition of Lighthouse, we have ensured that Lighthouse has responded to the situation consistent with our values

Signed on behalf of the Board

S C Gazard
Director
13 June 2023

DIRECTORS' REPORT

The Directors present their annual 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 J Colsell
M Dean
S C Gazard
M L Ismail
K R Lambden
P S Matthews
C J L Samuel

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

Qualifying third-party indemnity provision were in force (as defined by section 234 of the Companies Act 2006) during the course 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: £88,602,505 0.75p per share).

EMPLOYEES

Our people policies support our aim to create an inclusive culture that embraces diversity and enables our people to thrive. They also reflect relevant employment laws, including the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. All employees and suppliers providing on site services in the UK are paid no less than the real Living Wage, a voluntary initiative run by the Living Wage Foundation.

We promote equal opportunities and ensure that no job applicant or colleague is subject to discrimination or less favourable treatment on the grounds of gender, marital status, nationality, ethnicity, age, sexual orientation, responsibilities for dependents, or physical or mental disability. We are committed to continuing the employment of, and for arranging training for, employees who have become disabled while employed by Quilter. We select candidates for interview, career development and promotion based on their skills, qualifications, experience and potential.

A grievance procedure is in place to provide a clear and secure route for employees to raise a complaint or problem about any issue relating to their work, working environment, pay and benefits, working hours or is concerned about any other issue affecting their employment. In line with our whistleblowing policy, colleagues are required to report knowledge or suspicion of malpractice or actions that endanger Quilter Group's employees or assets. The whistleblowing policy provides employees who raise concerns in good faith with protection from detriment to their future employment opportunities. Concerns can be reported to line managers, Risk and Compliance or via the independent confidential ethics hotline which is available year round.

The Company continuously seek the views of colleagues through the Workday Peakon Employee Voice tool. Through this tool we survey colleagues on a regular basis, which provides senior leaders and managers real-time insights and feedback from colleagues. The Employee Forum represents colleagues across Quilter and meets with senior leaders on a monthly basis to discuss key issues that impact the interests of our people. The views of the Employee Forum, together with views and feedback from the regular surveys, are taken into account and support management decision making. In light of the pressures faced by many of our colleagues due to the rising cost of living, in 2022 the Company made an additional payment to all employees earning less than £50,000 per annum.

DIRECTORS' REPORT (continued)
EMPLOYEES (continued)

As part of the Quilter Group governance framework, the Company relies upon Group practices and processes to support employees. Further details are described in full in the Quilter plc Annual Report for 2022.

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 and to allocate capital efficiently to support growth and return excess capital where appropriate. The Company's capital position and the movement in this from the prior year are disclosed within the statement of changes in equity.

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.

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 plc, to provide continued capital support to the Company for at least the three years to 31 December 2025.

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 have 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
13 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Signed on behalf of the Board

M Dean

Director

13 June 2023

Independent auditors' report to the members of Quilter Financial Planning Limited

Report on the audit of the financial statements

Opinion

In our opinion, Quilter Financial Planning 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 in respect of the annual report and 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 the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 manipulation of results 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;
- 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 the valuation of investments in subsidiaries; 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
13 June 2023

Income statement

For the year ended 31 December 2022

	Note	**2022** **£'000**	2021 £'000
Income			
Income from service activities	4	**46,474**	88,638
Investment income	4	**1,419**	884
Total income	4	**47,893**	89,522
Expenses			
Other operating and administrative expenses		**(96,398)**	(125,916)
Finance costs		**(869)**	(813)
Total expenses	5	**(97,267)**	(126,729)
Impairment of investment in subsidiary undertaking		**(35,200)**	(2,259)
Loss before tax		**(84,574)**	(39,466)
Tax credit on loss	6	**9,300**	8,014
Loss for the financial year		**(75,274)**	(31,452)

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

The notes on pages 19 to 44 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended 31 December 2022

	2022 **£'000**	2021 £'000
Loss for the financial year	**(75,274)**	(31,452)
Total comprehensive income	**(75,274)**	(31,452)

The notes on pages 19 to 44 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	Capital Contribution £'000	Share based payments reserve £'000	Retained earnings / (Accumulated losses) £'000	Total share-holders' funds £'000
Balance at 1 January 2022		**118,073**	**56,800**	**25,000**	**1,855**	**23,853**	**225,581**
Total comprehensive income		-	-	-	-	(75,274)	(75,274)
Share-based payments		-	-	-	1,520	506	2,026
Share capital issued	14	15,000	-	-	-	-	15,000
Tax credit recognised in reserves							
- IFRS 2		-	-	-	(123)	147	24
Balance at 31 December 2022		**133,073**	**56,800**	**25,000**	**3,252**	**(50,768)**	**167,357**

