Registered in England and Wales No. 05372217

Quilter Financial Planning Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2023

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Quilter Financial Planning Limited

COMPANY INFORMATION

Directors	N A K Atkar T J Breedon T Essani M Kilcoyne S D Levin R Markland P S Matthews G M Reid C J L Samuel M O Satchel
Secretary	Quilter CoSec Services Limited
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Registered office	Senator House 85 Queen Victoria Street London EC4V 4AB
	Telephone: 0808 171 2626 Website: www.quilter.com
	Registered in England and Wales No: 05372217

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2023.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

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

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

Affluent segment
This segment is comprised of Quilter Investment Platform, Quilter Investors and Quilter Financial Planning.

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

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

Quilter Financial Planning is a provider of financial planning advice offered through a restricted and independent financial adviser network as well as through a wholly owned national business. It operates across all markets, from wealth management and retirement planning advice through to dealing with property wealth and personal and business protection needs.

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

Energy and Carbon Reporting: The Group is committed to managing its environmental impact and discloses annually to CDP (formerly known as the Carbon Disclosure Project), a globally recognised initiative for companies to measure, manage, disclose and reduce their environmental impacts. A full explanation of how the Directors regard the impact on the environment is contained within the Quilter plc Annual Report 2023. The Company is exempt from reporting company-specific information as it is a subsidiary of the Group.

STRATEGIC REPORT (continued)

QUILTER FINANCIAL PLANNING LIMITED STRATEGY

Quilter Financial Planning Limited forms part of the Quilter Financial Planning Group (**"QFP Group"**), a network of 2,366 financial advisers, including 1,419 restricted financial planners, who deliver personalised financial advice tailored to meet specific needs of the customer to deliver positive customer outcomes. The strategic aim of the QFP Group is to provide a market leading customer experience through controlled distribution and a focus upon the delivery of full financial planning within our target markets. The QFP Group is committed to offering a controlled advice proposition that delivers excellent customer outcomes, with a structure which ensures strong leadership and a strategic focus for advisers and clients in different market segments. The QFP Group operates a business model with two core channels, National and Network. The Company provides services to both channels.

The Company provides services to the entities within QFP Group. The Company pays for certain expenses and then recharges them on to the applicable operating entities by way of a management fee.

National Channel

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

Network Channel

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

KEY PERFORMANCE INDICATORS:

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

	2023	Restated 2022[1]
	£'000	£'000
Income from service activities	34,385	46,474
Investment return	3,235	1,419
Other operating and administrative expenses	(109,298)	(96,398)
Loss before tax	(73,621)	(84,574)
Cash and cash equivalents	36,286	20,067
Net assets	166,663	167,357

[1]See note 1 for details regarding restatement.

The loss before tax has decreased by £11.0m from £84.6m to £73.6m. Prior year figures included a charge of £35.2m relating to the impairment of investment in subsidiary undertakings with no equivalent charge in current year. Offsetting this is an increase in recharges from other Group Companies of £20m and project costs of £4.5m neither of which are recharged onwards by the Company.

Other operating and administrative expenses have increased to £109.3m from £96.4m largely due to the increase in Group recharges and project costs previously mentioned. Against that, there is a fall in Staff costs of £6.9m as result of a year-on-year reduction in headcount principally due to staff transfers within the Group. The average number of persons employed by the Company in the year was 335 compared to 538 in the prior year. In addition, Technology costs have decreased by £4.5m as the contracts were transferred to other Group Companies.

STRATEGIC REPORT (continued)
KEY PERFORMANCE INDICATORS (continued):

In addition, management charges from other group companies increased from £26.9m in 2022 to £36.3m in 2023. As the Company does not recover these charges from its' subsidiaries this contributes to the increase in loss before tax.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy is subject to a number of risks. The Company has adopted the Risk Management framework of the Group which supports the evaluation and management of business opportunities, uncertainties and threats in a structured and disciplined manner. The key risks affecting the business are described below.

Business operation

Operational complexity and the efficacy of controls and processes related to the day-to-day running of the business pose an inherent risk to the Company. The Company has continued to work towards simplifying its operational environment, where team synergies are being harnessed to support a reduction in duplication, inconsistency and complexity.

