ANNUAL REPORT

AND

FINANCIAL STATEMENTS

31 December 2022

QUILTER PRIVATE CLIENT ADVISERS LIMITED

Registered in England and Wales No. 06201261

QUILTER PRIVATE CLIENT ADVISERS LIMITED

CONTENTS

QUILTER PRIVATE CLIENT ADVISERS LIMITED

COMPANY INFORMATION

Directors	M Andrews A I McGlone (appointed 19 January 2022) P P Barnacle (appointed 14 February 2022)
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: +44 (0)20 7150 4000 Website: www.quilterpca.com Registered number: 06201261

QUILTER PRIVATE CLIENT ADVISERS LIMITED

STRATEGIC REPORT

The Directors present their strategic report for Quilter Private Client Advisers Limited (the “**Company**”) for the year ended 31 December 2022.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The principal activity of Quilter Private Client Advisers Limited is the provision of pension and investment advice to retail clients. The Company is incorporated and domiciled in England and Wales.

The Company is part of the Quilter plc Group (“**Quilter**” or the “**Group**”). Quilter plc’s ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter provides the Company with strategic and governance oversight.

QUILTER 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 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.

QUILTER PRIVATE CLIENT ADVISERS LIMITED STRATEGY

The Company is part of Quilter’s High Net Worth segment and oversight is from Quilter Cheviot Holdings Limited ("**QCHL**"), another Group company which provides investment management services to high net worth clients facilitating the execution of Quilter’s strategy to organise the Group into two core client-focused segments. Quilter Private Client Advisers remains an authorised representative of Quilter Financial Services Limited and Quilter Mortgage Planning Limited, both subsidiaries with the Quilter Financial Planning ("**QFP**") group.

The Company offers a restricted advice proposition to high net worth clients, delivered through an employed adviser model and drawing upon the capabilities of companies in the wider Group that provide strong and compelling platform and investment propositions. The Company is committed to offering a controlled advice proposition that delivers excellent customer outcomes.

QUILTER PRIVATE CLIENT ADVISERS LIMITED

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS ("KPIs")

Management evaluate the performance of the business using a number of measures. Key metrics for the Company including its subsidiaries were as follows:

	2022	**2021**
Adviser headcount number at year end for advisers operating under Quilter Private Client Advisors Limited	61	57
Total income	20,655,606	23,550,083
Total expenses	(28,762,453)	(21,483,407)
Below the line adjustments	(21,138,807)	(1,496,649)
(Loss)/Profit before taxation	(29,245,654)	570,027
Cash and cash equivalents	18,349,718	16,509,926
Net Assets	35,934,649	56,707,210

During the year the Company made a loss before tax of £29,245,654 compared to a prior year profit before tax of £570,027. Revenue for the year of £20,655,606 represented a £2,894,477 decrease on the prior year. This is as a result of external market conditions causing a reduction in Assets under Management ("**AUMa**").

There was an increase in administrative expenses by £7,637,754 as in 2021 overhead recharges were absorbed by the QFP group ahead of the transfer to QCHL. Finance costs were reduced by £358,708 year on year as deferred consideration for acquisitions continued to run off. In 2021 there was an impairment of an indemnification asset of £1,496,649, this impairment has been reversed by £850,000 as it is now recoverable. In addition, there has been a related provision release of 411,193. An impairment analysis of the Company's intabible assets has been completed, this has resulted in a charge of £22,400,000 (note 11).

GOING CONCERN

In evaluating going concern, the Directors have given consideration to the matters outlined in this strategic report, along with recognising the strategic importance of the Company to the High Net Worth segment and the wider Group.

The Company's immediate parent undertaking, Quilter Cheviot Holdings Limited, has provided confirmation of its intention to provide capital support to the Company at least until 31 December 2024, recognising the strategic importance of the Company within the High Net Worth segment.

Accordingly, these financial statements have been prepared on the basis of the Company being a going concern.

Going concern has been evaluated at Group level by the Directors of Quilter plc and has been re-assessed by the Company's Board at the date of signing these financial statements. The use of the going concern basis of accounting is considered appropriate for the Group, reflecting future expected profitability.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties relate to investment market performance, adviser and customer persistency, expense levels 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 own funds. The Company has limited risk appetite for credit risk via loans to Appointed Representatives and Company cash held with counterparties.

Economic environment: During 2022, increasing inflationary pressures, the continuing Ukraine conflict, supply issues and post-Brexit trading issues have caused inflation to rise. Despite indications at the start of the year, the Bank of England no longer expects the UK to enter a recession during 2023. However, continued inflationary pressure has led 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.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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.

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.

SECTION 172 (1) STATEMENT (continued)

The Directors of the Company are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 (1) of the Companies Act 2006 and acknowledge that effective and meaningful engagement with stakeholders and employees is key to promoting the success of the Company. Given the activities of the Company, the key stakeholders are limited to the Company's sole shareholder, other Group entities, the community, and the environment. Consideration is given to these stakeholders when deliberating at Board meetings to the extent appropriate. Further details of how the Company has had regard for its stakeholders can be found in the directors' report.

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.

Approved by the Board and signed on its behalf by

Paul Barnacle
Director
7th July 2023

QUILTER PRIVATE CLIENT ADVISERS LIMITED

DIRECTORS' REPORT

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

The review of the business, including future outlook and principal risks and uncertainties are set out in the strategic report.

FUTURE DEVELOPMENTS

The Directors expect there to be no significant change in the Company's principal activity.

DIRECTORS

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

M Andrews

M Dean (resigned 6 April 2022)

A I McGlone (appointed 19 January 2022)

P P Barnacle (appointed 14 February 2022)

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

DIRECTORS' THIRD PARTY INDEMNITY PROVISIONS

Qualifying third-party indemnities 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: £nil).

