Registered in England and Wales No. 03087634

Quilter Perimeter Holdings Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2022

Contents

COMPANY INFORMATION
for the year ended 31 December 2022

DIRECTORS

D J L Eardley
K S Lee-Crossett
M O Satchel

COMPANY SECRETARY

Quilter CoSec Services Limited

BANKER

National Westminster Bank Plc
68 Above Bar Street
Southampton
SO14 7DS

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants
Savannah House
3 Ocean Way
Southampton
Hampshire
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REGISTERED OFFICE

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Telephone: 0808 171 2626
Website: www.quilter.com

Registered in England and Wales
No. 03087634

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2022.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Quilter Perimeter Holdings Limited (the "Company") forms part of the Quilter plc group (hereafter "Quilter" or the "Group"). Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter plc acts as the parent company and provides the Company with strategic and governance oversight. The Company forms part of the Head Office function of the Group.

The principal activity of the Company is that of a holding company. No significant change in the nature of its activities has occurred during the year and the Directors believe that the activities of the Company will remain unchanged for the foreseeable future.

The results of the Company for the year are set out in the income statement on page 10.

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.

KEY PERFORMANCE INDICATORS ("KPIs")

The table below shows the KPIs that the Company uses to manage its business performance. The Company's primary KPI is IFRS profit after tax. The profit for the year, after tax, amounted to £10,456,000 (2021: £11,495,000). The lower profit reflects increased impairment of subsidiaries in the year.

Other internal KPIs used by management are dividends received, investment in subsidiaries and the return on investment (dividends received expressed as a percentage of investments in subsidiaries).

	2022 £000	2021 £000
Dividends received	140,956	94,961
Investment in subsidiaries	2,606,530	2,671,597
Return on investment	5.4%	3.6%
IFRS profit after tax	10,456	11,495

FINANCIAL POSITION AT THE END OF THE YEAR

The Company's net assets have increased from £70,105,000 to £75,554,000, as profits generated have exceeded dividend payments made.

During the year the Company carried out an impairment test on the carrying values of its investments in subsidiaries. The test highlighted a deficit in the fair value of Quilter Perimeter (IOM) Limited, and therefore an impairment of £65,067,000 (2021: £19,934,000) was recognised in the income statement in respect of this subsidiary.

The impairment arose as a consequence of the Company's subsidiary making dividend payments. The paid dividend was greater in value than the respective profit of the entity, which led to a reduction in net asset value below the cost of investment recorded in the financial statements of the Company.

During the year the Company received dividends totalling £140,956,000 and paid dividends totalling £5,007,000.

This included aggregate dividends received of £134,664,000 (2021: £89,412,000) from Quilter Perimeter (IOM) Limited, £5,688,000 (2021: £5,549,000) from Quilter Perimeter GGP Limited and £605,000 (2021: nil) from Quilter Perimeter Limited. During the year, the Company paid dividends of £5,007,000 (2021: £135,492,000) in aggregate to its parent, Quilter plc.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Company arise from the ability of its Group undertakings to distribute dividends to the Company, any impairment of the valuation of those Group undertakings and the ability of the Company to repay its outstanding loan.

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

Credit and counterparty risk

Credit and counterparty risk is the risk of adverse movements in credit spreads (relative to the reference yield curve), credit ratings or default rates leading to a deterioration in the level or volatility of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. The Company is exposed to credit and counterparty risk primarily arising from the investment of its

STRATEGIC REPORT (CONTINUED)

shareholder funds, but this is not significant risk. Sources of credit risk are managed in line with the requirements of the Credit Risk policy that ensures cash is placed with highly rated counterparties and is appropriately diversified. The Company additionally makes loans to other entities in the Group which are monitored to ensure the credit and counterparty risk is appropriately managed. The Company's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the financial statements.

Liquidity risk
Quilter's liquidity strategy is to maintain sufficient liquidity within the business such that it can meet its target liquidity requirement at all times. The minimum requirements are set out in the Liquidity policy that ensures a risk appetite statement, limits and triggers are in place, supported by an appropriate Contingency Funding Plan that addresses potential liquidity requirements that may arise during a liquidity stress.

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 2022.

The Directors of the Company are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 (1) of the Companies Act 2006 and acknowledge that effective and meaningful engagement with stakeholders and employees is key to promoting the success of the Company. Given the activities of the Company, the key stakeholders are limited to the Company's sole shareholder, other Group entities 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 O Satchel
Director
15 June 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 to the date of signing the financial statements are listed below:

D J L Eardley
K S Lee-Crossett
M O Satchel

All Directors are employed by and receive their emoluments from fellow Group undertakings. The Directors holding office during the year ended 31 December 2022 consider that their services to the Company are incidental to their other duties within the Group and accordingly no remuneration has been apportioned to this Company.