Technology and security

A stable, reliable and up-to-date technology environment underpins the delivery of the Company's services and ensures that the Company has technical resilience proportionate to its risk appetite. Disruption to the stability and availability of the Company's technology could result in damaging service outages. The risk of an information security incident is a constant and evolving risk which has the potential to impact the Company's reputation, regulatory standing, and the services it provides.

People

The Company is reliant on its talent to deliver its service to customers and to drive strategic enhancements. Failure to attract and retain talented and diverse staff can result in impacts to Quilter's strategy and business growth. A competitive labour market and a high inflation environment has resulted in a challenging environment for staff retention during 2023.

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

Advice Evolution:

Increased demand from younger generations for digital propositions and digital/hybrid advice, and the potential increase in advice accessibility as a result of the FCA consultation on Advice Guidance Boundary, presents opportunities and threats for the advice market as consumers demand more advice at lower cost. Adviser consolidation is likely to continue given consumer duty and the ageing demographic of financial advisers, provided the macroeconomic landscape is relatively stable.

*Generational shifts***:**

A significant proportion of UK household wealth is held by the over-45s. The likelihood of intergenerational inequality increases as this population engages in inheritance planning and institutions (employers, the State and financial service providers) transfer pensions risk to individuals. Attitudes towards wealth management are shifting with younger generations being increasingly attracted by digital propositions and by funds with greater positive social and environmental impacts. These trends present both opportunities and threats to Quilter in the form of changing consumer demands and expectations.

STRATEGIC REPORT (continued)
Emerging risks (continued)

Disruptive competition & technology:
The potential entrance of “big tech” firms into financial service delivery, coupled with the white labelling of platforms and the alignment of private equity firms could see competitors acquire skills and technology, accelerating their digital capabilities. This, alongside advancements in digital/hybrid Advice could see new players in the already highly competitive market, having the potential to erode Quilter’s market share and increase fee pressure across the value chain.

Climate change:
To avoid a climate catastrophe, global emissions must reach net-zero by 2050. The speed of this transition to a greener economy impacts certain sectors and financial stability. For Quilter's customers, this is likely to impact the desirability of investment in sectors such as coal, oil, gas and manufacturing. Opportunities exist in the shift to a greener economy. Physical climate risks continue to crystallise and are expected to become more extreme and more frequent in future, threatening the stability of the UK’s infrastructure. This poses challenges to both Quilter’s and its critical third parties’ operations which must be considered as part of operational resilience planning.

Geopolitical landscape:
The UK General Election is likely to be held during 2024. Whilst party policies have not yet been defined nor an election date agreed, we recognise that any change in UK Government is likely to have some impact on customers’ circumstances and may therefore affect attitudes toward financial investments. Shifts in the global political landscape are also expected in the near term. While the Ukraine crisis and conflict in the Middle East continue, the global economic impacts may be increased by elections in the US, Russia, Ukraine and Taiwan.

FCA Consumer Duty

The Group is committed to treating customers fairly and remain focussed on delivering good outcomes for customers to support them in meeting their lifetime goals. During the normal course of business, from time to time, the Company’s subsidiaries receive complaints and claims from customers including, but not limited to, complaints to the Financial Ombudsman Service and legal proceedings related thereto, enters into commercial disputes with service providers and other parties, and is subject to discussions and reviews with regulators. The costs, including legal costs, of these issues as they arise can be significant and, where appropriate, provisions have been established by the Company’s subsidiaries.

As reported in the preliminary results announcement of Quilter PLC on 6 March 2024, subsequent to the year-end date, on 15 February 2024, the FCA wrote to around 20 advice firms, including Quilter, requesting information regarding ongoing servicing to assess what, if any, further regulatory work the FCA may undertake in this area. Quilter committed to undertake a review of historical data and practices across the Quilter Financial Planning Limited network of appointed representative firms (“AR Firms”). The purpose of this review being to determine if the AR Firms have met their ongoing servicing obligations to customers and, if not, remediate customers to the extent appropriate. Following discussion with the FCA, the review will be conducted by a skilled person. This may lead to remedial costs being incurred by the Company’s subsidiaries, but it is too early to quantify. Until the Company has further clarity of its position on this matter, there remains uncertainty as to the potential financial and non-financial implications that may arise.