EMPLOYEES

The Company has no employees. Quilter Financial Planning Limited (QFPL) employs all staff and the related disclosures are shown in those financial statements.

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Company are disclosed in note 5.

POLITICAL DONATIONS

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

BUSINESS RELATIONSHIPS STATEMENT

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

An explanation of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, has been set out in Quilter plc's 2022 Annual Report and Accounts, which does not form part of this report.

EMPLOYEES

The Company is committed to the development of policies to promote an inclusive culture and equal opportunities in employment for all its employees and ensuring that everyone has the opportunity to fulfil their full potential regardless of diversity characteristics. It continues to support employees under the Equality Act by making reasonable adjustments to their work environment and the nature of their work. The Company remains committed to continuing the employment of, and for arranging training for, employees who have become disabled while employed by the Company. Candidates are selected for interview, career development and promotion based upon their skills, qualifications, experience and potential.

As part of the Quilter Group governance framework, the Company relies upon Group practices and processes to support employees. Monitoring and oversight are described in full in the Quilter plc 2022 Annual Report and Accounts. In 2022, the Group continued to monitor colleagues' wellbeing and to provide support

An explanation of how the Quilter plc Board has carried out these responsibilities has been set out in the Quilter plc 2022 Annual Report and Accounts, which do not form part of this report.

CLIMATE CHANGE

In 2021, the Quilter climate change strategy was formalised with the objective of 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 aligned with the Taskforce on Climate-related Financial Disclosures disclosure requirements.

STREAMLINED ENERGY AND CARBON REPORTING

The Group is committed to managing its environmental impact and supports the Carbon Disclosure Project, 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 2022 Annual Report and Accounts as per the requirements of Streamlined Energy and Carbon Reporting. The Company is exempt from reporting company specific information as it is a subsidiary of the Group.

INVESTING RESPONSIBLY

Quilter has made a commitment to embed responsible investment principles across the business and is a signatory of the UN backed Principles for Responsible Investment. 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.

STATEMENT OF GOING CONCERN

The use of the going concern basis of accounting is considered appropriate, reflecting the intention of the Company's immediate parent company, Quilter Cheviot Holdings Limited, to provide capital support to the Company at least until 31 December 2023.

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.

INDEPENDENT AUDITORS

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that they ought to have taken as a director in order to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by

Paul Barnacle

Director

7th July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with 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 year. In preparing the financial statements, the Directors are required to:

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

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

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

Independent auditors' report to the members of Quilter Private Client Advisers Limited

Report on the audit of the financial statements

Opinion

In our opinion, Quilter Private Client Advisers 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 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. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to overstatement of revenue by posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, internal audit, management involved in the risk and compliance functions and the Quilter Group's legal function;
- Reviewing relevant meeting minutes of the Board of Directors;
- 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 impairment of goodwill and intangible assets, and contract assets; and
- Designing and performing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

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

QUILTER PRIVATE CLIENT ADVISERS LIMITED

INCOME STATEMENT
Year ended 31 December 2022

	Note	2022	2021
		£	£
Revenue	6	20,634,569	23,550,083
Interest income	6	21,037	-
Total income		20,655,606	23,550,083
Administrative expenses	7	(28,728,891)	(21,091,137)
Finance costs	8	(33,562)	(392,270)
Total Expenses		(28,762,453)	(21,483,407)
Impairment of intangible asset	11	(22,400,000)	-
Impairment of indemnification asset	12	1,261,193	(1,496,649)
(LOSS)/PROFIT BEFORE INCOME TAX		(29,245,654)	570,027
Income tax credit/(expense)	9	1,574,712	(159,616)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(27,670,942)	410,411
Attributable to equity holders		(27,670,942)	410,411

All operations were continuing in the current and prior year.

The notes on pages 19 to 48 form an integral part of the financial statements.

QUILTER PRIVATE CLIENT ADVISERS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2022

	Note	2022	2021
		£	£
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(27,670,942)	410,411
TOTAL COMPREHENSIVE (LOSS)/INCOME		(27,670,942)	410,411

The notes on pages 19 to 48 form an integral part of the financial statements.

QUILTER PRIVATE CLIENT ADVISERS LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	£	£	£	£
2022	**Share capital**	**Share-based payments reserve**	**Accumulated losses**	**Total equity**
Balance at 1 January 2022	88,561,000	269,626	(32,123,416)	56,707,210
(Loss)/Profit for the financial year	-	-	(27,670,942)	(27,670,942)
Total comprehensive expense	**-**	**-**	**(27,670,942)**	**(27,670,942)**
Transactions with owners:				
- Issue of share capital	6,500,000	-	-	6,500,000
- Tax credit recognised in reserves	-	-	-	-
- Share-based payment charge	-	270,877	127,504	398,381
Balance at 31 December 2022	95,061,000	540,503	(59,666,854)	35,934,649
2021				
Balance at 1 January 2021	88,561,000	379,145	(32,787,774)	56,152,371
(Loss)/Profit for the financial year	-	-	410,411	410,411
Total comprehensive income	**-**	**-**	**410,411**	**410,411**
Transactions with owners:				
- Issue of share capital	-	-	-	-
- Tax credit recognised in reserves	-	14,230	-	14,230
- Share-based payment charge	-	(123,749)	253,947	130,198
Balance at 31 December 2021	88,561,000	269,626	(32,123,416)	56,707,210

The notes on pages 19 to 48 form an integral part of the financial statements.

