

# **Quilter Business Services Limited**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 December 2022**

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**COMPANY INFORMATION**

<b>Directors</b>	K A Cook M O Satchel M Sullivan
<b>Secretary</b>	Quilter CoSec Services Limited
<b>Banker</b>	National Westminster Bank Plc 68 Above Bar Street Southampton SO14 7DS
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants Savannah House 3 Ocean Way Southampton Hampshire SO14 3TJ
<b>Registered office</b>	Senator House 85 Queen Victoria Street London EC4V 4AB  Telephone: 0808 171 2626 Website: <a href="http://www.quilter.com">www.quilter.com</a>  Registered in England and Wales No. 01579311

## STRATEGIC REPORT

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

### REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

The principal activity of Quilter Business Services Limited (the “Company”) during the year was the provision of management and administrative services to the Quilter plc group (the “Group”). The principal activity of the Company is expected to continue, with no plans for these activities to change.

The Company is part of the Quilter plc group. Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter plc provides the Company with strategic and governance oversight.

### QUILTER PLC STRATEGY

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

Quilter Business Services Limited is the management services company for the majority of entities within the Group. The Company pays for a significant portion of the expenses for the Group, and then recharges them on to the applicable operating entities by way of a management fee. Management fees are charged at a mark-up except to fellow subsidiary undertaking Quilter Life & Pensions Limited, which due to being a life assurance entity, is recharged fees at cost.

A Transitional Services Agreement (“TSA”) remains in place with Utmost Group, who acquired the Quilter International Group on 30 November 2021, and covers the periods 2021 to 2023. In 2022, £9,558,000 (2021: £732,000) of income has been received to cover costs incurred in providing these services.

### KEY PERFORMANCE INDICATORS (“KPIs”)

The table below shows the key performance indicators the Company uses to manage its business performance.

An important KPI for the Company is administrative expenses and maintaining strong control over these costs. In 2022, administrative expenses of £269,601,000 (2021: £296,452,000) were incurred. Administrative expenses and corresponding management fee income have both decreased due to a combination of the sale of Quilter International offset to some extent by the short-term increases in costs borne by the continuing business in 2021, and as a result of continued cost discipline, through Business Simplification activities, as we emerged from the 2020/2021 pandemic and faced into higher UK inflationary pressures and suppressed market conditions.

Management fee income for the year was £269,702,000 (2021: £295,286,000). The profit for the year, before taxation, amounted to £8,862,000 (2021: £11,424,000).

<b>Key performance indicators table</b>	2022	2021
	£'000	£'000
Management fee income	269,702	295,286
Administrative expenses	(269,601)	(296,452)
Profit for the financial year before taxation	8,862	11,424
Total equity	126,339	126,920
Cash and cash equivalents	128,237	132,891
Average number of employees	1,577	1,703

## STRATEGIC REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy is subject to a number of risks. The key risks affecting the business are described below.

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

#### *People*

Quilter relies on its talent to deliver its service to customers. The tight labour market and the cost-of-living pressures are continuing to drive some challenging conditions for employee retention. Failure to attract and retain suitable talent may impact on the delivery of Quilter's strategy and may have an adverse impact on Quilter's business, its financial and operational performance and its delivery of service to customers.

#### *Climate strategy*

Quilter takes its responsibility to the environment very seriously, and is determined to play its part in reducing climate impacts. During 2022, Quilter has begun 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.

#### *Information technology*

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

### SECTION 172 (1) STATEMENT

The Company is a wholly owned subsidiary of Quilter plc and therefore operates in line with the strategy, policies and practices that are set by the Quilter plc Board and are described in the Quilter plc Annual Report. The following statement should therefore be read in conjunction with the Quilter plc Annual Report 2022.

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

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, employees, suppliers, the community, and the environment. Consideration is given to these stakeholders when deliberating at Board meetings to the extent appropriate. Further details of how the Company has had regard for its stakeholders can be found in the Directors' Report.

On behalf of the Board



M Sullivan  
Director  
3 March 2023

## **DIRECTORS' REPORT**

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

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

## **DIRECTORS**

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

K A Cook  
M O Satchel  
M Sullivan

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

## **DIVIDENDS**

During the year dividends of £17,000,000 (2021: £nil) were paid.

## **DIRECTORS' INDEMNITIES**

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the 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 they may incur (or have incurred) in connection with their duties/powers and office. In addition, the Company maintains Directors' and Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

## **POLITICAL DONATIONS**

During the year, the Company made no political donations (2021: £nil).

## **BUSINESS RELATIONSHIPS STATEMENT**

The Company forms part of the Quilter plc 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 and the Board of Quilter plc, have considered their duties to stakeholders, including the need to foster business relationships.

Our Third-Party Risk Management policy sets out requirements with respect to our procurement, outsourcing and supplier management activities. Our Supplier Code of Conduct applies to all suppliers and their sub-contractors that provide goods and services to Quilter. It sets out the minimum standards we expect our suppliers to adhere to when doing business with Quilter in addition to the contractual terms agreed. The Code covers legal compliance, ethical standards, conflicts of interest, anti-bribery and corruption, brands, trademarks and intellectual property, information and data protection, labour standards, living wage, discrimination, health and safety, and environmental management. We also expect our suppliers to promote these standards in their own supply chain where practical.

An explanation of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, has been set out in the report and accounts of the Quilter plc Annual Report for 2022, which does not form part of this report. There are no further considerations which would be relevant for the Company.