STRATEGIC REPORT (continued)
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 2023.

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 2023 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 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, customers, advisers, suppliers, and regulators of our subsidiary entities. Consideration is given to these stakeholders when deliberating at Board meetings to the extent appropriate. Further details of how the Company has had regard for its stakeholders can be found in the Directors' Report.

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

The Board, and where appropriate it's Audit Committee, Risk Committee and Investment Oversight Committee, considers and discusses information from across the organisation to help it understand the impact of the Company's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance as well as information covering areas such as key risks, legal and regulatory compliance.

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

The Board is committed to ensuring good client outcomes and regularly reviews and challenges operational service performance to provide assurance that the Company is delivering a good service to its clients. The Board scrutinises a regular Customer Report which includes feedback on the perceived quality of services to ensure the business is continually learning from the feedback received from customers and their advisers. The Customer Report has been refreshed to provide the Board with enhanced metrics to evidence the protection of customers and the prevention of customer harm. The Audit Committee dedicated time each quarter to scrutinising areas that are critical in protecting our clients' interests, including assurance on the robustness of the controls over client assets. During the year, the Board has overseen the implementation of the regulator's Consumer Duty which came into effect on 31 July 2023. The implementation of this new duty aligns with a core part of the Company's strategic rationale to deliver good outcomes for clients. The Board, and the Risk Committee, will continue to oversee management's continued focus to deliver these outcomes and maintain compliance with the duty.

During the year, following feedback from the Board, Quilter Partners was launched to complement existing offerings of the Quilter Financial Planning business. Quilter Partners will deliver a franchise-style model where firms will operate under a co-branded arrangement, using the well-regarded investment and platform propositions from across the Group. The proposition has received positive initial engagement with certain adviser firms.

STRATEGIC REPORT (continued)
SECTION 172 (1) STATEMENT (continued)

Maintaining an open and transparent relationship with the regulators of our subsidiaries is a key priority and the Board and the Risk Committee receive regular reporting on key regulatory engagement, and the Chief Risk Officer, as a standing attendee of each meeting, provides further updates as needed. The Board received regular updates on regulatory developments in 2023, including a number of Dear CEO letters. The Risk Committee has also spent time reviewing the regulatory horizon and the action being taken to ensure the Company is, and will continue to, meet regulatory expectations.

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

The importance of our suppliers is acknowledged by the Board and supplier relationships are managed and maintained in line with Quilter Group policy. Please refer to the Quilter plc 2023 Annual Report for further information on how we foster relationships with our suppliers.

Signed on behalf of the Board

M O Satchel
Director
2 May 2024

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The review of the business and principal risks and uncertainties, as well as likely future developments in the business, are disclosed within the Strategic Report.

DIRECTORS

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

N A K Atkar	(appointed 01 September 2023)
T J Breedon	(appointed 01 September 2023)
S J Colsell	(resigned 31 August 2023)
M Dean	(resigned 31 August 2023)
T Essani	(appointed 01 September 2023)
S C Gazard	(resigned 31 August 2023)
M Kilcoyne	(appointed 01 September 2023)
M L Ismail	(resigned 31 August 2023)
S D Levin	(appointed 01 September 2023)
R Markland	(appointed 01 September 2023)
P S Matthews	
G M Reid	(appointed 01 September 2023)
C J L Samuel	
M O Satchel	(appointed 14 September 2023)

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

DIRECTORS' THIRD-PARTY INDEMNITY PROVISIONS

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2023 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 or office. In addition, the Company maintains Directors' and Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

FINANCIAL INSTRUMENTS

The Company's main exposure to risk arising from financial instruments is its exposure to credit risk arising on cash or short-term deposits, loans and advances and trade and other receivables. These risks are mitigated by means of the Company's formalised Treasury and Debt governance procedures.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2022: £nil).