QUILTER PRIVATE CLIENT ADVISERS LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	2022	2021
		£	£
ASSETS			
Fixed assets			
Property, plant and equipment	10	1,277,051	1,650,353
Goodwill and intangible assets	11	20,995,015	47,008,419
Current assets			
Trade and other receivables	12	2,454,577	188,241
Cash and cash equivalents	13	18,349,718	16,509,926
Other debtors	15	1,183,718	2,667,115
Deferred tax assets	18	476,873	425,863
Current tax assets		526,747	185,899
TOTAL ASSETS		45,263,699	68,635,816
EQUITY AND LIABILITIES			
EQUITY			
Called up share capital	20	95,061,000	88,561,000
Share based payments reserve	23	540,503	269,626
Accumulated losses		(59,666,854)	(32,123,416)
TOTAL EQUITY		35,934,649	56,707,210
Creditors: amounts falling due after more than one year			
Lease liabilities	16	871,353	1,105,142
Deferred tax liabilities	18	2,877,291	3,548,752
Creditors: amounts falling due within one year			
Accruals	14	2,604,806	2,208,866
Amounts owed to group undertakings	14	1,465,152	2,553,591
Other Creditors	14	698,920	22,868
Lease liabilities	16	233,454	257,925
Trade creditors	17	(4)	39,998
Provisions for liabilities	19	578,078	2,191,464
TOTAL LIABILITIES		9,329,050	11,928,606
TOTAL EQUITY AND LIABILITIES		45,263,699	68,635,816

The financial statements on pages 15 to 18 were approved by the Board of Directors on 7th July 2023 and signed on its behalf by

P Barnacle

P P Barnacle
Director

Company Registered Number: 06201261

The notes on pages 19 to 48 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

1. GENERAL INFORMATION

Quilter Private Client Advisers Limited (the "Company") is a private company limited by shares incorporated and domiciled in the United Kingdom. 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.

2. BASIS OF PREPARATION

The financial statements of the Company for the year ended 31 December 2022 have been prepared accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 "Reduced Disclosure Framework", and applicable law) ("**FRS 101**"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. For the purposes of the regulation the Company has been judged to be a financial institution.

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 3.

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;
- 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);
    - IAS 7, 'Statement of cash flows';
- The second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 revenue from Contracts with Customers.
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);

2. BASIS OF PREPARATION (continued)

- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Company.

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

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.

There are no amendments to accounting standards, or International Financial Reporting Interpretations Committee 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 direct parent to provide the required level of continued capital support for at least two years to 31 December 2024 along with the managements' consideration of the parent's ability to provide that support.

The Company has received confirmation of ongoing intent to provide capital support from its direct parent, QCHL, that it will continue to make funds available to the Company for at least two years to 31 December 2024 and will not seek repayment of funds provided during that period.

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

Basis of consolidation

The Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements.

These financial statements are standalone financial statements.

Liquidity analysis of the statement of financial position
The Company's statement of financial position is in order of liquidity as is permitted by IAS 1 Presentation of Financial Statements. For each asset and liability line item, those amounts expected to be recovered or settled after more than 12 months after the reporting date are disclosed separately in the notes to the standalone financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting judgements
There are no critical accounting judgements of note.

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.

Area	Critical accounting estimates	Notes
Impairment of Goodwill and Intangible assets	In assessing whether an impairment provision should be recognised, the Company evaluates the likelihood of the carrying value of the investment being lower than the recoverable amount, using the approved business plan, at each reporting date. Intangible assets are also assessed for impairment whenever there is an indication that the intangible asset may be impaired. Sensitivity analysis has been completed and further commentary can be found within note 11.	11
Contract Assets	Management have applied the following judgements in the calculation of contract assets: 1. Contract assets will only be calculated for retail investment business. Other classes of business require further conditions to be met after the provision of advice (e.g acceptance of risk by insurers on protection business). Therefore, for these other classes of business, the uncertainty over whether advice will result in income is sufficiently high that a contract asset cannot be recognised at the point of providing advice. 2. The calculation of the contract asset does not need to include any factor for the time value of money. This is because any contract asset is expected to be received within months of the year end	15

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described below. There have been no changes to the Company's significant accounting policies as a result of changes in accounting standards during the year.

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

Financial instruments
Financial instruments cover a wide range of financial assets, including financial investments, trade receivables and cash and cash equivalents and certain financial liabilities, including investment contract liabilities, trade payables, and borrowings. Derivatives, which are also financial instruments, are covered under a separate accounting policy. Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to receive cash flows have expired or been forfeited by the Company. A financial liability is derecognised when the liability is extinguished.

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best represents the way the business is managed and information is reported to management. The assessment considers the stated portfolio policies and objectives. The Company determines its strategy in holding the financial asset, particularly considering whether the Company earns contractual interest revenue, for example to match the duration of financial assets to the duration of liabilities that are funding those assets or to realise cash flows through the sale of the assets. The frequency, volume and timing of sales in prior years may be reviewed, along with the reasons for such sales and expectations about future sales activity. These factors enable management to determine which financial assets should be measured at fair value through profit or loss ("**FVTPL**").

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 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 to the Company's financial assets: 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement
The Company uses fair value to measure the majority of its assets and liabilities. 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.

The quality of the fair value measurement for financial instruments is disclosed by way of the fair value hierarchy, whereby Level 1 represents a quoted market price for identical financial assets and liabilities, Level 2 financial assets and liabilities are valued using inputs other than quoted prices in active markets included in Level 1, either directly or indirectly and Level 3 whereby financial assets and liabilities are valued using valuation techniques where one or more significant inputs are unobservable.

Classifying financial instruments into the three levels outlined above provides an indication about the reliability of inputs used in determining fair value. More information is provided in note 12.

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.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances.

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

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Other financial liabilities, including the Company's borrowings and trade payables, are measured at amortised cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Impairment of financial assets
The expected loss accounting model for credit losses applies to financial assets measured at amortised cost, but not to financial assets at FVTPL. Financial assets at amortised cost include trade 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 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.