## **EMPLOYEES**

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

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

## **DIRECTORS' REPORT (continued)**

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

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

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

## **CLIMATE CHANGE**

Quilter takes its responsibility to the environment very seriously and is determined to play its part in reducing climate impacts. During 2022, Quilter has begun 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. To achieve this ambition, Quilter has developed a framework which is helping reduce our direct carbon footprint, embed climate considerations in our investment management and stewardship activity and offer clients climate focused investment solutions. The framework is aligned with the Taskforce on Climate-related Financial Disclosures ("TCFD") disclosure requirements. This work will continue through 2023 and beyond.

## **STREAMLINED ENERGY AND CARBON REPORTING**

The Group is committed to managing its environmental impact and supports the Carbon Disclosure Project ("CDP"), a globally recognised initiative for companies to measure, manage, disclose and reduce their environmental impacts. A full explanation of how the Directors have had regard to the impact on the environment is contained within the Quilter plc Annual Report 2022 as per the requirements of Streamlined Energy and Carbon Reporting. The Company is exempt from reporting company-specific information as it is a subsidiary of the Group.

## **INVESTING RESPONSIBLY**

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

## **CORPORATE GOVERNANCE STATEMENT**

Quilter plc is subject to the requirements of the 2018 UK Corporate Governance Code (the "Code") and complied with all its provisions during the year. The Company has chosen not to apply a governance code during the year. As a wholly owned subsidiary of Quilter plc, the Company has instead complied with the Quilter plc Group Governance Framework which sets out certain minimum standards and guidance for the governance framework of Quilter plc's subsidiaries. The Board's composition is comprised of Executive Directors and is consistent with the Quilter plc Group Governance Manual's requirements.

## **DISCLOSURE OF INFORMATION TO AUDITORS**

Each Director at the date of approval of this report confirms that:

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

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

**DIRECTORS' REPORT (continued)**

**EVENTS AFTER THE REPORTING DATE**

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

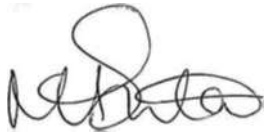
**STATEMENT OF GOING CONCERN**

The Directors have considered the resilience of the Company, its current financial position, the principal risks facing the business and the effectiveness of any mitigating strategies which are or could be applied. This included an assessment of capital and liquidity over a three-year planning period. As part of the going concern assessment, the Company took into consideration the current position of the UK economy including the impact of inflation and increases in the cost of living and concluded there was little impact on the Company itself. The Group also took into consideration the risks related to climate change, and also concluded little impact on the Company. Based on the assessment, the Directors believe that the Company 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 Company financial statements.

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP has been appointed by the Company to hold office in accordance with Section 485 of the Companies Act 2006 for the 2022 financial year and have indicated their willingness to continue in office.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'M Sullivan', is written over a faint rectangular stamp area.

M Sullivan  
Director  
3 March 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 period. In preparing the financial statements, the Directors are required to:

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

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

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

The Directors are responsible for the maintenance and integrity of the Company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent auditors' report to the members of Quilter Business Services Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Quilter Business Services 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 profit 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

### 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 breaches of U.K. regulatory requirements and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to reduce expenditure of the company and management bias in accounting estimates and judgemental areas of the financial statements, such as the provisions. Audit procedures performed by the engagement team included:

- Discussions with the Board, management, internal audit, senior management involved in the Quilter Group's Risk and Compliance function and the Quilter Group's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessment of matters reported on the Quilter plc's whistleblowing register that relate to the company, including the quality and results of management's investigation of such matters;
- Reviewing key correspondence between the Company and HMRC in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes, including those of the Board of Directors, for matters of relevance to the audit;
- Identifying and testing journal entries with unusual account combinations, such as those that credit expense items where the debit entry is to an unexpected account in the statement of financial position;

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of IT costs and data migration services provided to Utmost group, dilapidations and onerous contract provisions;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Reviewing the disclosures in the Annual Report and financial statements against the specific legal requirements, for example within the Directors' Report.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

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

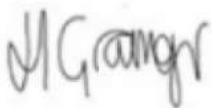
## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



**Helen Grainger (Senior Statutory Auditor)**

**for and on behalf of PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

Southampton

03 March 2023

**INCOME STATEMENT**

for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Revenue</b>			
Management fees		269,702	295,286
Third-party income	3	9,758	15,432
Investment return	4	1,693	320
<b>Total revenue</b>		<u>281,153</u>	<u>311,038</u>
<b>Expenses</b>			
Administrative expenses	5	(269,601)	(296,452)
Financing costs	8	(2,690)	(3,162)
<b>Total expenses</b>		<u>(272,291)</u>	<u>(299,614)</u>
<b>Profit before tax</b>		8,862	11,424
Income tax (charge)/credit attributable to equity holder	10	(211)	858
<b>Profit for the year after tax</b>		<u>8,651</u>	<u>12,282</u>
Attributable to equity holder		<u>8,651</u>	<u>12,282</u>

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

The notes on pages 15 to 33 are an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2022

	2022 £'000	2021 £'000
<b>Profit for the year</b>	<u>8,651</u>	<u>12,282</u>
<b>Total comprehensive income for the year</b> All attributable to equity holder	<u>8,651</u>	<u>12,282</u>

The notes on pages 15 to 33 are an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2022

	Note	Ordinary Share capital £'000	Share-based payments reserve £'000	Retained earnings £'000	Total shareholder equity £'000
<b>Balance at 1 January 2022</b>		700	17,596	108,624	126,920
Profit for the year		-	-	8,651	8,651
Share-based payments		-	(1,633)	9,401	7,768
Dividends paid	9	-	-	(17,000)	(17,000)
<b>Balance at 31 December 2022</b>		<b>700</b>	<b>15,963</b>	<b>109,676</b>	<b>126,339</b>