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

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 and Officers.

DIVIDENDS
During the year dividends totalling £5,007,000 were declared and paid (2021: £135,492,000).

EMPLOYEES
The Company had no employees during or at the end of the year (2021: nil).

FINANCIAL INSTRUMENTS
The financial risk management objectives and policies of the Company are disclosed in note 15.

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

CORPORATE GOVERNANCE STATEMENT
Quilter plc is subject to the requirements of the 2018 UK Corporate Governance Code and has set out its compliance with the Code's provisions during the year in the Quilter plc Annual Report 2022. 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.

STATEMENT OF GOING CONCERN
The financial statements have been prepared on a going concern basis. The Company forms part of the Quilter Perimeter sub-group of entities which have common control and directorships, and for this reason the Board has reviewed this sub-group's projections for the next 12 months and beyond as a whole. The intra-group transactions for this sub-group aggregate to nil and transactions external to the sub-group are forecast to be cash-generating, and therefore the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approving these financial statements.

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.

DISCLOSURE OF INFORMATION TO THE 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 themself 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)

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

M O Satchel
Director

15 June 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 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 also 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 Perimeter Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Quilter Perimeter Holdings 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory requirements and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUILTER PERIMETER HOLDINGS LIMITED (CONTINUED)

- Discussions with the Board of Directors and with management (including those involved within the Finance function, Internal Audit, Legal, Risk and Compliance), including consideration of their process for identifying and responding to the risk of fraud, and any known or suspected instances of fraud or non-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 unusual manual journal entries posted during the year, which may be indicative of management bias and account manipulation;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- 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 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. 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
15 June 2023

INCOME STATEMENT
for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Revenue			
Investment return	3	148,464	102,470
Expenses			
Finance costs	4	(97,738)	(93,250)
Impairment of investments in subsidiaries	6	(65,067)	(19,934)
Total expenses		(162,805)	(113,184)
Loss before tax		(14,341)	(10,714)
Tax credit attributable to equity holder	5	24,797	22,209
Profit for the year after tax		10,456	11,495
Attributable to equity holder		10,456	11,495

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

The notes on pages 14 to 23 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

	2022	2021
	£000	£000
Profit for the year	10,456	11,495
Total comprehensive income for the year		
All attributable to equity holder	10,456	11,495

The notes on pages 14 to 23 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	Retained earnings £000	Total shareholder equity £000
Balance at 1 January 2022		1	70,104	70,105
Total comprehensive income for the year		-	10,456	10,456
Dividends paid	14	-	(5,007)	(5,007)
Balance at 31 December 2022		1	75,553	75,554

	Note	Ordinary Share capital £000	Retained earnings £000	Total shareholder equity £000
Balance at 1 January 2021		1	194,101	194,102
Total comprehensive income for the year		-	11,495	11,495
Dividends paid	14	-	(135,492)	(135,492)
Balance at 31 December 2021		1	70,104	70,105

The notes on pages 14 to 23 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2022

	Note	2022 £000	2021 £000
Assets			
Investments in subsidiaries	6	2,606,530	2,671,597
Loans and advances	7	136,216	136,216
Deferred tax assets	9	29,340	42,118
Other receivables	8	17,533	1,913
Current tax assets	10	57,667	30,529
Cash and cash equivalents		1,407	2,052
Total assets		2,848,693	2,884,425
Equity and liabilities			
Equity			
Ordinary Share capital	13	1	1
Retained earnings		75,553	70,104
Total equity		75,554	70,105
Liabilities			
Interest bearing liabilities	11	2,684,705	2,747,842
Other payables	12	88,434	66,478
Total liabilities		2,773,139	2,814,320
Total equity and liabilities		2,848,693	2,884,425

The notes on pages 14 to 23 are an integral part of these financial statements.

The financial statements on pages 10 to 23 were approved by the Board of Directors on 15 June 2023 and signed on its behalf by:

M O Satchel
Director

Company registered number: 03087634

1 GENERAL INFORMATION

Quilter Perimeter Holdings 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 address of its registered office is disclosed in the Company information section on page 1. The principal activities of the Company are disclosed in the Strategic Report on pages 2 to 3.

2 ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Company 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, 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 15.

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

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- 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 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 20.