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). 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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Application of the impairment model (continued)
value of estimated future cash flows. ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes events such as significant financial difficulty of the borrower or issuer, a breach of contract such as a default or past due event or the restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider. The assumption that the credit risk for balances over 30 days significantly increases has been rebutted on the basis that some balances will exceed 30 days in the normal course of the settlement cycle, and therefore, there is no increase in the credit risk.

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

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

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)
Deferred tax (continued)
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 18 includes further detail of circumstances in which the Company does not recognise temporary differences.

Goodwill
Goodwill acquired as part of a business combination is disclosed within the carrying value of the intangible asset that was acquired. This reflects the similar nature of these assets.

Goodwill is recognised at cost as at the acquisition date and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised as its useful economic life is deemed to be greater than 20 years, but it is subject to annual impairment review.

The annual impairment review of goodwill is carried out on goodwill and intangible assets acquired as part of a business combination. This reflects both of these assets being related to business combinations. Any impairment identified as part of the review is first set against the carrying value of goodwill and then against the intangible asset.

Intangible assets
Intangible assets include intangible assets initially recognised as part of a business combination and purchased 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

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.

Subsequent expenditure
Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment testing for goodwill and intangible assets
For both goodwill and intangible assets with finite lives, the recoverable amount of the asset is estimated each tear 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. Any impairment identified as part is first set against the carrying value of goodwill and then against the intangible asset. 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.

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

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

- Client compensation and related costs, when the Company compensates clients in the context of providing fair customer outcomes.
- Onerous contracts, when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting the obligations under the contract.
- Corporate restructuring, only if the Company has approved a detailed formal plan and raised a valid expectation among those parties directly affected, that the plan will be carried out either by having commenced implementation or by publicly announcing the plan's main features. Such provisions include the direct expenditure arising from the restructuring, such as employee termination payments but not those costs associated with the ongoing activities of the Company.
- Legal uncertainties and the settlement of other claims.

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

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

Property, plant and equipment
Other property and equipment 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 three years.

Assets associated with short leaseholds are stated at cost less accumulated depreciation and accumulated impairment in value. Assets associated with short leaseholds are depreciated on a straight-line basis over the period of the lease up to a maximum of five years.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
Depreciation and impairment losses are recognised in the income statement within other operating and 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, plant 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 derecognition of the asset is included in the income statement in the period of derecognition.

5. RISK MANAGEMENT FRAMEWORK

Risk Management framework

The Enterprise Risk Management ("**ERM**") framework is defined by Quilter plc has been adopted by the Company. The ERM framework comprises core components such as:

- the corporate governance arrangements which set out the way that the organisation is structured and managed;
- the end-to-end processes involved in the identification, measurement, assessment, management and monitoring of risk including assignment of risk owners and risk reporting;
- the culture and behaviour that is exhibited and the associated reward mechanisms.

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

Risk appetite
The Risk Appetite Framework (“**RAF**”) is defined as the policies, processes, skills and systems that set out the way that Quilter staff across all businesses and control functions should talk about, think about, and manage risk in relation to Quilter’s risk appetite. The RAF builds upon the existing business planning, capital and risk management processes and has three distinct components:

- **Strategy and Business Planning Process**: quantitative and qualitative strategic risk appetite principles linked to risk limits;
- **The Stress and Scenario Framework**: quantitative risk appetite statements linked to the strategic objectives of the business, and contractual and regulatory requirements; and
- **The Risk Policy Framework**: quantitative and qualitative risk appetite statements for individual risks embedded into the policy framework. These set out the approach taken to mitigate and manage risks, informed by the policy appetite statements and control standards.

The qualitative and quantitative risk appetite statements are undergoing further development as part of the enhancement to the ERM framework.

Risk culture
Risk culture is defined as the system of values and behaviours embedded in the Company that shapes risk decisions. The Company's risk culture is defined by the following principles:

5. RISK MANAGEMENT FRAMEWORK

Risk culture (continued)

- Responsibility and accountability for risk management is clearly assigned throughout the organisation with the aim of fostering an open and transparent organisational culture that encourages the right behaviours;
- Creating a climate for our employees to voice genuine concerns about, and risks within, the business;
- A risk-aware culture is seen as an enabler for management to be empowered to take risks in a manner that is transparent and in line with the business and risk strategy;
- Good risk management practices are encouraged, such that our employees understand how to make educated risk related decisions in their day-to-day roles;
- Training and awareness programmes are in place to ensure that a risk-aware culture is fostered and that employees understand the importance of good risk management; and
- Performance management encourages and incentivises good risk management practices.

Credit and counterparty risk
Credit and counterparty risk is the risk that the Company is exposed to a loss if another party fails to meet its financial obligations, including failing to meet them in a timely manner. The Group has established a credit risk policy which sets out restrictions on the permitted financial transactions with counterparties to control and monitor the level of credit risk to which the Company is exposed.

The Company is exposed to limited credit risk. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

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

Credit risk primarily arises from cash held at bank and other receivables, which are all current. The principal amounts receivable on these balances are materially the same as fair value and as such credit risk has not had a significant impact on the valuation of these balances.

Market risk
Market risk is defined as the risk that a change in the value of or income from any asset is not matched by an equal change in the value of the related liability. Market risk arises from fluctuations in variables such as interest rates and foreign exchange rates. The Company is subject to market risk in the following areas:

Interest rate risk
Interest rate risk is defined as the risk of a deviation of the actual interest rates from the expected interest rates, resulting in the potential for a negative impact on earnings or capital and/or reduced solvency. The Company monitors the impact of interest rate changes on its financial position, with the risk managed in line with its Market Risk Policy.

Currency risk
The Company is not exposed to currency risk, as all company assets are held in pounds sterling.

Liquidity risk
Liquidity risk is the risk that a company, although solvent, does not have sufficient available financial resources to enable it to meet its financial obligations as they fall due, or can secure them only at excessive cost.