	Note	Ordinary Share capital £'000	Share-based payments reserve £'000	Retained earnings £'000	Total shareholder equity £'000
<b>Balance at 1 January 2021</b>		700	17,243	87,447	105,390
Profit for the year		-	-	12,282	12,282
Share-based payments		-	353	8,895	9,248
<b>Balance at 31 December 2021</b>		<b>700</b>	<b>17,596</b>	<b>108,624</b>	<b>126,920</b>

The notes on pages 15 to 33 are an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**

at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Assets</b>			
Property, plant and equipment	11	103,319	119,081
Intangible assets	12	-	21
Deferred tax assets	13	21,417	22,595
Investments in collective investment schemes	14	269	511
Current tax assets		1,968	3,803
Loans and advances	15	60,000	-
Trade and other receivables	16	49,528	84,681
Cash and cash equivalents	17	128,237	132,891
<b>Total assets</b>		<b>364,738</b>	<b>363,583</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	18	700	700
Share-based payments reserve		15,963	17,596
Retained earnings		109,676	108,624
<b>Total equity</b>		<b>126,339</b>	<b>126,920</b>
<b>Liabilities</b>			
Provisions	19	21,004	24,509
Current tax liabilities		351	-
Lease liabilities	20	82,575	89,488
Trade and other payables	21	134,469	122,666
<b>Total liabilities</b>		<b>238,399</b>	<b>236,663</b>
<b>Total equity and liabilities</b>		<b>364,738</b>	<b>363,583</b>

The notes on pages 15 to 33 are an integral part of these financial statements.

The financial statements on pages 11 to 33 were approved by the Board of Directors on 03 March 2023 and signed on its behalf by:



M Sullivan  
Director

Company registered number: 01579311



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 1 GENERAL INFORMATION

Quilter Business Services Limited (the "Company") is a private limited company, that is limited by shares, incorporated in England and Wales and domiciled in the United Kingdom ("UK"). The principal activities of the Company are disclosed in the strategic report on pages 2 to 3.

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

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial statements of Quilter Business Services Limited for the year ended 31 December 2022 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"), the Companies Act 2006 and applicable regulations.

The accounting policies have been applied consistently for the years presented in these financial statements.

These financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial instruments which have been recognised at fair value through profit or loss (FVTPL), and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates, and are rounded to the nearest thousand.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the critical accounting estimates and judgements section on page 16.

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Company.
- The requirements of the second sentence of paragraph 110 and paragraphs 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'.

The Company is a wholly owned subsidiary of Quilter plc and it is included in the consolidated financial statements, which are publicly available. Therefore, the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office can be found in note 27.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Going concern**

The Directors have considered the resilience of the Company, its current financial position, the principal risks facing the business and the effectiveness of any mitigating strategies which are or could be applied. This included an assessment of capital and liquidity over a three-year planning period. As part of the going concern assessment, the Company took into consideration the current position of the UK economy including the impact of inflation and increases in the cost of living and concluded there was little impact on the Company itself. The Group also took into consideration the risks related to climate change, and also concluded little impact on the Company. Based on the assessment, the Directors believe that the Company, 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 Company financial statements.

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

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

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

**Liquidity analysis of the statement of financial position**

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

**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**

The Company's critical accounting judgements are those that management makes when applying its significant accounting policies and that have the most effect on the net profit and net assets recognised in the Company's financial statements. In 2022, the Company did not have any material areas to disclose as to where a critical accounting judgement was required in the year, however in 2021 management exercised significant judgement in determining the accounting treatment for a number of provisions in respect of the sale of Quilter International. The sale required a series of business activities related to the sale of the business resulting in costs to separate the business from the Group. Provisions were established where costs were either contractual obligations resulting from the sale agreement or represented a constructive liability in respect of ancillary work to separate the businesses. Significant judgement was required to assess whether the costs were directly attributable and incremental to the sale and whether a legal or constructive obligation existed in order to recognise the provisions. In 2022, this is now treated as a critical accounting estimate as set out below (see note 19 for further details).

**Critical accounting estimates**

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

Area	Critical accounting estimates	Notes
<b>Provisions - measurement</b>	The amount of provision is calculated based on the Company's estimation of the expenditure required to settle the obligation at the reporting date. In respect of the sale of Quilter International, the provision is based on the estimate of IT costs and data migration for the services provided to the Utmost Group up until the end of contract date. Property and onerous contract provision estimates are based upon property location, size of property and an estimate of the charge per square foot.	19
<b>Deferred tax measurement</b>	The estimation of future taxable profits is performed as part of the annual business planning process, and is based on estimated levels of assets under management, which are subject to a large number of factors including global stock market movements, related movements in foreign exchange rates and net client cash flows, together with estimates of expenses and other charges. The Group business plan is used to determine the extent to which deferred tax assets are recognised. In general, the Company assesses the recoverability of assets based on The Group's estimated taxable profits over a three-year planning horizon.	13

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Significant changes in the year**

There are no significant changes in the current reporting period.

**Significant accounting policies**

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

The accounting policies disclosed in these notes have been consistently applied throughout the current and prior financial year.

**Financial Instruments**

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

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best represents the way the business is managed and information is reported to management. The assessment considers the stated portfolio policies and objectives. 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 periods 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 FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. Reclassifications are expected to occur infrequently.

**Measurement**

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

Measurement basis	Accounting policies
<b>Financial assets at FVTPL</b>	These financial assets are subsequently measured at fair value. Net gains and losses, including interest and dividend income, are recognised in profit or loss.
<b>Amortised cost</b>	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 derecognition is recognised in profit or loss.

**Amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding on specified dates.

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration of the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial investments

All other financial assets that are not measured at amortised cost are classified as measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset at FVTPL that otherwise meets the requirements to be measured at amortised cost, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The fair value of quoted financial investments, which represents the vast majority of the Company's investments, are based on the value within the bid-ask spread that is most representative of fair value. If the market for a financial investment is not active, the Company establishes fair value by using valuation techniques such as recent arm's length transactions, reference to similar listed investments, discounted cash flow or option pricing models.

The Company recognises purchases and sales of financial investments on trade date, which is the date that the Company commits to purchase or sell the assets. The costs associated with investment transactions are included within expenses in the statement of comprehensive income.

#### Loans and advances

Loans and advances are non-derivative financial instruments with fixed or determinable terms of repayment that are not quoted in an active market.

Loans to group companies are initially recorded at fair value including transaction costs and are recognised on the date the funds are transferred. Subsequently, loans are stated at amortised cost, using the effective interest rate method less any deduction for possible impairment. Loans are valued on an individual basis.

#### Cash and cash equivalents

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

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

#### Investments in collective investment schemes

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

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

#### Financial liabilities and equity

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

#### Trade payables and receivables

Trade payables and receivables are classified as 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 and other receivables, cash and cash equivalents (excluding money market collective investment funds which are measured at fair value) and loans and advances.

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 IFRS 9's ECL model to three main types of financial asset that are measured at amortised cost:

- Trade and other 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.
- Intercompany receivables (including loans and advances) and cash and cash equivalents, to which the general three-stage model (described above) is applied, whereby a 12-month ECL is recognised initially and the balance is monitored for significant increases in credit risk which would trigger the recognition of a Lifetime ECL allowance.

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

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

Intercompany balances are assessed for expected credit loss, but due to the value of cash within the Group, which could be waterfalled around each business, and no historical losses incurred on intercompany balances, no ECL has been recognised on intercompany balances.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Presentation of impairment

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

#### Write-offs

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

#### Employee benefits

The Company operates a defined contribution pension scheme. Contributions to defined contribution pension plans are charged to the income statement as they become payable in accordance with the rules of the scheme. The assets of the plans are held separately from those of the Company and are independently administered.

#### Employee share-based payments

The Company operates a number of share incentive plans for its employees. These involve an award of shares or options in the Company's ultimate Parent Company, Quilter plc (equity-settled share-based payments). The Company has not granted awards under cash-settled plans in the current or prior year.

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

Performance conditions may be market-based or non-market based. Market-based performance conditions are those related to an entity's equity, such as achieving a specified share price or target based on a comparison of the entity's share price with an index of share prices. Non-market performance conditions are those related to an entity's profit or revenue targets, an example of which would be Earnings per Share ("EPS"). Market-based performance conditions and non-vesting conditions are taken into account when estimating the fair value of the share or option awards at the measurement date. The fair value of the share awards or options is not adjusted to take into account non-market performance features. These are taken into consideration by adjusting the number of equity instruments in the share-based payment measurement and this adjustment is made each period until the equity instruments vest.

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

For equity-settled plans, the fair value is determined at grant date and not subsequently re-measured.

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

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

#### Property, plant and equipment

Aside from right-of-use assets, property, plant and equipment consist principally of computer equipment and fixtures and fittings. Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses. Cost includes the original purchase price of the asset and the costs of bringing the asset to its working condition for its intended use. Depreciation is charged to profit or loss on a straight-line basis to write down the cost of the asset to its residual value over its estimated useful life. The following maximum useful lives are applied:

- Leasehold property            length of the lease
- Plant and equipment        5 to 10 years

Leased plant and equipment is never depreciated over a period longer than the term of the lease.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Management determines useful lives and residual values for assets when they are acquired, based on experience of similar assets and taking into account other relevant factors such as any expected changes in technology. The Company assesses and, where appropriate, adjusts the useful life, residual value and depreciation method for property plant and equipment on an annual basis.

Items of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Where the carrying amount of an asset is greater than its estimated recoverable amount, which represents the higher of the asset's fair value less costs of disposal and value in use, it is written down immediately to its recoverable amount and an impairment loss is recognised in the income statement. Impaired non-financial assets are reviewed for possible reversal of the impairment at each reporting date. On derecognition of an item of equipment, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss in the period of the derecognition. Items of property and equipment that are not owned by the Company but are held under lease arrangements are accounted for in accordance with the accounting policy on leases.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset. This gain or loss is recognised in the income statement.

Depreciation on property, plant and equipment features as part of administrative expenses in the income statement.

#### Leases

Under IFRS 16, the Company assesses whether a contract is or contains a lease at inception of the contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess where a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset which may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

For lessee contracts, the right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability, adjusted for any lease payments made at or before the commencement date, and any initial direct costs incurred. Adjustments are also made, where appropriate, to recognise provisions for property restoration costs and lease incentives received such as rent-free periods. The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the asset-specific incremental borrowing rates.

Subsequent to lease commencement, the Company measures the right-of-use asset using a cost model, whereby the asset is held at cost less accumulated depreciation and any accumulated impairment. Depreciation is charged to the income statement on a straight-line basis to write down the cost of the right-of-use asset to its residual value over its estimated useful life which is dependent on the length of the lease. In addition, the carrying amount of the right-of-use asset may be adjusted for certain remeasurements of the lease liability. The lease liability is subsequently measured at amortised cost using the effective interest method and also reflects any lease modifications or reassessments.

The Company presents its right-of-use assets within "Property, plant and equipment" and lease liabilities within "Borrowings and lease liabilities" in the statement of financial position.