	Note	Ordinary share capital £'000	Share premium £'000	Capital Contribution £'000	Share based payments reserve £'000	(Accumulated losses) / Retained earnings £'000	Total share-holders' funds £'000
Balance at 1 January 2021		**227,073**	**56,800**	**25,000**	**3,629**	**(7,329)**	**305,173**
Total comprehensive income		-	-	-	-	(31,452)	(31,452)
Share-based payments		-	-	-	(1,983)	1,237	(746)
Capital reduction[1]	14	(150,000)	-	-	-	150,000	-
Dividends paid	19	-	-	-	-	(88,603)	(88,603)
Share capital issued	14	41,000	-	-	-	-	41,000
Tax debit recognised in reserves							
- IFRS 2		-	-	-	209	-	209
Balance at 31 December 2021		**118,073**	**56,800**	**25,000**	**1,855**	**23,853**	**225,581**

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

[1] - On 8 July 2021, the Company reduced share capital by 150,000,000 of £1 ordinary shares, with the addition of an equivalent amount to retained earnings. The share capital reduction and increase in retained earnings was required to ensure the Company maintained sufficient distributable reserves under s845 of the Companies Act 2006.

The notes on pages 19 to 44 form an integral part of these financial statements .

Statement of financial position
At 31 December 2022

	Note	**2022** £'000	2021 £'000
Assets			
Intangible assets	7	**5,789**	8,127
Property, plant and equipment	8	**517**	743
Investments in subsidiary undertakings	9	**182,733**	217,933
Loans and advances	10	**34,116**	50,815
Deferred tax assets	11	**2,844**	2,852
Current tax assets		**16,833**	12,060
Trade, other receivables and other assets	12	**83,883**	76,059
Cash and cash equivalents	13	**20,067**	21,936
Total assets		**346,782**	390,525
Equity and liabilities			
Equity			
Ordinary Share capital	14	**133,073**	118,073
Share premium		**56,800**	56,800
Capital contributions		**25,000**	25,000
Share-based payments reserve		**3,252**	1,855
(Accumulated losses)/ Retained earnings		**(50,768)**	23,853
Total equity attributable to equity holders		**167,357**	225,581
Liabilities			
Loans and deferred consideration	15	**30,000**	35,050
Trade, other payables and other liabilities	16	**149,425**	129,894
Total liabilities		**179,425**	164,944
Total equity and liabilities		**346,782**	390,525

The notes on pages 19 to 44 form an integral part of these financial statements .

The financial statements on pages 13 to 44 were approved by the Board of Directors and authorised for issue on 13 June 2023 and signed on its behalf by:

Mitchell Dean

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M Dean

Director

Company No: 05372217

General information

Quilter Financial Planning 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 Planning 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.

These are separate financial statements as the Company has elected under the Companies Act s.400 not to prepare consolidated financial statements.

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:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- 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;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- 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.

1: Basis of preparation (continued)

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.

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 written commitment of the Company's indirect parent to provide the required level of continued capital support for at least three years to 31 December 2025 along with management's consideration of the parent's ability to provide that support.

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

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. The 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

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.

- *Impairment of investment in subsidiaries - recognition*

  In assessing whether an impairment expense should be recognised, the Company evaluates the recoverable amount, based on each cash generating units' value in use and the value the entity generates for the wider group.

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.

Impairment of investment in subsidiaries - measurement

The amount of any impairment expense is calculated by comparing the carrying value of the underlying investment to the recoverable value, being the higher of the value-in-use ("**VIU**") and its fair value ("**FV**") less costs to sell.

Value in use is considered to be net assets (excluding investments and goodwill) plus discounted cash flow of future results as per the 2023 to 2025 business plan less the impact of planned new offerings.

Fair value, being the value at which any cash generating unit could be sold at arm's length, is considered to be represented by value in use plus the terminal value of margins earned by other Quilter group entities on the administration of assets derived from QFP Group advisers, less estimated disposal costs.

Further detail on the estimates adopted and related sensitivities is included in Note 9

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.

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.

Investment income
Investment income includes interest income which is recognised using the effective interest rate method which allocates interest and other finance costs at a constant rate over the expected life of the financial instrument.

Staff costs
Staff costs are classified as those costs of employing staff incurred directly by the Company. Staff employed by other group companies and recharged to the Company are classified as Direct Management Charges.
All staff costs are recognised in the income statement as a cost when incurred.

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

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.

3: Significant accounting policies (continued)

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.

All other financial assets that are not measured at amortised cost are classified and measured at FVTPL.