The Company is exposed to minimal liquidity risk as all its investments and bank accounts are available either on demand or next day settlement, and sufficient to meet day-to-day outgoings. There are no external borrowings.

5. RISK MANAGEMENT FRAMEWORK (continued)

Market risk (continued)

Political risk

The withdrawal of the UK from the EU on 31 January 2020 continues to generate a level of uncertainty in the UK financial services sector. The effect of this uncertainty is the extent to which this translates into an impact upon advice income. The Company actively supports advisers in their communication with customers in order to mitigate the adverse impact of this uncertainty.

The Company's strategy is focused on customers domiciled in the UK and so there is limited direct impact on the Company from the UK's withdrawal from the European Union. The Company is part of a pan-Quilter project to manage the impacts on the business of this withdrawal. The Company is however exposed to secondary risks potentially associated with this, such as reducing investor confidence and adverse market reaction, as a result of the significant downturn in the markets due to COVID-19. As part of its capital adequacy planning, the Company performs adverse scenario assessments to ensure it remains adequately capitalised to cover such scenarios. The Company will continue to benefit from capital support from Quilter Cheviot Holdings Limited, its immediate parent company, and the broader Group.

Risk and capital management

The Group's capital management policy sets out the key considerations and restrictions with regard to the amount of capital that is retained by each entity within the Group.

In the event of the Company incurring losses resulting in the erosion of its capital base, it is supported financially by its immediate parent company Quilter Cheviot Holdings Limited.

Operational risk

Operational risk is defined as the risk of adverse business outcomes resulting from inadequate or failed internal processes, personnel and systems, or from external events (other than financial or business environment risks). Operational risk is an unavoidable consequence of being in business as it can never be fully eliminated. However, it can be effectively managed to ensure exposures and associated risk events are kept to a minimum.

The constituent parts of the Operational Risk Framework are:

Risk & Control Self-Assessment

Identify, assess, manage, monitor and report risk exposures arising from people, processes, systems and external events.

Significant Business Change

Comprehensively assess risk arising from new products, significant variations to existing products, new areas to undertake business, regulatory change programmes or other material or transformational programmes.

Scenario Analysis

Assess the possible impact of extreme but plausible operational risk events.

Issues Management

Ensure that all risk issues raised against the business are captured, classified and managed consistently.

Events Management

Ensure that internal events are identified, assessed, analysed for root causes, managed, monitored and reported.

6. REVENUE

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

Interest income represents interest received on cash balances.

7. DETAILS OF ADMINISTRATION EXPENSES

	£ **2022**	£ 2021
Staff costs	18,136,474	-
Communications and IT	927,491	-
Premises costs	334,284	-
Auditors' remuneration	80,000	50,000
Other admin expenses	586,150	(178,147)
Depreciation on property, plant and equipment	373,302	302,767
Amortisation of intangible assets	3,613,404	3,814,546
Release of acquisition provisions	-	(3,356,071)
Overhead recharges	4,677,786	20,458,042
Total administrative expenses	28,728,891	21,091,137

Administrative expenses include £4,677,786 (2021: £20,458,042) relating to recharges to the Company by Quilter Financial Planning Limited ("**QFPL**") and Quilter Business Services. These recharges include payment of Director and senior manager remuneration. Overhead recharges in 2021 included staff costs which are now posted directly to the Company, all staff continue to be employed by QFPL.

Auditors' remuneration for audit services consists of fees in respect of the statutory audit. There are no non-audit fees (2021: £nil).

Staff costs and other employee-related costs

	£ **2022**	£ 2021
Total wages and salaries		
Wages and salaries	11,317,085	-
Bonus & Incentive costs	3,336,724	-
Share-based payments - Equity settled	498,797	-
Social security costs	1,853,796	-
Other pension costs	1,130,072	-
Total Staff costs	18,136,474	-

7. DETAILS OF ADMINISTRATION EXPENSES (continued)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those having authority and responsibility for planning, directing and controlling the activities of the entity and as such, only directors are considered to meet this definition.

	£	£
	2022	2021
Aggregate Directors' emoluments		
Aggregate emoluments	489,978	775,578
Amounts received under long-term incentive schemes	189,876	6,419
Company contributions to pension schemes	5,259	231,779
Total Director's emoluments	685,113	1,013,776
Emoluments of the highest paid Director		
Aggregate emoluments	417,734	775,578
Amounts received under long-term incentive schemes	154,285	231,779
Company contributions to pension schemes	4,000	6,419
Total of highest paid Director	576,019	1,013,776

Four Directors received or were due to receive shares or share options under a long-term incentive scheme (2021: two).

Two Directors exercised options during the year (2021: Two including the highest paid Director). The highest paid Director did not exercise share options during the year.

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 SAYE scheme, pay-out of contractual long term incentive, pension contributions, bonus and statutory redundancy.

In respect of the Directors who have minimal input in the day-to-day administration of the Company, there is no appropriate basis on which they can apportion part of their remuneration for their services to the Company. These Directors were remunerated by QFPL and QBS, and their emoluments are disclosed in those financial statements.

8. 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	2021
Discount unwind on deferred consideration	2,698	357,101
Interest expense on lease liabilities	30,864	35,169
Total finance costs	33,562	392,270

9. TAX

Tax credited to the income Statement

	£	£
	2022	2021
Current tax credit/(expense)		
UK corporation tax	(526,747)	320,640
Charge to equity	21,408	14,230
Adjustments to current tax in respect of prior periods	(332,410)	24,752
Total current tax credit/(expense)	(837,749)	359,622
Deferred tax		
Origination and reversal of temporary differences	(722,630)	(547,305)
Effect on deferred tax of changes in tax rates	(3,401)	541,520
Adjustments to deferred tax in respect of prior periods	(10,932)	(194,221)
Total deferred tax credit	(736,963)	(200,006)
Total tax (credited)/charged to the income statement	(1,574,712)	159,616

9. TAX (continued)

Reconciliation of effective tax rate

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

	£	£
	2022	2021
(Loss)/profit before income tax	(29,245,654)	570,027
Corporation tax (credit)/charge at 19% (2021: 19%)	(5,556,674)	108,305
Impact on tax of:		
Expenses not deductible for tax purposes	4,328,705	(320,740)
Adjustments to current tax in respect of prior years	(332,410)	24,752
Effect on deferred tax for changes in tax rates	(3,401)	541,520
Adjustments to deferred tax in respect of prior years	(10,932)	(194,221)
Total income tax credit/(expense) in the income statement	(1,574,712)	159,616

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 on or after 1 April 2023.