The Company currently has material lease commitments of varying durations for the rental of a number of office buildings. The Company's future lease cash outflows are not materially exposed to variable lease payments, low value or short-term leases, residual value guarantees, or restrictions imposed by a lease contract or sale and leaseback transactions.

#### Subleases

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Where the Company sublets a leased asset to a third party, it accounts for its interest in the sublease separately from the head lease. In determining whether a sublease is a finance or operating lease, the Company assesses whether the sublease has transferred substantially all the risk and rewards of the right-of-use asset arising from the head lease to the sublessee.

Where the sublease does transfer substantially all the risk and rewards of the right-of-use asset to the sublessee, the Company derecognises the right-of-use asset and a net investment in finance leases is recognised, calculated as the present value of the future lease payments receivable under the sublease. Any difference between the initial value of the net investment in finance leases and the right-of-use asset derecognised is recognised immediately in the income statement. Interest is calculated on the net investment in finance lease using the discount rate and is recognised in the income statement as finance income.

Where the sublease does not transfer substantially all the risk and rewards of the right-of-use asset to the sublessee, the Company continues to recognise the right-of-use asset. The sublease is accounted for as an operating lease with the lease payments received recognised as other income in the income statement. Lease incentives granted are recognised as part of the rental income and are spread over the lease term. The Company currently does not have any sublease agreements that it accounts for as operating leases.

#### **Intangible assets**

Purchased software is reported at cost less accumulated amortisation and impairment losses. Purchased software is amortised over its estimated useful life. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the relevant software, which range between three and five years.

Amortisation on intangible assets features as part of administrative expenses in the income statement.

#### **Provisions**

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.

#### **Other payables**

Other payables are not interest-bearing and are stated as either non-financial liabilities or at amortised cost, which is not materially different to cost and approximates to fair value.

#### **Revenue recognition**

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

##### ***Management fee income***

Management fee income represents management fees from group undertakings for the provision of management and administrative services. Management fees are charged including a mark-up on certain costs, except to fellow subsidiary undertaking Quilter Life & Pensions Limited, which due to being a life assurance entity, is recharged fees at cost. Management fee income is recognised in the same period the expenditure is incurred.

##### ***Third-party income***

Third-party income comprises amounts recharged to Utmost Group under the transitional services agreement (TSA), following the sale of Quilter International. It represents business services and IT and third-party costs, which are predominantly fixed, but with scope to change if any of the costs vary materially. Third-party income is recognised in the period the expenditure is incurred.

##### ***Interest income***

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that financial asset's carrying amount.

#### **Expense recognition**

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

#### **Taxation**



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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. The taxable income for the year is determined in accordance with enacted legislation and taxation authority practice for calculating the amount of tax payable.

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

#### Deferred tax

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

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. For the Company, the recognition of deferred tax assets is subject to the estimation of future taxable profits, which is based on the flows of the Company and the Quilter plc group, and in particular on estimated levels of assets under management, which are subject to a large number of factors including worldwide stock market movements and related movements in foreign exchange rates, together with estimates of net client cash flow, expenses and other charges.

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income. In certain circumstances, as permitted by accounting guidance, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not a business combination and at the time of their occurrence affect neither accounting nor taxable profit. Note 13 includes further detail of circumstances in which the Company does not recognise temporary differences.

#### Foreign currencies

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign currency monetary assets and liabilities are translated to sterling at the year-end closing rate. Non-monetary assets denominated in a foreign currency that are measured in terms of historical cost are translated using the exchange rate in effect at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate in effect at the date when the fair value was determined. Foreign exchange rate differences that arise are reported net in the income statement as foreign exchange gains/losses.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**3 THIRD-PARTY INCOME**

The Company has received £9,758,000 (2021: £15,432,000) of income from third parties. £200,000 (2021: £14,700,000) was received from ReAssure, in respect of transitional services provided following the sale of Quilter Life Assurance Limited and £9,558,000 (2021: £732,000) from Utmost Group, in respect of the transitional services provided following the sale of Quilter International.

**4 INVESTMENT RETURN**

	2022 £'000	2021 £'000
<b>Interest and similar income</b>		
Interest receivable from fellow subsidiary	652	-
Interest on short term bank deposits (amortised cost)	1,352	10
Interest on short term bank deposits (mandatorily at FVTPL)	-	310
	<u>2,004</u>	<u>320</u>
Gains and losses on financial instruments at FVTPL	(311)	-
	<u>1,693</u>	<u>320</u>

There has been no interest income earned on impaired financial assets.

**5 ADMINISTRATIVE EXPENSES**

	2022 £'000	2021 £'000
Staff costs	137,923	159,533
Depreciation charge on other plant and equipment	5,682	4,693
Depreciation charge for right-of-use assets	6,572	7,149
Amortisation of purchased software	21	68
Impairment of property, plant and equipment	3,778	-
Impairment of right-of-use assets	2,713	-
Auditors' remuneration: audit services paid	56	52
Administration and other expenses	112,856	124,957
Other operating and administrative expenses	<u>269,601</u>	<u>296,452</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**6 EMPLOYEE BENEFITS**

	2022 £'000	2021 £'000
Salaries and bonus remuneration	103,080	120,564
Share-based payments	8,405	8,958
Social security costs	12,498	15,003
Pension costs	8,518	8,776
	<u>132,501</u>	<u>153,301</u>
The average number of employees was as follows:	<u>1,577</u>	<u>1,703</u>

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

Included within the wages and salaries costs for the current year are termination benefits of £2,127,000 (2021: £6,688,000).

The above costs are included within administrative expenses on the income statement. The benefits quoted above differ to the total in the staff costs within administrative expenses, which include training and recruiting, other personnel expenses and car expenses.