Loans and advances

Loans with fixed maturities are recognised when cash is advanced to the borrowers. Other loans and advances are carried at amortised cost using the effective interest rate method. These assets are subject to the impairment requirements outlined below.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and money market collective investment funds 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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. The Company's borrowings and 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.

3: Significant accounting policies (continued)

Investments in subsidiaries
Parent Company investments in subsidiary undertakings are initially stated at cost. Subsequently, investments in subsidiary undertakings are stated at cost less any 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 are recognised in the Parent Company income statement as they occur.

Impairment of financial assets
The expected loss accounting model for credit losses applies to financial assets measured at amortised cost, but not to financial assets at FVTPL. Financial assets at amortised cost include trade and intercompany receivables, cash and cash equivalents (excluding money market collective investment funds which are measured at fair value), fixed term deposits and loans and advances.

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

3: Significant accounting policies (continued)

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

Employee benefits

Pension scheme
The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement and other comprehensive income represents the contributions payable to the scheme in respect of the accounting period.

Employee share-based payments
The Company participates in the Quilter PLC share incentive plans for its employees. These involve an award of shares or options in the Group (equity-settled share-based payments).

The Group’s incentive plans have conditions attached before the employee becomes entitled to the award. These can be performance and/or service conditions (vesting conditions) or conditions that are often wholly within the control of the employee, for example where the employee has to provide funding during the vesting period, which is then used to exercise share options (non-vesting condition).

The fair value of share-based payment awards granted is recognised as an expense in the income statement over the vesting period which accords with the period for which related services are provided by the employee. A corresponding increase in equity is recognised.

For equity-settled plans, the fair value is determined at grant date and not subsequently re-measured. For cash settled plans, the fair value is re-measured at each reporting date and the date of settlement, with any changes in fair value recognised in the profit or loss for the period and adjusted to equity accordingly.

At each period end the Company reassesses the number of equity instruments expected to vest and recognises any difference between the revised and original estimate in the income statement with a corresponding adjustment to the share-based payments reserve in equity.

3: Significant accounting policies (continued)

At the time the equity instruments vest, the amount recognised in the share-based payments reserve in respect of those equity instruments is transferred to retained earnings.

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. Note 11 includes further detail of circumstances in which the Company does not recognise temporary differences.

Intangible assets

Intangible assets acquired as part of a business combination
Intangible assets acquired as part of a business combination are recognised where they are separately identifiable and can be measured reliably. Acquired intangible assets consist primarily of contractual relationships such as customer relationships and distribution channels. Such items are capitalised at their fair value, represented by the estimated net present value of the future cash flows from the relevant relationships acquired at the date of acquisition. Brands and similar items acquired as part of a business combination are capitalised at their fair value based on a ‘relief from royalty’ valuation methodology.

Subsequent to initial recognition, acquired intangible assets are measured at cost less amortisation and any recognised impairment losses. Amortisation is recognised at rates calculated to write off the cost or valuation less estimated residual value, using a straight-line method over their estimated useful lives as set out below:

Distribution channels	8 years
Customer relationships	10 years

The economic lives are determined by considering relevant factors such as usage of the asset, product life cycles, potential obsolescence, competitive position and stability of the industry. The amortisation period is re-evaluated at the end of each financial year end.

3: Significant accounting policies (continued)

Impairment testing for intangible assets

For intangible assets with finite lives, impairment charges are recognised where evidence of impairment is observed. Indicators of impairment can be based on external factors, such as significant adverse changes to the asset as part of the overall business environment and internal factors, such as worse than expected performance reflected in the Company's three-year Business Plan. If an indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is calculated as the higher of fair value less costs to sell and value in use. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the income statement immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an intangible asset is not yet available for use it is subject to an annual impairment test by comparing the carrying value with the recoverable amount. The recoverable amount is estimated by considering the ability of the asset to generate sufficient future economic benefits to recover the carrying value.

Property, plant and equipment

Fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment in value. Fixtures and fittings are depreciated on a straight-line basis over their useful economic life which in all cases is 3 years.

Leasehold improvements are stated at cost less accumulated depreciation and accumulated impairment in value. Fixtures and fittings are depreciated on a straight-line basis over their useful economic life which reflects the term of the lease.

Computer equipment is stated at cost less accumulated depreciation and accumulated impairment in value. Computer equipment is depreciated on a straight-line basis over 3 years.

Depreciation and impairment losses are recognised in the income statement and other comprehensive income within administrative expenses. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of the asset is included in the income statement and other comprehensive income in the period of de-recognition.

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.