The Company has recognised deferred tax assets as disclosed in note 18. The Company considers that future years' profits will be sufficient to utilise the tax asset carried forward.

10. PROPERTY, PLANT AND EQUIPMENT

	Right of use assets	Total
	£	£
Cost		
At 1 January 2021	2,583,688	2,583,688
Additions	821,935	821,935
Disposals	(709,495)	(709,495)
Reclassification between cost and depreciation	-	-
At 31 December 2021	**2,696,128**	**2,696,128**
Additions	-	-
Disposals	-	-
Reclassification between cost and depreciation	269,376	269,376
At 31 December 2022	**2,965,504**	**2,965,504**
Accumulated depreciation		
At 1 January 2021	771,204	771,204
Disposals	(28,196)	(28,196)
Charge for the year	302,767	302,767
Reclassification between cost and depreciation	-	-
At 31 December 2021	**1,045,775**	**1,045,775**
Disposals	-	-
Charge for the year	373,302	373,302
Reclassification between cost and depreciation	269,376	269,376
At 31 December 2022	**1,688,453**	**1,688,453**
Net book value		
At 31 December 2021	1,650,353	1,650,353
At 31 December 2022	**1,277,051**	**1,277,051**

The carrying value of right-of-use assets at 31 December 2022 relate to £1,688,453 of property leases (2021: £1,650,353).

Reclassification between cost and depreciation is an adjustment to correctly reflect the lease schedules post migration. Overall impact on net book value is nil.

A change in policy means all new leases will be under the name of Quilter Business Services Limited. Aside from any lease extensions or amendments there will be no additions going forward.

11. GOODWILL AND INTANGIBLE ASSETS

Analysis of Intangible assets

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

	Goodwill £	Intangible assets £	Total £
Cost			
At 1 January 2021	31,003,238	31,837,823	62,841,061
Other movements	-	(43,345)	(43,345)
Reclassification between cost and accumulated amortisation	-	(1,174,511)	(1,174,511)
At 31 December 2021	**31,003,238**	**30,619,967**	**61,623,205**
Other movements	-	-	-
Impairments	(22,400,000)	-	(22,400,000)
Reclassification between cost and amortisation	-	-	-
At 31 December 2022	**8,603,238**	**30,619,967**	**39,223,205**
Accumulated amortisation			
At 1 January 2021	-	11,974,751	11,974,751
Amortisation	-	3,814,546	3,814,546
Reclassification between cost and accumulated amortisation	-	(1,174,511)	(1,174,511)
At 31 December 2021	**-**	**14,614,786**	**14,614,786**
Amortisation	-	3,613,404	3,613,404
Reclassification between cost and amortisation	-	-	-
31 December 2022	**-**	**18,228,190**	**18,228,190**
Carrying amounts			
At 31 December 2021	31,003,238	16,005,181	47,008,419
At 31 December 2022	**8,603,238**	**12,391,777**	**20,995,015**

Intangible assets are amortised over eight years on a straight-line basis. Other intangible assets relate to the Company's acquisition of advice businesses.

Refer to Note 21 for acquisitions in the year.

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.

11. GOODWILL AND INTANGIBLE ASSETS (continued)

Value in use
The VIU test has been calculated using 2022 as a base for future years, with growth and inflation set at zero %. A terminal value is calculated using an advice fee growth rate of 0%, an expense inflation rate of 0% 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 QPCA advisers, less disposal costs calculated at 5% of the gross fair value. The margin earned by other entities has a growth and inflation rate of 2% applied. 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 the intangibles assets and goodwill were lower than their carrying values at 31 December 2022 and as such an impairment has been recognised in the income statement of £22,400,000 (2021:£nil)

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.

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 1% to the VIU test for all years from 2026 of the impairment model would increase the impairment loss to £36,400,000.
- Increasing the advice fee growth rate to 1% on the VIU test for all years from 2026 of the impairment model would decrease the impairment to £11,600,000.
- Increasing both the advice fee growth rate and expense inflation to 1% on the VIU test for all years from 2026 of the impairment model would increase the impairment to £25,600,000.
- Increasing the discount rate by 2% to 13.9% would increase the impairment loss to £25,100,000.
- Decreasing the discount rate by 2% to 9.9% would decrease the impairment loss to £17,700,000.

12. TRADE AND OTHER RECEIVABLES

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

	2022	2021
	£	£
Prepayments	54,685	-
Amounts due from Group undertakings	357,481	167,614
Trade receivables	2,042,411	20,627
	2,454,577	188,241

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.

Trade receivables primarily represent the amount recoverable against a redress provision (see note 19) £850,000 and pipeline revenue representing fee income deducted by Quilter Cheviot or Quilter Investment Platform but not yet paid to the Company £1,169,363.

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 carrying at fair value.

13. CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash at bank	18,349,718	16,509,926
Total cash and cash equivalents	18,349,718	16,509,926

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

Cash held at bank and on deposit is held with A rated counterparties and is subject to the 12-month ECL model.