All employees were involved in the administration of the Group's activities in the current and prior year. The pension costs shown above are the Company's contributions into defined contribution pension plans. The additional cost of providing death in service benefits in the year was £238,000 (2021: £252,000).

**7 REMUNERATION OF KEY MANAGEMENT PERSONNEL**

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

The remuneration of the Directors is recharged to other companies in the Group. The Directors' services to this Company are of a non-executive nature and remuneration is deemed to be wholly attributable to services to the other companies within the Group.

**8 FINANCING COSTS**

	2022 £'000	2021 £'000
Interest payable to fellow subsidiary undertakings	-	35
Interest charge on lease liabilities (see note 20)	2,690	3,127
Total financing costs	<u>2,690</u>	<u>3,162</u>

**9 DIVIDENDS PAID**

	2022 £'000	2021 £'000
<b>Dividends paid</b>		
2022 dividends paid to Quilter plc (2428.57p per share)	17,000	-
Dividends paid to immediate parent	<u>17,000</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**10 TAXATION**

	2022	2021
	£'000	£'000
<b>Tax charged to the income statement</b>		
<b>Current Tax</b>		
United Kingdom	546	(811)
Adjustments to current tax in respect of prior periods	(629)	(210)
Total current tax credit	<u>(83)</u>	<u>(1,021)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	1,854	3,536
Effect on deferred tax of changes in tax rates	(812)	(4,321)
Adjustments to deferred tax in respect of prior periods	(748)	948
Total deferred tax charge	<u>294</u>	<u>163</u>
Total tax charged/(credited) to the income statement	<u>211</u>	<u>(858)</u>

**Reconciliation of total income tax expense**

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

	2022	2021
	£'000	£'000
Profit before tax	8,862	11,424
Corporation tax charge at 19% (2021: 19%)	1,684	2,171
Effect of:		
Expenses not deductible for tax purposes	716	555
Adjustments to current tax in respect of prior years	(629)	(210)
Effect on deferred tax for changes in tax rates	(812)	(4,322)
Adjustments to deferred tax in respect of prior years	(748)	948
Total tax charged/(credited) to the income statement	<u>211</u>	<u>(858)</u>

**Factors that may affect future charges**

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

The Company has recognised deferred tax assets as disclosed in Note 13. The Company considers that future years' profits will be sufficient to utilise the tax asset carried forward.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**11 PROPERTY, PLANT AND EQUIPMENT**

	Right-of-use asset £'000	Plant and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2022 <sup>1</sup>	103,013	59,079	162,092
Disposals	(2,379)	-	(2,379)
Additions	697	3,034	3,731
At 31 December 2022	<u>101,331</u>	<u>62,113</u>	<u>163,444</u>
<b>Accumulated depreciation and impairment</b>			
At 1 January 2022 <sup>1</sup>	28,166	14,845	43,011
Disposals	(1,631)	-	(1,631)
Depreciation charge for the year	6,572	5,682	12,254
Impairments in the year	2,713	3,778	6,491
At 31 December 2022	<u>35,820</u>	<u>24,305</u>	<u>60,125</u>
<b>Carrying amount</b>			
At 31 December 2021	<u>74,847</u>	<u>44,234</u>	<u>119,081</u>
At 31 December 2022	<u>65,511</u>	<u>37,808</u>	<u>103,319</u>

<sup>1</sup>Following the completion of a number of strategic projects, including IT projects, the Company has reviewed the fixed asset register. Assets with nil net book value that are no longer held by the Company or are no longer in use have been removed from the register, and are not recognised as at 31 December 2022. Figures for the prior periods have been restated to ensure comparability, which resulted in £36,713,000 being removed from both cost and accumulated depreciation.

In the financial statements for 2021, office equipment and computers, and fixtures and fittings were shown separately. These categories have now been combined for 2022 reporting, as plant and equipment. The 2021 figures have been re-presented with the two categories combined to ensure comparability.

The impairment of the right-of-use assets, and plant and equipment, relates to the write down of assets relating to office premises no longer occupied by the Company. Quilter staff vacated The Point, an office property in Southampton in May 2022.

**12 INTANGIBLE ASSETS**

	Purchased software £'000	Total £'000
<b>Cost</b>		
At 1 January 2022 <sup>1</sup>	21	21
Disposal	(21)	(21)
At 31 December 2022	<u>-</u>	<u>-</u>
<b>Accumulated amortisation and impairment</b>		
At 1 January 2022 <sup>1</sup>	-	-
Amortisation charge for the year	21	21
Disposal	(21)	(21)
At 31 December 2022	<u>-</u>	<u>-</u>
<b>Carrying amount</b>		
At 31 December 2021	<u>21</u>	<u>21</u>
At 31 December 2022	<u>-</u>	<u>-</u>

<sup>1</sup>Following the completion of a number of strategic projects, including IT projects, the Company has reviewed the fixed asset register. Assets with nil net book value that are no longer held by the Company or are no longer in use have been removed from the register, and are not recognised as at 31 December 2022. Figures for the prior periods have been restated to ensure comparability, which resulted in £11,320,000 being removed from both cost and accumulated amortisation.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**13 DEFERRED TAX ASSETS**

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

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

	Accelerated depreciation £'000	Share-based payments £'000	Other temporary differences £'000	Closing deferred tax asset/(liability) £'000
Assets at 1 January 2021	18,037	3,787	569	22,393
Income statement (charge)/credit	(218)	1	54	(163)
Equity credit	-	365	-	365
Assets at 31 December 2021	17,819	4,153	623	22,595
Income statement (charge)/credit	224	(523)	5	(294)
Equity charge	-	(884)	-	(884)
Assets at 31 December 2022	18,043	2,746	628	21,417

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

Sensitivity analysis demonstrates headroom in the recoverable amount of the deferred tax asset over the taxable profits contained within the 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 will increase to 25% with effect from 1 April 2023. This change having been substantively enacted has been used in recognising the Company's deferred tax assets and liabilities for reversals expected to take place on or after 1 April 2023.