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 and principles, including the Universal Declaration of Human Rights and the International Labour Organisation 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.

DIRECTORS' REPORT (continued)

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

A grievance procedure is in place to provide a clear and secure route for employees to raise a complaint or problem about any issue relating to their work, working environment, pay and benefits, working hours or is concerned about any other issue affecting their employment. In line with our whistleblowing policy, colleagues are required to report knowledge or suspicion of malpractice or actions that endanger Quilter'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, HR, Risk and Compliance or via the independent confidential ethics hotline which is available all year round.

The Company seeks 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.

As part of the 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 2023.

POLITICAL DONATIONS
No political donations were made during the year (2022: £nil).

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

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 Supplier Code of Conduct 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, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, has been set out in the section 172(1) Statement above and in the Quilter plc Annual Report, which does not form part of this report.

MANAGED CAPITAL
The Company's objectives in managing its capital are to ensure that there are adequate resources to meet the Company's liabilities as they fall due and to allocate capital efficiently to support growth and return excess capital where appropriate. The Company's capital position and the movement in this from the prior year are disclosed within the statement of changes in equity.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

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

STATEMENT OF GOING CONCERN

The use of the going concern basis of accounting is considered appropriate, reflecting the letter of support received from the Company's ultimate holding company, Quilter plc, confirming its intention to provide continued capital support to the Company for at least the three years to 31 December 2026.

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

CLIMATE CHANGE

Quilter considers the climate-related risks and opportunities for its operations and investments and reports on these annually. The framework is aligned with the Task Force on Climate-related Financial Disclosures disclosure requirements. Further details can be found online at: plc.quilter.com/responsible-business/reports-and-statements. Quilter has set operational carbon emissions targets, and these are part of the Executive Directors' Long-Term Incentive Plan. In our role as an investor, we continually work to embed climate considerations in our investment management and stewardship activity and offer clients climate focused investment solutions.

INVESTING RESPONSIBLY

Within our investment management businesses, we embed Environmental, Social and Governance factors within our investment process and Quilter is a signatory of the UK Stewardship code and the UN-backed Principles for Responsible Investment. Within our advice and suitability processes we enable our clients to invest in accordance with their responsible investment preference.

INDEPENDENT AUDITORS

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

Signed on behalf of the Board

M O Satchel
Director
2 May 2024

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.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

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

Signed on behalf of the Board

M O Satchel
Director
2 May 2024

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the ANNUAL REPORT AND FINANCIAL STATEMENTS (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2023; the Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of results by posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Sarah Chandler

Sarah Chandler (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
~~[xx 2024]~~

2 May 2024

Statement of comprehensive income

For the year ended 31 December 2023

	Note	**2023 £'000**	2022 £'000
Income			
Income from service activities	4	**34,385**	46,474
Investment return	4	**3,235**	1,419
Total income		**37,620**	47,893
Expenses			
Other operating and administrative expenses		**(109,298)**	(96,398)
Finance costs		**(1,943)**	(869)
Total expenses	5	**(111,241)**	(97,267)
Impairment of investment in subsidiary undertaking	9	**-**	(35,200)
Loss before tax		**(73,621)**	(84,574)
Tax credit on loss	6	**13,460**	9,300
Loss after tax		**(60,161)**	(75,274)
Total comprehensive income for the financial year		**(60,161)**	(75,274)

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

The notes on pages 20 to 46 form an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2023

	Note	Ordinary share capital £'000	Share premium £'000	Capital Contribution £'000	Capital contribution related to share-based payment schemes £'000	Accumulated losses £'000	Total share-holders' funds £'000
Balance at 1 January 2023		133,073	56,800	25,000	3,252	(50,768)	167,357
Loss for the financial year		-	-	-	-	(60,161)	(60,161)
Total comprehensive income		**-**	**-**	**-**	**-**	**(60,161)**	**(60,161)**
Share-based payments		-	-	-	102	1,326	1,428
Share capital issued	14	58,000	-	-	-	-	58,000
Tax credit recognised in reserves							
- IFRS 2		-	-	-	39	-	39
Balance at 31 December 2023		**191,073**	**56,800**	**25,000**	**3,393**	**(109,603)**	**166,663**