14. ACCRUALS AND OTHER PAYABLES

	2022	2021
	£	£
Amounts due to other Group undertakings	1,465,152	2,553,591
Accruals	2,604,806	2,208,866
Other creditors	698,920	22,868
	4,768,878	4,785,325

Amounts due to other Group undertakings are unsecured, interest free and repayable on demands.

Other amounts payable mainly relate to payroll debtors and tax debtors. These amounts would have previously been charged via intercompany.

Expenses accruals have increased due to costs being charged directly rather than via an intercompany recharge.

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 carrying at fair value.

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

15. OTHER DEBTORS

	2022	2021
	£	£
Contract assets accrued income opening balances	2,667,115	2,254,898
Contract assets accrued (cost)/income	(1,483,397)	412,217
Contract assets accrued income closing balance	1,183,718	2,667,115

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

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

16. LEASE LIABILITIES

Lease liabilities at lessee's incremental borrowing rate (0.83% - 2.7%)	2022 £	2021 £
Opening balance at 1 January	1,363,067	2,034,307
Modifications	-	92,593
Reclassify from lease liabilities to provisions	-	(408,688)
Finance interest charge for the year	30,864	36,158
Payment of lease liability	(289,124)	(391,303)
Lease liability at 31 December	1,104,807	1,363,067
Lease liability to be settled within 12 months	233,454	257,925
Lease liability to be settled after 12 months	871,353	1,105,142
Total discounted lease liability at 31 December	1,104,807	1,363,067
Maturity analysis – contractual undiscounted cash flows		
Less than one year	258,366	288,710
One to five years	694,374	861,356
More than five years	234,724	326,201
Total undiscounted lease liability at 31 December	1,187,464	1,476,267

Lease liabilities represent the obligation to pay lease rentals as required by IFRS 16 and are categorised as financial liabilities at amortised cost.

17. TRADE CREDITORS

	2022 £	2021 £
Amounts due within one year		
Deferred purchase consideration	(4)	39,998
Amounts due in more than one year		
Deferred purchase consideration	-	-
Total deferred consideration	**(4)**	**39,998**

The deferred purchase consideration in the table above is discounted to reflect the net present value of the future obligation. The liability has been updated to reflect the latest assessment of the deferred purchase consideration. Please refer to note 21 for details of acquisitions.

18. DEFERRED TAX

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 year.

	Tax losses	Accelerated Depreciation	Share based payments	Operating leases	Other acquired intangibles	Closing deferred tax asset/(liability)
	£	£	£	£	£	£
Assets/ (liabilities) at 1 January 2021	263,984	1,297	28,165	234,291	(3,862,402)	(3,334,665)
Income statement (charge)/credit	83,363	29	20,271	(217,308)	313,650	200,005
Equity (charge)/credit	-	-	11,770	-	-	11,770
Assets/(liabilities) at 31 December 2021	**347,347**	**1,326**	**60,206**	**16,983**	**(3,548,752)**	**(3,122,890)**
Income statement (charge)/credit	-	1,474	52,568	11,459	671,461	736,962
(Charge)/credit to equity	-	-	(14,492)	-	-	(14,492)
Assets/ (liabilities) at 31 December 2022	**347,347**	**2,800**	**98,282**	**28,442**	**(2,877,291)**	**(2,400,420)**

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 three 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 on or after 1 April 2023.

18. DEFERRED TAX (continued)

Unprovided 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
	£	£	£	£
Pre April 2017 UK tax losses	4,899,739	1,224,935	4,899,739	1,224,935
Total unrecognised deferred tax assets	4,899,739	1,224,935	4,899,739	1,224,935

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.

19. PROVISIONS FOR LIABILITIES

	Indemnity commission provision	**Provision for complaints**	**Redress provision**	**Property provision**	**Total**
		£	**£**	**£**	**£**
At 1 January 2021	53,078	706,435	1,655,147	-	2,414,660
Additional provisions	7,506	344,860	-	-	352,366
Reclassification within statement of financial position	-	-	-	408,688	408,688
Provisions utilised	-	(825,752)	-	-	(825,752)
Unused amounts reversed	-	-	(158,498)	-	(158,498)
At 1 January 2022	60,584	225,543	1,496,649	408,688	2,191,464
Additional provisions	-	-	-	6,812	6,812
Provisions utilised	-	(123,549)	(1,085,456)	-	(1,209,005)
Unused amounts reversed	-	-	(411,193)	-	(411,193)
At 31 December 2022	60,584	101,994	-	415,500	578,078

Indemnity commission provision
Provision is made for repayment of indemnity commission to the product provider in the event that a policy may lapse within the indemnity period. Given the nature of these policies it is uncertain what the number and monetary value will be of any such lapses.

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

19. PROVISIONS FOR LIABILITIES (continued)

Redress provision
The redress provision represents the estimated cost of settling claims from clients for unsuitable pension advice related to various pension schemes. The value of the provision was based upon suitability assessments performed by an external regulatory expert, and using calculations per case based upon Financial conduct authority guidelines, and factors including pension transfer value, date of retirement, discount rate and inflation rate assumptions.

The amount represents the gross obligation and where these amounts can be recovered an asset is recognised (see note 12).

Property provision
Property provisions represent the discounted value of expected future costs of reinstating leased property to its original condition at the end of the lease term. This was previously included in the total held as a lease liability and reclassified for 2021.

20. CAPITAL MANAGEMENT

The Company manages its capital with a focus on capital efficiency and effective risk management. The capital objectives are to maintain the Company's ability to continue as a going concern while supporting the optimisation of return relative to the risks. The Company ensures that it can meet its expected capital and financing needs at all times having regard to the Company's business plans, forecasts and strategic initiatives and regulatory requirements. The Company's overall capital risk appetite is set with reference to the requirements of the relevant stakeholders and seeks to:

- Maintain sufficient, but not excessive, financial strength to support stakeholder requirements
- Retain financial flexibility by maintaining liquidity unutilised committed credit lines

The primary sources of capital used by the Company are equity shareholders' funds. Alternative resources are utilised where appropriate. Risk appetite has been defined for the level of capital, liquidity and debt within the Company. The risk appetite includes long term targets, early warning thresholds and risk appetite limits. The dividend policy sets out the target dividend level in relation to profits.