**Unrecognised deferred tax assets**

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

	31 December 2022		31 December 2021	
	Gross amount £'000	Tax £'000	Gross amount <sup>1</sup> £'000	Tax £'000
Pre-April 2017 UK tax losses	113	28	113	28
<b>Total unrecognised deferred tax assets</b>	<b>113</b>	<b>28</b>	<b>113</b>	<b>28</b>

<sup>1</sup>The prior year comparative figure has been restated from nil to £113,000.

A deferred tax asset has not been recognised on losses as they relate to a ring-fenced trade previously transferred to the Company and can only be utilised against future profits of that same trade. As at 31 December 2022 there is uncertainty on when the ring-fenced trade will make a profit. Unrecognised losses are available to carry forward with no expiry date, subject only to the continuation of the business.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**14 INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES**

	2022 £'000	2021 £'000
<b>At fair value through the income statement</b>		
Investments in collective investment schemes	<u>269</u>	<u>511</u>

These investments are individually insignificant and short term.

**15 LOANS AND ADVANCES**

	2022 £'000	2021 £'000
Lending to subsidiary undertaking at BoE base rate + 0.5%	<u>60,000</u>	<u>-</u>
	<u>60,000</u>	<u>-</u>

All loans are recognised at amortised cost, with their carrying amount approximating to fair value. The Bank of England (BoE) base rate was 3.5% at the accounting date.

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

**16 TRADE AND OTHER RECEIVABLES**

	2022 £'000	2021 £'000
Due from fellow subsidiary undertakings	24,060	48,700
Prepayments and accrued income	22,188	25,530
Other	<u>3,280</u>	<u>10,451</u>
Total trade and other receivables	<u>49,528</u>	<u>84,681</u>

Amounts due from group undertakings are unsecured, current and interest free. All other receivables are unsecured, current and interest free. All amounts are classified as either at amortised cost or non-financial assets.

**17 CASH AND CASH EQUIVALENTS**

	2022 £'000	2021 £'000
Bank balances	6,437	43,591
Money market funds	<u>121,800</u>	<u>89,300</u>
Cash and cash equivalents	<u>128,237</u>	<u>132,891</u>

Bank balances are current and recognised at amortised cost. Money market investments are current and are recognised mandatorily at FVTPL.

Bank balances are subject to a 12 month ECL, and are credit rated A.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**18 SHARE CAPITAL**

	2022 £'000	2021 £'000
Allotted, called up and fully paid 700,000 (2021: 700,000) Ordinary Shares of £1 each	<u>700</u>	<u>700</u>

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

**19 PROVISIONS**

	Sale of Quilter International £'000	Sale of Quilter Life Assurance £'000	IT licences £'000	Provision for onerous contracts £'000	Property provisions £'000	Total £'000
Balance at 1 January 2021	-	2,951	-	-	-	2,951
Additions in the year	16,665	-	-	-	6,436	23,101
Reclassifications within Statement of Financial Position	-	-	1,532	-	-	1,532
Release of unused provisions	-	-	(742)	-	-	(742)
Utilisation	(235)	(1,940)	(200)	-	-	(2,375)
Unwind of discount	-	-	-	-	42	42
Balance at 31 December 2021	<u>16,430</u>	<u>1,011</u>	<u>590</u>	<u>-</u>	<u>6,478</u>	<u>24,509</u>
Additions in the year	-	-	2,300	3,388	230	5,918
Release of unused provisions	-	-	(800)	-	(540)	(1,340)
Utilisation	(5,630)	(1,011)	(400)	(582)	(460)	(8,083)
Balance at 31 December 2022	<u>10,800</u>	<u>-</u>	<u>1,690</u>	<u>2,806</u>	<u>5,708</u>	<u>21,004</u>

Of the total provisions recorded above, £10,711,000 (2021: £15,000,000) is estimated to be payable after more than one year.

**Provisions arising on the disposal of Quilter International of £10,800,000 (2021: £16,430,000)**

Quilter International was sold on 30 November 2021, resulting in provisions totalling £16,665,000 being established in respect of costs related to the disposal including the costs of business separation and data migration activities.

The costs of business separation arise from the process required to separate Quilter International's infrastructure, which is complex and covers a wide range of areas including people, IT systems, data, and contracts facilities. A programme team has been established to ensure the transition of these areas to the acquirer. These provisions have been based on external quotations and estimations, together with estimates of the incremental time and resource costs required to achieve the separation, which is expected to occur over a two-year period.

The most significant element of the provision is the cost of migration of IT systems and data to the acquirer. Calculation of the provision is based on management's best estimate of the work required, the time it is expected to take, the number and skills of the staff required and their cost, and the cost of related external IT services to support the work. In reaching these judgements and estimates, management has made use of its past experience of previous IT migrations following business disposals, including the migration of QLA. The Company estimates a provision sensitivity of +/- 25% (£2,700,000), based upon a review of the range of time periods expected to complete the work required. Of the remaining £10,800,000 provision, £8,200,000 is forecast to be utilised within one year and the provision is expected to be fully utilised over three years from the sale.

During the year, £5,630,000 (2021: £235,000) of the provision has been utilised.

**Provisions arising on the disposal of Quilter Life Assurance of £nil (2021: £1,011,000)**

Quilter Life Assurance was sold in 2019, resulting in provisions totalling £6,058,000 being established in respect of the costs of disposing the business and the related costs of business separation.