Going concern

The financial statements have been prepared on a going concern basis. The Company forms part of the Quilter Perimeter UK sub-group of entities which have common control and directorships, and for this reason the Board has reviewed this sub-group's projections for the next 12 months and beyond as a whole. The intra-group transactions for this sub-group aggregate to nil and transactions external to the sub-group are forecast to be cash generating, and therefore the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approving these financial statements.

Liquidity analysis of the statement of financial position

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

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

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

There are also 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.

ACCOUNTING POLICIES (continued)

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 assets and liabilities at the date of the financial statements. Management reviews these areas of judgement and estimates and the appropriateness of significant accounting policies adopted in the preparation of these financial statements.

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

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

Area	Critical accounting estimates	Note
Deferred tax – measurement	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 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.	9

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

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best represents the way the business is managed and information is reported to management. The assessment considers the stated portfolio policies and objectives. 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 fair value through profit or loss ("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. One category is applicable to the Company: amortised cost. This classification determines the subsequent measurement basis. The following accounting policy applies to the subsequent measurement of financial assets.

ACCOUNTING POLICIES (continued)

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

Amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest 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.

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 cost 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 and other short-term deposits with an original maturity of three months or less.

All 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 approximates to their fair value.

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

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

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

Performing financial assets:
Stage 1
From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a stage 1 loss allowance is recognised equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date ("12-month ECL").

Stage 2
Following a significant increase in credit risk relative to the initial recognition of the financial asset, a stage 2 loss allowance is recognised equal to the credit losses expected from all possible default events over the remaining lifetime of the asset ("Lifetime ECL").

The assessment of whether there has been a significant increase in credit risk requires considerable judgement, based on the lifetime probability of default ("PD"). Stage 1 and 2 allowances are held against performing loans; the main difference between stage 1 and stage 2 allowances is the time horizon. Stage 1 allowances are estimated using the PD with a maximum period of 12 months, while stage 2 allowances are estimated using the PD over the remaining lifetime of the asset.

ACCOUNTING POLICIES (continued)

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 all financial assets which are measured at amortised cost:

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

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

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

Credit-impaired financial assets

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

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

Write-offs
Loans 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.

Other receivables
Other receivables are non-interest-bearing and are stated at amortised cost, which is not materially different to cost and approximates to fair value.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less impairments. An investment in a subsidiary is deemed to be impaired when its carrying amount is greater than its estimated recoverable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements. All impairments or reversals of impairments are recognised in the income statement as they occur.

Interest bearing liabilities
Interest bearing liabilities are recognised initially at the proceeds received, net of transaction costs incurred. Subsequent to initial recognition, they are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Other payables
Other payables are short-term, non-interest-bearing and are stated at amortised cost, which is not materially different to cost and approximates to fair value.

ACCOUNTING POLICIES (continued)

Revenue recognition
Revenue comprises the fair value for services, net of Value-Added Tax. Revenue is recognised as follows:

Dividend income
Dividends receivable from Group companies are recognised in the period in which the dividends are declared and approved at the general meeting.

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.

Taxation

Current tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. 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 reported and tax values of assets and liabilities. 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 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 standards and 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 9 includes further detail of circumstances in which the Company does not recognise temporary differences.

3 INVESTMENT RETURN

	2022 £000	2021 £000
Quilter Perimeter (IOM) Limited	134,664	89,412
Quilter Perimeter Limited	604	-
Quilter Perimeter (GGP) Limited	5,688	5,549
Dividends received from subsidiaries	140,956	94,961
Quilter UK Holding Limited	7,508	7,509
Interest received from fellow group undertakings	7,508	7,509
Total investment return	148,464	102,470

4 FINANCE COSTS

	2022	2021
	£000	£000
Quilter Perimeter (IOM) Limited	85,922	87,635
Quilter Perimeter (GGP) Limited	9,479	5,615
Quilter UK Holding Limited	10	-
Quilter plc	2,327	-
Interest paid	97,738	93,250

Auditors' remuneration paid to PricewaterhouseCoopers LLP, of £5,591 (2021: £5,225), is borne by Quilter Business Services Limited, a fellow Group company.