	Note	Ordinary share capital £'000	Share premium £'000	Capital Contribution £'000	Capital contribution related to share-based payment schemes £'000	Retained earnings / (Accumulated losses) £'000	Total share-holders' funds £'000
Balance at 1 January 2022		**118,073**	**56,800**	**25,000**	**1,855**	**23,853**	**225,581**
Loss for the financial year		-	-	-	-	(75,274)	(75,274)
Total comprehensive income		**-**	**-**	**-**	**-**	**(75,274)**	**(75,274)**
Share-based payments		-	-	-	1,520	506	2,026
Share capital issued	14	15,000	-	-	-	-	15,000
Tax credit recognised in reserves							
- IFRS 2		-	-	-	(123)	147	24
Balance at 31 December 2022		**133,073**	**56,800**	**25,000**	**3,252**	**(50,768)**	**167,357**

Total comprehensive income includes Loss and the total comprehensive income presented is equal to the Loss in both years presented.

The notes on pages 20 to 46 form an integral part of these financial statements.

Quilter Financial Planning Limited

Statement of financial position
At 31 December 2023

	Note	**2023** **£'000**	Restated 31 December 2022[1] £'000
Assets			
Intangible assets	7	**4,167**	5,789
Property, plant and equipment	8	**11**	517
Investments in subsidiary undertakings	9	**182,733**	182,733
Loans and advances	10	**38,405**	34,116
Deferred tax assets	11	**3,214**	2,844
Current tax assets		**22,619**	16,833
Trade, other receivables and other assets	12	**78,156**	96,668
Cash and cash equivalents	13	**36,286**	20,067
Total assets		**365,591**	359,567
Equity and liabilities			
Equity			
Ordinary Share capital	14	**191,073**	133,073
Share premium	14	**56,800**	56,800
Capital contributions		**25,000**	25,000
Capital contribution related to share-based payment schemes		**3,393**	3,252
Accumulated losses		**(109,603)**	(50,768)
Total equity		**166,663**	167,357
Liabilities			
Deferred tax liabilities		**2**	-
Loans and deferred consideration	15	**30,000**	30,000
Trade, other payables and other liabilities	16	**168,926**	162,210
Total liabilities		**198,928**	192,210
Total equity and liabilities		**365,591**	359,567

[1]See note 1 for details regarding restatement.

The notes on pages 20 to 46 form an integral part of these financial statements.

The financial statements on pages 17 to 46 were approved by the Board of Directors and authorised for issue on 2 May 2024 and signed on its behalf by:

....
M O Satchel
Director
Company No: 05372217

General information

Quilter Financial Planning Limited (the **"Company"**), is a private company limited by shares incorporated in England and Wales and domiciled in the United Kingdom (**"UK"**). The principal activities of the Company are disclosed in the strategic report on page 3.

The address of its registered office is disclosed in the Company information section on page 2.

1: Basis of preparation

The financial statements of Quilter Financial Planning Limited for the year ended 31 December 2023 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (**"FRS 101"**). The financial statements have been prepared under the historical cost convention modified by items measured at fair value and in accordance with the Companies Act 2006. as applicable to companies using FRS 101. These financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates.

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to the presentation of a cash flow statement, disclosures relating to capital management, contracts with customers, fair value measurement, financial instruments, impairments, related party transactions, share-based payments, share capital, presentation of a third statement of financial position on prior year restatement and comparative information for certain types of assets. The Company has also taken advantage of the exemption from the requirement to disclose information when the Company has not applied a new accounting standard that has been issued but is not yet effective. Where required equivalent disclosures are included in the consolidated financial statements of Quilter plc.

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

Prior year restatement
Correction for reporting of employees

Since the Company's acquisition of the Lighthouse Group ("Lighthouse") in 2019, the cost of Lighthouse employees had been settled by the Company on behalf of Lighthouse with the expense being recorded in Lighthouse Corporate Services Limited ("LCSL"). LCSL then recharged these costs to Lighthouse trading entities. This approach was based on the understanding that the employment contracts of these staff were under LCSL. During the year, it was identified that these contracts had been transferred to the Company in 2020. As a result, the expense in respect of these employees should have been recognised by the Company and recharged directly to the Lighthouse trading entities, not through LCSL.