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: Total income

	2022	2021
	£'000	£'000
Income from service activities	**46,474**	88,638

Income from service represents the charging of management fees to the Company's subsidiaries and is derived from continuing operations in the United Kingdom.

Interest income comprises

	Note	**2022**	2021
		£'000	£'000
Investment income on:			
Adviser loans		**1,090**	685
Loan to group undertakings		**290**	156
Bank balances		**39**	-
		1,419	841
Dividend income			
Dividend from subsidiary Blueprint Organisation Limited	9	**-**	43
		-	43
Total		**1,419**	884

5: Total expenses

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

	2022	2021*
	£'000	£'000
Staff costs	**35,844**	64,212
Depreciation of property and equipment	**225**	436
Amortisation of intangible assets	**2,319**	2,612
Auditors' remuneration	**79**	100
Management charges from group companies	**36,285**	26,901*
Professional and regulatory costs	**6,342**	11,037*
Computer costs	**6,253**	9,387
Adviser costs	**3,689**	5,681
Release of deferred consideration	**(500)**	(877)
Administration and other expenses	**5,862**	6,427
Total other operating and administrative expenses	**96,398**	125,916

***** 2021 comparatives have been updated to move £6,262,000 charges from group companies that were originally reported as Professional and regulatory costs to Management charges from group companies.

5: Total expenses (continued)

Staff costs and other employee-related costs

	2022	2021
	£'000	£'000
Wages and salaries	**27,676**	52,735
Share-based payments	**1,575**	-
Social security costs	**3,868**	5,485
Other pension costs	**2,321**	2,790
Other benefits	**404**	3,202
Total staff costs	**35,844**	64,212

	Number	Number
	2022	2021*
The average number of persons employed by the Company was:		
Directors	**6**	6
Administrative staff	**224**	302
Operational staff	**308**	380
Total average number of employees during the year	**538**	688
Total number of employees at year end	**486**	675

*2021 comparatives have been updated to better reflect numbers directly employed by the entity.

Operational staff are those employees directly employed in provision of financial advice or support of financial advisers.

The monthly average number of persons employed by the Company is based on permanent employees and fixed term contractors.

Directors' remuneration

	2022	2021
	£'000	£'000
Proportion of Directors' emoluments paid by third parties attributable to the company		
Remuneration	**1,575**	1,407
Pension	**5**	7
Total share-based payments	**489**	380
	2,069	1,794

	2022	2021
	£'000	£'000
Emoluments of the highest paid Director		
Aggregate emoluments excluding pension contribution	**913**	747
Pension contributions	**4**	-

2 Directors had money paid to money purchase schemes during the year (2021: 3).
2 Directors received, or were due to receive, shares or share options under a long-term incentive scheme (2021: 3).
1 Directors exercised options during the year (2021: 3).

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.

5: Total expenses (continued)

The Directors' remuneration was paid by other QFP Group entities.

Auditors' remuneration

Included in other operating and administrative expenses are fees paid to the Company's auditors. These can be categorised as follows:

	2022 £'000	2021 £'000
Fees payable for audit services	**79**	100
Total Company auditors' remuneration	**79**	100

Finance costs

This note analyses the interest costs on our borrowings and similar charges, all of which are valued at amortised cost.

Finance costs comprise:

	2022 £'000	2021 £'000
Bank charges	**8**	16
Discount unwind on deferred consideration	**76**	436
Interest payable on loan from Lighthouse Advisory Services Limited	**785**	361
Total finance costs	**869**	813

6: Tax credit on loss

Tax credited to the income statement

	£'000	£'000
	2022	2021
Current tax		
United Kingdom	**(9,342)**	(7,348)
Adjustments to current tax in respect of prior periods	**157**	25
Total current tax credit	**(9,185)**	(7,323)
Deferred tax		
Origination and reversal of temporary differences	**56**	(101)
Effect on deferred tax of changes in tax rates	**(126)**	(590)
Adjustments to deferred tax in respect of prior periods	**(45)**	-
Total deferred tax credit	**(115)**	(691)
Total tax credited to the income statement	**(9,300)**	(8,014)

Reconciliation of total income tax expense

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

	2022	2021
	£'000	£'000
Loss before tax from continuing operations	**(84,574)**	(39,466)
Corporation tax credit at 19% (2021: 19%)	**(16,069)**	(7,499)
Effect of:		
Dividends received not taxable	**-**	(7)
Impairments/losses not deductible for tax	**6,688**	429
Expenses not deductible for tax purposes	**95**	158
Adjustments to current tax in respect of prior years	**157**	25
Effect on deferred tax for changes in tax rates	**(126)**	(590)
Deferred tax not previously recognised	**-**	(530)
Adjustments to deferred tax in respect of prior years	**(45)**	-
Total tax credited to income statement	**(9,300)**	(8,014)

Factors that may affect future charges

The main rate of corporation tax is 19% for the financial year 2022 (2021:19%). The rate increased 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 from 1 April 2023.