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

5 TAXATION

	2022	2021
	£000	£000
Tax credited to the income statement		
Current tax		
United Kingdom	(37,575)	(20,091)
Adjustments to current tax in respect of prior periods	-	(28)
Total current tax credit	(37,575)	(20,119)
Deferred tax		
Origination and reversal of temporary differences	13,826	3,800
Effect on deferred tax of changes in tax rates	(1,048)	(5,890)
Total deferred tax charge/(credit)	12,778	(2,090)
Total tax credited to the income statement	(24,797)	(22,209)

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

	2022	2021
	£000	£000
Loss before tax	(14,341)	(10,714)
Corporation tax credit at 19% (2021: 19%)	(2,725)	(2,036)
Effect of:		
Dividends received not taxable	(26,782)	(18,043)
Impairments/losses not deductible for tax	12,363	3,788
Adjustments to current tax in respect of prior years	-	(28)
Net movement on unrecognised deferred tax assets	(6,606)	-
Effect on deferred tax for changes in tax rates	(1,047)	(5,890)
Total tax credited to the income statement	(24,797)	(22,209)

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

The Company has recognised deferred tax assets as disclosed in note 9. The Company considers that future years' profits will be sufficient to utilise the tax asset carried forward.

6 INVESTMENT IN SUBSIDIARIES

	2022 £000	2021 £000
Carrying value at 1 January		
At the beginning of the year	2,671,597	2,691,531
Impairment	(65,067)	(19,934)
Carrying value at 31 December	2,606,530	2,671,597

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

Impairment testing
In accordance with the requirements of IAS 36 Impairment of Assets, the investments in subsidiaries are reviewed annually for indication of impairment by comparing the carrying value of the underlying investment to the recoverable value, being the higher of the value-in-use or fair value less costs to sell. If applicable, an impairment charge is recognised when the recoverable amount is less than the carrying value.

The 2022 impairment review highlighted a deficit in the fair value of Quilter Perimeter (IOM) Limited and therefore an impairment of £65,067,000 was recognised in the income statement. In 2021 the corresponding impairment was £19,934,000.

The recoverable amount of the Company's investments in subsidiaries is based on fair value less costs to sell. This calculation does not involve any critical accounting estimates that impact the valuation and therefore are not subject to any sensitivity analysis.

At 31 December 2022, the Company held direct interests in the following entities, which are wholly owned:

Company name	Nature of business	Country of residence	Registered office address
Quilter Perimeter (UK) Limited	Holding company	England & Wales	Senator House, 85 Queen Victoria Street, London, EC4V 4AB
Quilter Perimeter (GGP) Limited[1]	Holding company	England & Wales	Senator House, 85 Queen Victoria Street, London, EC4V 4AB
Quilter Perimeter Limited	Holding company	England & Wales	Senator House, 85 Queen Victoria Street, London, EC4V 4AB
Quilter Perimeter (IOM) Limited	Financing company	Isle of Man	33-37 Athol Street, Douglas, IM1 1LB Isle of Man
Old Mutual Europe GmbH (in liquidation)	Holding company	Germany	Wiesenhüttenstraße 11, 60329 Frankfurt am Main. Germany
Skandia Retail Europe Holding GmbH (in liquidation)	Holding company	Germany	Wiesenhüttenstraße 11, 60329 Frankfurt am Main. Germany

[1]The company holds a direct investment in Quilter Perimeter (GGP) Limited of 90.4%, plus an indirect investment of 9.6%.

7 LOANS AND ADVANCES

	2022 £000	2021 £000
Quilter UK Holding Limited	136,216	136,216

The Company has a loan with Quilter UK Holding Limited of £136,216,000 (2021: £136,216,000). Interest is charged on the basis of 5.5% per annum (2021: 5.5%) on the loan which is held at amortised cost. The carrying amount approximates to fair value which is valued as the principal amount repayable. The loan is unsecured and repayable on demand.

8 OTHER RECEIVABLES

	2022	2021
	£000	£000
Quilter UK Holding Limited	16,929	1,913
Quilter Perimeter (GGP) Limited	604	-
	17,533	1,913

Amounts due from Group companies are current, unsecured, interest free and recognised at amortised cost.

9 DEFERRED TAX ASSETS

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

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

	Tax losses	Deferred expenses	Closing deferred tax asset
	£000	£000	£000
Assets at 1 January 2021	1,476	38,552	40,028
Income statement credit	466	1,624	2,090
Assets at 31 December 2021	1,942	40,176	42,118
Income statement charge	(1,942)	(10,836)	(12,778)
Assets at 31 December 2022	-	29,340	29,340

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

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

Sensitivity analysis demonstrates headroom in the recoverable amount of the deferred tax asset over the taxable profits contained within the three-year planning horizon. The impacts of a 20% decrease in profitability have been assessed and do not give rise to concerns over recoverability.