This error has no impact on the Statement of Comprehensive Income. However, as LCSL had reimbursed the Company for these costs, a prior year restatement of the Statement of Financial Position is required to recognise an intercompany payable in relation to the balance now repayable to LCSL and an intercompany receivable from the entities that benefitted from the employees' service.

1: Basis of preparation (continued)
Prior year restatement (continued)

The impact of the above restatements on the Company's statement of financial position at 31 December 2022 can be seen in the tables below.

STATEMENT OF FINANCIAL POSITION 31 December 2022

	As reported 31 December 2022	Correction for reporting of employees	Restated 31 December 2022
	£'000	£'000	£'000
Assets			
Intangible assets	5,789	-	5,789
Property, plant and equipment	517	-	517
Investments in subsidiary undertakings	182,733	-	182,733
Loans and advances	34,116	-	34,116
Deferred tax assets	2,844	-	2,844
Current tax assets	16,833	-	16,833
Trade, other receivables and other assets	83,883	12,785	96,668
Cash and cash equivalents	20,067	-	20,067
Total assets	346,782	12,785	359,567
Equity and liabilities			
Equity			
Ordinary Share capital	133,073	-	133,073
Share premium	56,800	-	56,800
Capital contribution	25,000	-	25,000
Share-based payments reserve	3,252	-	3,252
Accumulated losses	(50,768)	-	(50,768)
Total equity attributable to equity holders	167,357	-	167,357
Liabilities			
Loans and deferred consideration	30,000	-	30,000
Trade, other payables and other liabilities	149,425	12,785	162,210
Total liabilities	179,425	12,785	192,210
Total equity and liabilities	346,782	12,785	359,567

1: Basis of preparation (continued)

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

There were no new standards or interpretations which became effective from 1 January 2023 which had a material impact upon the Company.

Amendments to standards:

The Company has applied the narrow scope amendment to IAS12 in respect of the OECD Pillar II international tax rules issued in the current period. In doing so, the Company has applied the exception in IAS12.4A and shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar II income taxes.

Going concern

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

The use of the going concern basis of accounting is considered appropriate, reflecting the letter of support received from the Company's ultimate holding company, Quilter plc, confirming its intention to provide continued capital support to the Company for at least the three years to 31 December 2026.

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

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

2: Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The Quilter plc and Affluent Boards Audit Committees review these areas of judgement and estimates and the appropriateness of material accounting policies adopted in the preparation of these financial statements.

- *Impairment of investment in subsidiaries - recognition*

  In assessing whether an impairment expense should be recognised, the Company evaluates the recoverable amount, based on each cash generating units' value in use and its disposal value.

2: Critical accounting estimates and judgements (continued)

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

Impairment of investment in subsidiaries - measurement

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

Value in use is considered to be net assets (excluding investments and goodwill) plus discounted cash flow of future results as per the 2024 to 2026 business plan less the impact of planned new offerings.

Fair value, being net assets (excluding investments and goodwill) plus the value at which any cash generating unit could be sold at arm's length, is considered to be represented by value in use plus the expected sales value of customer books, less estimated disposal costs.

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

3: Material accounting policies

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

Income from service activities
Fee income and other income from service activities represent the fair value of services provided, net of value added tax. Revenue is only recognised to the extent that management is satisfied that it is highly probable that no significant reversal of the revenue recognised will be required when uncertainties are resolved.

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

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

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

3: Material accounting policies (continued)
Initial measurement

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

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

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

Fair value measurement

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

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

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

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

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

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

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

3: Material accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash balances 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 equate to fair value.

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

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

Investments in subsidiaries
Parent Company investments in subsidiary undertakings are initially stated at cost. Subsequently, investments in subsidiary undertakings are stated at cost less any impairment. An investment in a subsidiary is deemed to be impaired when its carrying amount is greater than its estimated recoverable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements. All impairments are recognised in the Parent Company profit and loss as they occur.