The Company has recognised deferred tax assets as disclosed in note 11. The Company considers that future profits will be sufficient to utilise the tax asset carried forward.

7: Intangible assets

Analysis of intangible assets
The table below shows the movements in cost and amortisation of intangible assets.

	£'000 Sesame Adviser	£'000 Computer software	£'000 Total
Gross amount			
1 January 2021	**1,389**	**29,694**	**31,083**
Additions	-	408	408
Disposals	-	(99)	(99)
31 December 2021	**1,389**	**30,003**	**31,392**
Additions	-	-	-
Disposals	-	(19)	(19)
31 December 2022	**1,389**	**29,984**	**31,373**
Accumulated amortisation			
1 January 2021	**813**	**19,840**	**20,653**
Amortisation charge for the year	131	2,481	2,612
31 December 2021	**944**	**22,321**	**23,265**
Amortisation charge for the year	123	2,196	2,319
31 December 2022	**1,067**	**24,517**	**25,584**
Carrying amount			
31 December 2021	445	7,682	8,127
31 December 2022	**322**	**5,467**	**5,789**

The cost of acquiring advisers from Sesame Bankhall in 2015 was capitalised. These payments are recorded at cost and then amortised over the expected life of the benefit derived from the income stream of those advisers, which is assessed as being 10 years. The asset has a remaining amortisation period of 2.6 years (2021: 3.6 years).

Computer software has a remaining amortisation period of 2.5 years (2021: 3.5 years).

8: Property, plant and equipment

	£'000 Right-of-use assets	£'000 Fixtures and fittings	£'000 Computer equipment	£'000 Leasehold improvements	£'000 Total
Gross amount					
1 January 2021	**1,643**	**802**	**3,019**	**3,467**	**8,931**
Disposal	-	(590)	(2,611)	(2,265)	(5,466)
31 December 2021	**1,643**	**212**	**408**	**1,202**	**3,465**
Disposal	(1,643)	-	-	(1)	(1,644)
31 December 2022	**-**	**212**	**408**	**1,201**	**1,821**
Accumulated depreciation and impairment losses					
1 January 2021	**1,617**	**766**	**2,711**	**2,658**	**7,752**
Provided during the year	26	26	237	147	436
Disposal	-	(590)	(2,611)	(2,265)	(5,466)
31 December 2021	**1,643**	**202**	**337**	**540**	**2,722**
Provided during the year	-	10	61	154	225
Disposal	(1,643)	-	-	-	(1,643)
31 December 2022	**-**	**212**	**398**	**694**	**1,304**
Carrying amount					
31 December 2021	-	10	71	662	743
31 December 2022	**-**	**-**	**10**	**507**	**517**

Following a review of the fixed asset register in 2021, the Company recognised the disposal of certain fully depreciated assets with a cost of £5,466,000 and an accumulated depreciation of £5,466,000 (net book value: £nil) in the prior year. There were no proceeds arising from the recognition of the disposal and therefore no gain or loss has been recognised in the income statement.

9: Investments in subsidiary undertakings

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

	Subsidiaries 2022 £'000	Subsidiaries 2021 £'000
Balance at the beginning of the year	**217,933**	**298,752**
Investment in subsidiary undertakings	-	10,000
Return of capital from subsidiaries	-	(88,560)
Impairment of subsidiary undertaking	(35,200)	(2,259)
Balance at the end of the year	**182,733**	**217,933**

2021 investment in subsidiaries

On 29 April 2021, the Company subscribed for 4,000,000,000 ordinary shares at a cost of £4,000,000 in its subsidiary, Quilter Mortgage Planning Limited.

On 29 April 2021, the Company subscribed for 2,000,000,000 ordinary shares at a cost of £2,000,000 in its subsidiary, Quilter Wealth Limited.

On 30 April 2021, the Company subscribed for 4,000,000,000 ordinary shares at a cost of £4,000,000 in its subsidiary, Caerus Capital Group Limited.

Return of capital from subsidiaries

On 30 July 2021, Blueprint Organisation Limited sold its 100% holding in Quilter Private Client Advisers Limited, a subsidiary of the Company, to another member of the Quilter Group, for cash consideration of £88,602,000. There was no profit or loss on disposal.

Other than the acquisition and sale of this investment, Blueprint Organisation Limited had limited trade and minimal retained earnings. Therefore, following the disposal of its subsidiary, it performed a capital reduction for £88,560,000 and paid a dividend of £88,602,505 to the Company.