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

Unrecognised deferred tax assets

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

	31 December 2022		31 December 2021	
	Gross amount	Tax	Gross amount	Tax
	£'000	£'000	£'000	£'000
Post April 2017 UK tax losses	15,229	3,807	50,000	9,500
Total unrecognised deferred tax assets	15,229	3,807	50,000	9,500

Pre-April 2017 losses are ringfenced and are only available to set off against profits of the Company. A deferred tax asset has not been recognised as there is sufficient uncertainty to the extent it is probable there will be future taxable profits to utilise the losses. Unrecognised losses are available to carry forward with no expiry date, subject only to the continuation of the business.

10 CURRENT TAX ASSETS

	2022	2021
	£000	£000
Current tax assets	57,667	30,529

All amounts are current.

11 INTEREST BEARING LIABILITIES

	2022	2021
	£000	£000
Quilter Perimeter (GGP) Limited [1]	559,296	557,001
Quilter Perimeter (IOM) Limited [2]	1,995,409	2,060,841
Quilter plc [3]	130,000	130,000
	2,684,705	2,747,842

[1] The Company has a term loan of £488,542,000 (2021: 488,937,000) with Quilter Perimeter (GGP) Limited that expires on 30 September 2023. Interest is charged at 2.75% (Bank of England (BoE) base rate plus 0.5% as at 30 September 2022) (2021: 1.5%).

[1] The Company has a £300,000,000 revolving credit facility with Quilter Perimeter (GGP) Limited. The facility is recallable on demand (31 December 2022: £69,317,000 drawn, 31 December 2021: £68,064,000 drawn). Interest is charged at 3.5% (BoE base rate plus 0.5% as at 30 November 2022) (2021: LIBOR).

[2] The Company has a loan note with Quilter Perimeter (IOM) Limited for £1,844,000,000 and deferred interest on this balance. Interest is charged at a fixed rate of 4.16% (2021: LIBOR plus 4.1% margin) and the loan has a maturity date of 29 June 2027.

[3] The Company has a fully drawn £130,000,000 loan facility with Quilter plc. Interest is charged at the BoE base rate plus 0.5% (2021: BoE base rate plus 0.5%).

Amounts borrowed are at amortised cost, unsecured and repayable on demand. The carrying amount approximates to fair value which is valued as the principal amount repayable. The BoE base rate was 3.5% at the accounting date (31 December 2021: 0.25%).

12 OTHER PAYABLES

	2022	2021
	£000	£000
Quilter Perimeter UK Limited	46,637	46,637
Quilter Perimeter (GGP) Limited	-	611
Quilter Perimeter (IOM) Limited	28,381	19,230
Quilter plc	13,416	-
	88,434	66,478

Amounts due to Group companies are current, unsecured, interest free and recognised at amortised cost.

13 SHARE CAPITAL

	2022	2021
	£000	£000
Issued		
1,000 Ordinary Shares of £1 each (2021: 1,000 Ordinary Shares of £1 each)	1	1

14 DIVIDENDS

	2022	2021
	£000	£000
Dividends paid		
2022 dividends paid to Quilter plc (500,700p per share)	5,007	-
2021 dividends paid to Quilter plc (549,200p per share)	-	5,492
2021 dividends paid to Quilter plc (13,000,000p per share)	-	130,000
Dividends paid to immediate parent	5,007	135,492

15 FINANCIAL INSTRUMENT RISK

The Company complies with Group risk policies on the key risks associated with the business. These cover the UK Prudential Regulatory Authority defined risk categories of group, credit, insurance, liquidity, operational and market risk. The policies, approved by the Board of the ultimate parent company, Quilter plc, are reviewed annually as part of the risk appetite assessment process. Each component risk is assigned a risk owner at director level who is responsible for the ongoing review, mitigation and execution of appropriate action plans.

The Company is exposed to limited liquidity, credit and market risk since the loan balances are with Group companies.

16 CAPITAL MANAGEMENT

Total equity attributable to equity holders is managed as capital and there are no externally imposed capital requirements of the Company. The Company reviews its obligations as an intermediate holding Company towards the capital requirements of its subsidiaries, to ensure that the Company has sufficient capital to fulfil its purpose as a holding company for the Group.

17 FINANCIAL AND CAPITAL COMMITMENTS

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

18 CONTINGENT LIABILITIES

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

19 EVENTS AFTER THE REPORTING DATE

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

20 ULTIMATE PARENT UNDERTAKING

The Company’s immediate and ultimate parent is Quilter plc a company registered in England and Wales. The Company’s financial statements are 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