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

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

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

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

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

3: Material 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 the ECL model to all financial assets that are measured at amortised cost:

- Trade and intercompany receivables, to which the simplified approach prescribed by IFRS 9 is applied. This approach requires the recognition of a Lifetime ECL allowance on day one and thereafter.
- Loans, cash and cash equivalents, and fixed term deposits at amortised cost, to which the general three-stage model (described above) is applied, whereby a 12 month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.

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

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

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

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

Employee benefits

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

3: Material accounting policies (continued)

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

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

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

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

At each period end the Company reassesses the number of equity instruments expected to vest and recognises any difference between the revised and original estimate in the profit and loss 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.

Taxation

Current tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. Current tax is charged or credited to the profit and loss, except when it relates to items recognised directly in equity or in other comprehensive income.

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

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax is charged or credited to the profit and loss, except when it relates to items recognised directly in equity or in other comprehensive income. In certain circumstances, as permitted by accounting standards, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not a business combination and at the time of their occurrence affect neither accounting nor taxable profit. Note 11 includes further detail of circumstances in which the Company does not recognise temporary differences.

3: Material accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination

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

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

Distribution channels	8 years
Customer relationships	10 years

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

Impairment testing for intangible assets

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

3: Material accounting policies (continued)

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

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

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

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

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

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

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

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

4: Total income

	2023 £'000	2022 £'000
Income from service activities	**34,385**	46,474

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

Investment income comprises:

	2023 £'000	2022 £'000
Interest income on		
Adviser loans	**2,540**	1,090
Loan to Group undertakings	**-**	290
Bank balances	**695**	39
Total interest income	**3,235**	1,419

5: Total expenses

This note provides further details in respect of the items appearing in in expenses on the statement of profit or loss and other comprehensive income.

	2023 £'000	2022 £'000
Staff costs	**28,865**	35,844
Depreciation of property and equipment (note 8)	**37**	225
Amortisation of intangible assets (note 7)	**1,623**	2,319
Auditors' remuneration	**-**	79
Management charges from Group companies	**57,137**	36,285
Professional and regulatory costs	**9,728**	6,342
Technology	**1,737**	6,253
Adviser costs	**3,130**	3,689
Release of deferred consideration	**-**	(500)
Administration and other expenses	**7,041**	5,862
Total other operating and administrative expenses	**109,298**	96,398

5: Total expenses (continued)

Staff costs and other employee-related costs

	2023	2022
	£'000	£'000
Wages and salaries	**22,871**	27,676
Share-based payments	**1,292**	1,575
Social security costs	**2,397**	3,868
Other pension costs	**1,681**	2,321
Other benefits	**624**	404
Total staff costs	**28,865**	35,844

	Number	Number
	2023	2022
The average number of persons employed by the Company was:		
Directors	**6**	6
Administrative staff	**238**	224
Operational staff	**91**	308
Total average number of employees during the year	**335**	538

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

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

Directors' remuneration

	2023	2022
Proportion of Directors' emoluments paid by third parties attributable to the company	**£'000**	£'000
Remuneration		
Pension	**1,556**	1,575
Total share-based payments	**9**	5
	583	489
	2,148	**2,069**

	2023	2022
Emoluments of the highest paid Director	**£'000**	£'000
Aggregate emoluments excluding pension contribution	**619**	913
Pension contributions	**8**	4
Share-based payments	**353**	-

3 Directors had money paid to money purchase schemes during the year (2022: 2).
4 Directors received, or were due to receive, shares or share options under a long-term incentive scheme (2022: 2).
4 Directors exercised options during the year (2022: 1).

5: Total expenses (continued)

During the year there was no compensation for loss of office paid to Directors (2022: £nil); this includes the estimated money value of the following benefits: payment in lieu of notice, loss of participation in the Save As You Earn scheme, pay-out of contractual long-term incentive, pension contributions, bonus and statutory redundancy.

The Directors' remuneration was paid by other Group entities.

Auditors’ remuneration

Audit fees were paid behalf of the Company by other Group Companies.