As this dividend was paid by reducing share capital and not from trading profits, £88,560,000 of this receipt has been treated as a return of capital invested with the remaining £42,505 being treated as investment income.

9: Investments in subsidiary undertakings (continued)

Annual impairment test

In accordance with the requirements of IAS 36 Impairment of Assets, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The carrying amounts of the Company's investments in subsidiaries are compared with the recoverable value, being the higher of the value-in-use ("VIU") and its fair value ("FV") less costs to sell. If applicable, an impairment charge is recognised in the income statement when the recoverable amount is lower than the carrying value.

Value in use

The VIU test has been calculated with reference to the 2023-2025 business plan, with cashflows beyond this period modelled using a compound annual growth rate for both revenue and expenses. A terminal value is calculated using an advice fee growth rate of 2%, an expense inflation rate of 2% and a 11.9% present value discount rate.

Fair value

The fair value is calculated as the value-in-use, plus the terminal value of forecasted margin earned by other Group entities on assets under their administration derived from QFP Group advisers, less disposal costs calculated at 5% of the gross fair value. This forecast is based on current assets under administration and current average margins discounted to a present value using a discount rate of 11.9%.

Impairment of investment

2022

The impairment test indicated that the recoverable value of Charles Derby Group Limited and Lighthouse Group Limited were lower than their carrying values at 31 December 2022 and as such an impairment has been recognised in the income statement. Both entities are the holding company for financial planning and mortgage advice businesses.
These impairments have been triggered by the impact of the current market on growth, combined with reduced investment values and increased discount rates impacting the forecasted margin on asset administration earned by other Group entities.

The impairment values are derived as follows	Lighthouse Group Limited £'000	Charles Derby Group Limited £'000	Total £'000
Carrying value of investment	90,355	30,613	120,968
Fair value	63,355	22,413	85,768
Impairment recognised in the year	**27,000**	**8,200**	**35,200**

2021

During 2021, all advisers of Blueprint Financial Services Limited were transferred to other cash generating units. With minimal assets or reserves remaining in the company, £2,259,000 investment in this subsidiary has been fully impaired.

The impairment test has not identified any other subsidiaries requiring impairment.

Sensitivity analysis

Management have performed sensitivity tests to assess the impact of changes to underlying assumptions on the FV calculation and to stress the FV. These sensitivity tests indicate:

- Applying expense inflation of 3% after the first three years of the impairment model would increase the impairment loss by £15,200,000 (2021: increase £1,400,000).
- Reducing the advice fee growth rate to 1% after the first three years of the impairment model would increase the impairment by £18,300,000 (2021: increase/decrease £3,300,000).
- Increasing the discount rate by 2% to 13.9% would increase the impairment loss by £10,900,000 (2021: increase £2,400,000).

These impacts relate only to Lighthouse Group and Charles Derby Group. The surplus in respect of other entities is sufficient that they do not become impaired under these scenarios.

9: Investments in subsidiary undertakings (continued)

The subsidiary undertakings at the year end, all wholly owned (with 100% voting rights) and registered in England and Scotland are:

Company name	Share class	Registered office address
Quilter Financial Services Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Financial Planning Solutions Limited	Ordinary	Riverside House, the Waterfront, Newcastle upon Tyne, NE15 8NY
Think Synergy Limited*	Ordinary	Riverside House, the Waterfront, Newcastle upon Tyne, NE15 8NY
Quilter Wealth Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Mortgage Planning Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Blueprint Financial Services Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Blueprint Organisation Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Blueprint Distribution Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Freedom Financial Planning (Manchester) Ltd. (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Intrinsic Cirilium Investment Company Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Charles Derby Group Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Financial Advisers Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Charles Derby Wealth Management Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Charles Derby Private Clients Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Forward Thinking Wealth Management Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB

9: Investments in subsidiary undertakings (continued)

Company name	Share class	Registered office address
Caerus Capital Group Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Caerus Holdings Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Financial Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Caerus Wealth Solutions Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Caerus Wealth Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Group Limited (formerly Lighthouse Group plc)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Luceo Asset Management Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4 V 4AB
Lighthouse Wealth Management Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
LighthouseXpress Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Benefits Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Support Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Falcon Financial Advice Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
The Falcon Group Limited* (in liquidation)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Lighthouse Advisory Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Financial Services Advice & Support Limited*	Ordinary	C/O Addleshaw Goddard Llp, 19 Canning Street, Edinburgh, Scotland, EH3 8EH

9: Investments in subsidiary undertakings (continued)

Company name	Share class	Registered office address
Lighthouse Financial Advice Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Corporate Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB

* Not directly held entities

10: Loans and advances

This note analyses the loans and advances the Company has made. The carrying amounts of loans and advances were as follows:

	2022 £'000	2021 £'000
Loans	**33,616**	29,815
Loan with ultimate parent company	**500**	21,000
Total net loans and advances	**34,116**	50,815
To be recovered within 12 months	**7,482**	28,510
To be recovered after 12 months	**26,634**	22,305
Total net loans and advances	**34,116**	50,815

The loan agreement with the adviser details the dates on which the repayments of the loan are to be made. Where an adviser is due commission payments from Quilter, these commission payments are offset against the loan repayments due from the adviser. In certain circumstances, the loan agreement period may be extended where agreed by both Quilter and the adviser. Should the adviser terminate their terms of business agreement with Quilter, the loan balance becomes immediately repayable in full and a provision is made for the amount receivable. Loans to advisers are measured at amortised cost. The carrying amount of loans to advisers approximates to their fair value which is measured as sum of the principal amounts receivable under the loan agreements.

The loan to the ultimate parent company was established as part of a facility for the efficient management of liquidity, executed on 22 August 2021. The loan is recoverable on demand and accrues interest at Bank of England base rate plus 50 bps.

The Company assess inter-company balances for expected credit loss, but due to the value of cash within the Group, which could be waterfalled around each business, and no historical losses incurred on inter-company balances, we have not recognised an ECL on inter-company balances.

The carrying value of these assets approximates to fair value.

11: Deferred tax assets

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.

	Tax losses	Accelerated Depreciation	Share based payments	Other	Closing deferred tax asset/ (liability)
	£'000	£'000	£'000	£'000	£'000
Assets/(liabilities) at 1 January 2021	647	676	666	116	2,105
Income statement (charge)/credit	203	767	(173)	(106)	691
Equity (charge)/credit	-	-	56	-	56
Assets/(liabilities) at 31 December 2021	850	1,443	549	10	2,852
Income statement (charge)/credit	-	95	34	(14)	115
Equity (charge)/credit	-	-	(123)	-	(123)
Assets/(liabilities) at 31 December 2022	850	1,538	460	(4)	2,844

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.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, being where, on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted.

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 increased 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 from 1 April 2023.

Unrecognised deferred tax assets
The amounts for which no deferred tax asset has been recognised comprises:

	31 December 2022		**31 December 2021**	
	Gross amount	**Tax**	**Gross amount**	**Tax**
	£'000	**£'000**	**£'000**	**£'000**
Post April 2017 UK tax losses	**18,470**	**4,617**	**18,470**	4,617
Total unrecognised deferred tax assets	**18,470**	**4,617**	**18,470**	**4,617**

A deferred tax asset has not been recognised as there is sufficient uncertainty to the extent it is probable there will be future taxable profits to utilise the losses. Unrecognised losses are available to carry forward with no expiry date, subject only to the continuation of the business.

12: Trade, other receivables and other assets

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

	2022 £'000	2021 £'000
Amounts due from fellow group undertakings	**81,076**	73,611
Prepayments and accrued income	**1,770**	1,716
Other receivables	**1,037**	732
Total trade, other receivables and other assets	**83,883**	76,059
To be settled within 12 months	**83,883**	76,059
Total trade, other receivables and other assets	**83,883**	76,059

Other receivables mainly relate to trade debtors, tax debtors and other debtors.

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. 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. All other receivables are also current, short term and interest free and are carried at fair value.

13: Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank	**19,767**	12,437
Money market funds	**300**	9,499
Total cash and cash equivalents	**20,067**	21,936

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.

14: Ordinary share capital

The Company's Ordinary Share capital at the end of the year is as follows:

		£'000
Ordinary shares of £1 each – allotted and fully paid	**Number of shares (Authorised, allotted and fully paid)**	**Nominal value**
At 1 January 2021	227,072,594	227,073
Issued in the year	41,000,000	41,000
Cancelled in the year	(150,000,000)	(150,000)
At 31 December 2021	**118,072,594**	**118,073**
Issued in the year	15,000,000	15,000
At 31 December 2022	**133,072,594**	**133,073**

On 30 March 2022 the Company issued 15,000,000 of £1 ordinary shares for a consideration of £15,000,000 to its parent Quilter Holdings Limited to provide funding for the purchase of shares in its subsidiary.

On 30 March 2021 the Company issued 17,000,000 of £1 ordinary shares for a consideration of £17,000,000 to its parent Quilter Holdings Limited to provide funding for the purchase of shares in its subsidiary.