During the year, £1,011,000 (2021: £1,940,000) of the provision has been utilised. These were the final costs incurred to close the project.



**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**IT licences of £1,690,000 (2021: £590,000)**

During 2020, an accrual for underpayments upon IT licences was established within "Trade and other payables" of £1,532,000. The balance was reclassified to "Provisions" during 2021, due to the variability of the amounts required to settle the obligations. The provision was reassessed during 2021 and £742,000 was released and £200,000 was utilised during 2021. In 2022, IT provisions totalling £2,300,000 were established, with £800,000 subsequently being released unused, and with £400,000 being utilised in the year. The remaining balance is estimated to be payable within one year.

**Property and onerous contract provisions of £8,514,000 (2021: £6,478,000)**

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, and any onerous commitments which may arise in cases where a leased property is no longer being fully utilised by the Company. The estimate is based upon property location, size of property and an estimate of the charge per square foot. Property provisions are utilised or released when the reinstatement obligations have been fulfilled. The associated asset for the property provisions relating to the cost of reinstating property is included within "Property, plant and equipment". Of the provision detailed above, £7,111,000 is expected to be payable after one year.

**20 LEASE LIABILITIES**

	2022 £'000	2021 £'000
Opening balance at 1 January	89,488	92,086
Additions	640	9,827
Disposals	(97)	(9,583)
Finance interest charge for the year	2,690	3,127
Lease liability payments for the year	(10,146)	(5,969)
Closing balance at 31 December	<u>82,575</u>	<u>89,488</u>
Lease liability to be settled within 12 months	6,685	6,698
Lease liability to be settled after 12 months	75,890	82,790
Total discounted lease liability at 31 December	<u>82,575</u>	<u>89,488</u>
Maturity analysis - contractual undiscounted cash flows		
Less than one year	9,199	9,386
One to five years	33,670	34,329
More than five years	58,020	65,566
Total undiscounted lease liability at 31 December	<u>100,889</u>	<u>109,281</u>

Termination options are included in a number of Company's property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

As at 31 December 2022, future undiscounted cash outflows of £nil (2021: £nil) have been included in the lease liability which will occur beyond termination option dates on none (2021: none) of the Company's principal property leases.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2022

**21 TRADE AND OTHER PAYABLES**

	2022 £'000	2021 £'000
Due to fellow subsidiary undertakings	90,763	57,824
Other taxes and social security costs	4,352	4,961
Trade creditors and accruals	39,354	59,881
Total trade and other payables	<u>134,469</u>	<u>122,666</u>

Amounts due to Group companies are current, unsecured and interest free. All other amounts are current, unsecured and interest free. All amounts are recognised as either at amortised cost or non-financial assets.

Trade creditors and accruals include accruals covering the incentive bonus scheme which fluctuates year- on- year in line with set performance targets.

**22 FINANCIAL AND CAPITAL COMMITMENTS**

There are no material financial and capital commitments at 31 December 2022 (2021: £nil).

**23 SHARE-BASED PAYMENTS**

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

**Description of share-based payment arrangements**

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

Scheme	Description of award				Dividend Entitlement <sup>1</sup>	Vesting conditions		
	Restricted shares	Conditional shares	Options	Other		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 <sup>2</sup> and Relative Total Shareholder Return
Quilter plc Performance Share Plan - Conditional Shares	-	✓	-	-	✓	Not less than 3	3	Conduct, Risk and Compliance Underpins
Quilter plc Share Reward Plan - Conditional Shares	-	✓	-	-	✓	Typically 3	3	-
Quilter plc Share Incentive Plan - Restricted Shares	✓	-	-	-	✓	Not less than 3	2	-
Quilter plc Sharesave Plan <sup>3</sup>	-	-	✓	✓	-	3 <sup>1/2</sup> - 5 <sup>1/2</sup>	3 & 5	-

<sup>1</sup>Participants are entitled to actual dividends for the Share Incentive Plan. For all other schemes participants are entitled to dividend equivalents.

<sup>2</sup>Adjusted profit compound annual growth rate ('CAGR').

<sup>3</sup>The Quilter plc Sharesave Plan is linked to a savings plan.

**Options**

The weighted average share price at the dates of exercise for options exercised during the year was £1.12 (2021: £1.62).

11,361,232 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 1.7 years. At 31 December 2021, the exercise price was £nil for the Quilter plc Performance Share Plan, and £1.25 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 1.4 years.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 24 CONTINGENT LIABILITIES

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

### 25 INVESTMENTS IN SUBSIDIARIES

There were no subsidiary undertakings at the year end, but in the previous year the following wholly owned and registered in England and Wales subsidiaries were:

Company	Shareholding	Registered Office Address
Quilter Shelfco 1 Limited	Ordinary	Senator House 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom
Quilter Shelfco 2 Limited	Ordinary	Senator House 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom
Quilter Wealth Solutions Limited	Ordinary	Senator House 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom

The value of the investment in each of the subsidiaries was £1.

#### Investment in subsidiaries

Quilter Business Services Limited held one ordinary share in each of these subsidiaries. These were dormant, non-trading companies and were incorporated as name protection entities and were dissolved on 30 August 2022 once the name protection was no longer required. The investments were each valued at original cost of £1 in the previous year, and due to materiality were not shown separately on the statement of financial position.

### 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, that require disclosure.

### 27 ULTIMATE PARENT COMPANY

The Company's immediate and ultimate parent company is Quilter plc, a company registered in England and Wales.

The Company's financial statements are only consolidated within the financial statements of Quilter plc. The financial statements are available from:

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