The Company's ordinary share capital at the end of the year is as follows:

		£'000	£'000
	Number of	Nominal	Share
Ordinary shares of £1 each - allotted and fully paid	shares	value	capital
At 1 January 2021	88,561,000	88,561,000	88,561,000
Shares issued for cash consideration	-	-	-
At 31 December 2021	88,561,000	88,561,000	88,561,000
Movement	6,500,000	6,500,000	6,500,000
At 31 December 2022	95,061,000	95,061,000	95,061,000

The shares have full voting rights attached.

During 2022 QCHL provided a share capital injection of £6,500,000. This was to ensure the Company could continue to meet its allocated capital requirement from the Internal capital adequacy and risk assessment, based on its wind-down cost.

21. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Business acquisitions completed during the year ended 31 December 2022

There have been no new share-based acquisitions during the year.

2022	Trade and assets acquisitions	Post-acquisition true-up	Trade and assets acquisitions Total
	£	£	£
Cost			
Goodwill	-	-	-
	-	-	-

There have been no new trade and acquisitions during the year.

2022	Trade and assets acquisitions	Post-acquisition true-up	Trade and assets acquisitions Total
	£	£	£
Cost			
Intangibles	-	-	-
Goodwill	-	-	-
	-	-	-

Business acquisitions completed during the year ended 31 December 2021

There have been no new share-based acquisitions during the year.

2021	Trade and assets acquisitions	Post-acquisition true-up	Trade and assets acquisitions Total
	£	£	£
Cost			
Goodwill	-	-	-
	-	-	-

21. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

There have been no new trade and acquisitions during the year.

2021	Trade and assets acquisitions £	Post-acquisition true-up £	Trade and assets acquisitions Total £
Cost			
Intangibles	-	(20,390)	(20,390)
Goodwill	-	(22,955)	(22,955)
	-	(43,345)	(43,345)

Directly held

Company Name	Share Class	Registered Office Address
Premier Planning Limited (in liquidation 19 March 2018)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN
NPL Financial Limited (dissolved 5 April 2022)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN
Freedom Financial Planning (Manchester) Ltd. (dissolved 5 July 2022)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN
D G Pryde Limited (dissolved 20 April 2021)	Ordinary	Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2DB
Prescient Financial Intelligence Limited (in liquidation 4 October 2021)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN

Indirectly held

Company Name	Share Class	Registered Office Address
Charles Jacques Limited (in liquidation 4 October 2021)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN
Maestro Financial Services Limited (dissolved 5 April 2022)	Ordinary	156 Great Charles Street, Queensway, Birmingham, West Midlands, B3 3HN

21. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

The amounts yet to be paid are included within Other financial liabilities (see note 17).

The investments in subsidiaries are tested annually for impairment by comparing the carrying value of the underlying investments to the recoverable value, being the higher of the value-in-use or fair value less costs to sell. If applicable, an impairment charge is recognised when the recoverable amount is less than the carrying value.

22. MAXIMUM EXPOSURE TO CREDIT RISK

The tables below represent the Company's maximum exposure to credit risk. The Company does not have any significant exposure arising from items not recognised on the statement of financial position.

At 31 December 2022	**AAA**	**AA**	**A**	**BBB**	**Internally rated**	**Carrying value**
	£	**£**	**£**	**£**	**£**	**£**
Assets subject to 12-month ECL model						
Cash and cash equivalents	-	-	18,349,718	-	-	18,349,718
Other receivables	-	-		-	4,165,042	4,165,042
	-	-	18,349,718	-	4,165,042	22,514,760

At 31 December 2021	**AAA**	**AA**	**A**	**BBB**	**Internally rated**	**Carrying value**
	£	**£**	**£**	**£**	**£**	**£**
Assets subject to 12-month ECL model						
Cash and cash equivalents	-	-	16,509,926	-	-	16,509,926
Other receivables	-	-	-	-	3,041,255	3,041,255
	-	-	16,509,926	-	3,041,255	19,551,181

23. SHARE-BASED PAYMENTS RESERVE

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.

Measurements and assumptions
The Company operates the following share-based payment schemes with awards over Quilter plc shares which came into force on 25 June 2018: 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 notional 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 (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 & 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	-
Old Mutual Wealth Phantom Share Reward Plan - Conditional Shares[4]	-	✓	-	-	✓	Typically 3	3	-

[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.

[4] Awards granted under the Phantom Share Reward Plan prior to the demerger of Quilter plc were made over notional ordinary shares in Old Mutual plc that were settled in cash on the vesting date. Upon the demerger and listing of Quilter plc, all unvested notional share awards were converted to conditional awards over ordinary shares in Quilter plc, which will be settled in Quilter plc shares on the normal vesting dates.

Options

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

317,429 options outstanding at 31 December 2022 have an exercise price of £nil for the Quilter plc Performance Share Plan, and between £1.17 and £1.31 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 2.2 years.

24. RELATED PARTY DISCLOSURES

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

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

Key management personnel of the Company and members of their close family have undertaken transactions with the Company in the normal course of business.

The products within the Company and Quilter Group are available to all employees of the Company on preferential staff terms, the impact of which is immaterial to the Company's financial statements. During the year ended 31 December 2022, key management personnel and their close family members contributed £5k (2021: £6k) to Company pensions and investments (in both internal and external fund). This is on a pro-rata basis.

25. ULTIMATE PARENT COMPANY

The Company's immediate parent company is Quilter Cheviot 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

26. EVENTS AFTER THE REPORTING DATE

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