On 30 June 2021 the Company issued 10,000,000 of £1 ordinary shares for a consideration of £10,000,000 to its parent Quilter Holdings Limited to provide funding for the purchase of shares in its subsidiary.

On 8 July 2021 the Company cancelled 150,000,000 of £1 ordinary shares for a consideration of £150,000,000.

On 15 November 2021 the Company issued 14,000,000 of £1 ordinary shares for a consideration of £14,000,000 to its parent Quilter Holdings Limited to provide funding for the purchase of shares in its subsidiary.

15: Loans and deferred consideration

The following table analyses the Company's borrowings and deferred consideration:

	2022 **£'000**	2021 £'000
Amounts due within one year:		
Loan from subsidiary	**30,000**	30,000
Deferred purchase consideration	**-**	5,050
	30,000	35,050

	2022 **£'000**	2021 £'000
Deferred purchase consideration		
Opening balance	**5,050**	10,078
Utilised	**(4,626)**	(4,587)
Charged to income statement	**76**	436
Released to income statement	**(500)**	(877)
Closing balance	**-**	5,050
Maturity analysis		
Within one year	**-**	5,050
	-	5,050

The deferred purchase consideration related to the acquisition of the Charles Derby Group Limited. Final settlement was made during the year.

The deferred purchase consideration in the table above is discounted to reflect the net present value of the future obligation.

16: Trade, other payables and other liabilities

	2022 **£'000**	2021 £'000
Amounts due to fellow group undertakings	**131,736**	114,666
Trade payables and accrued expenses	**16,225**	15,177
Other taxes and social security costs	**1,464**	51
	149,425	129,894
To be settled within 12 months	**149,425**	129,894
Total trade, other payables and other liabilities	**149,425**	129,894

Trade payables principally comprise amounts due to clients and investment settlements outstanding. 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.

17: 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 5.

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

18: Share based payments

During the year ended 31 December 2022, the Company participated in a number of share-based payment arrangements. This note describes the nature of the plans and how the share options and awards are valued.

Description of share-based payment arrangements

The Company operates the following share-based payment schemes with awards over Quilter plc: the Quilter plc Performance Share Plan, the Quilter plc Share Reward Plan, the Quilter plc Share Incentive Plan, and the Quilter plc Sharesave Plan.

The Old Mutual Wealth Phantom Share Reward Plan was an award over Old Mutual plc shares. This share-based payment scheme was transferred to awards over Quilter plc shares on 25 June 2018 and continues to the original vesting dates.

	Description of award						Vesting conditions	
Scheme	**Restricted shares**	**Conditional shares**	**Options**	**Other**	**Dividend Entitlement[1]**	**Contractual Life (years)**	**Typical Service (years)**	**Performance (measure)**
Quilter plc Performance Share Plan - Share Options[4] (Nil cost options)	-	-	✓	-	✓	Up to 10	3	AP EPS CAGR[2] and Relative Total Shareholder Return
Quilter plc Performance Share Plan - Conditional Shares	-	✓	-	-	✓	Not less than 3	3	Conduct, Risk and Compliance Underpins
Quilter plc Share Reward Plan - Conditional Shares	-	✓	-	-	✓	Typically 3	3	-
Quilter plc Share Incentive Plan - Restricted Shares	✓	-	-	-	✓	Not less than 3	2	-
Quilter plc Sharesave Plan[3]	-	-	✓	✓	-	$3^{1/2} – 5^{1/2}$	3 & 5	-
Charles Derby Group Performance Plan	-	-	✓	-	✓	Up to 10	5	AP EPS CAGR

[1]Participants are entitled to actual dividends for the Share Incentive Plan. For all other schemes participants are entitled to dividend equivalents.
[2]Adjusted profit compound annual growth rate (‘**CAGR**’).
[3]The Quilter plc Sharesave Plan is linked to a savings plan.

18: Share based payments (continued)

Options

The weighted average share price at the dates of exercise for options exercised during the year was £1.17.

1,100,746 options outstanding at 31 December 2022 have an exercise price of £nil for both the Quilter plc Performance Share Plan and the Charles Derby Group Performance Share Plan, and between £1.17 and £1.31 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 2.3 years. At 31 December 2021, the exercise price was £nil for both the Quilter plc Performance Share Plan and the Charles Derby Group Performance Share Plan, and between £1.25 and £1.31 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 1.1 years.

19: Dividends

During the year Dividends of £nil were paid (2021: £88,602,505).

20: Commitments and contingent liabilities

At 31 December, the Company has committed, to certain of its direct and indirect subsidiaries, to provide the required level of continued capital support for at least three years to 31 December 2025.

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

21: Ultimate parent company

The Company's immediate parent company is Quilter 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

22: 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.