	2023	2022
	£’000	£’000
Fees payable for audit services	**78**	79
Total Company auditors’ remuneration	**78**	79

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

Finance costs comprise:

	2023	2022
	£’000	£’000
Bank charges	-	8
Interest expense on loan	**333**	-
Discount unwind on deferred consideration	**-**	76
Interest payable on loan from Lighthouse Advisory Services Limited	**1,610**	785
Total finance costs	**1,943**	869

6: Tax credit on loss

Tax credited to loss

	£'000	£'000
	2023	2022
Current tax		
United Kingdom	**(16,824)**	(9,342)
Adjustments to current tax in respect of prior periods	**3,694**	157
Total current tax credit	**(13,130)**	(9,185)
Deferred tax		
Origination and reversal of temporary differences	**(283)**	56
Effect on deferred tax of changes in tax rates	**(51)**	(126)
Adjustments to deferred tax in respect of prior periods	**4**	(45)
Total deferred tax credit	**(330)**	(115)
Total tax credited to loss	**(13,460)**	(9,300)

Reconciliation of total income tax expense

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

	2023	2022
	£'000	£'000
Loss before tax	**(73,621)**	(84,574)
Corporation tax credit at 23.5% (2022: 19%)	**(17,301)**	(16,069)
Effect of:		
Impairments/losses not deductible for tax	**-**	6,688
Expenses not deductible for tax purposes	**194**	95
Adjustments to current tax in respect of prior years	**3,694**	157
Effect on deferred tax for changes in tax rates	**(51)**	(126)
Adjustments to deferred tax in respect of prior years	**4**	(45)
Total tax credited to loss	**(13,460)**	(9,300)

Factors that may affect future charges

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

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

Pillar II Taxes

On the 20 June 2023, The Finance (No.2) Act 2023 was substantively enacted in the UK, introducing the Pillar II minimum effective tax rate of 15%. The legislation implements a Multinational Top-up Tax ("**MTT**") and a Domestic Top-up Tax ("**DTT**"), effective for accounting periods starting on or after 31 December 2023. As these rules are not in effect in the current period, these rules have had no current tax impact in 2023. The Company has applied the exception under IAS12.4A and will neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar II income taxes.

6: Tax credit on loss (continued)
Pillar II Taxes (continued)

The company continues to assess the full impact of the introduction of Pillar II taxes in the UK. The rules are complex and there remains areas of uncertainty in HMRC guidance. Management has assessed the likely impact based current guidance and historical data and although may expect the UK ETR to be close to 15% in the near term there are scenarios where the rate may fall below the minimum rate. The company is therefore currently unable to estimate with any reasonable level of certainty any future charge.

7: Intangible assets

Analysis of intangible assets

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

	£'000 Sesame Adviser	£'000 Computer software	£'000 Total
Gross amount			
31 December 2022	**1,389**	**29,984**	**31,373**
Disposals	-	(21,183)	(21,183)
31 December 2023	**1,389**	**8,801**	**10,190**
Accumulated amortisation			
31 December 2022	**1,067**	**24,517**	**25,584**
Amortisation charge for the year	116	1,507	1,623
Disposals	-	(21,184)	(21,184)
31 December 2023	**1,183**	**4,840**	**6,023**
Carrying amount			
31 December 2022	322	5,467	5,789
31 December 2023	**206**	**3,961**	**4,167**

The cost of acquiring advisers from Sesame Bankhall in 2015 was capitalised. These payments are recorded at cost and then amortised over the expected life of the benefit derived from the income stream of those advisers, which is assessed as being 10 years. The asset has a remaining amortisation period of 1.6 years (2022: 2.6 years).

Computer software has a remaining amortisation period of 1.5 years (2022: 2.5 years).

Impairment testing

In accordance with the requirements of IAS 36 Impairment of Assets, goodwill and intangible assets are tested for impairment annually, or earlier if an indicator of impairment exists, by comparing the carrying value of the CGU to which the goodwill and intangible assets relates to the recoverable value of that CGU, being the higher of that CGU's 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. Goodwill and intangible assets impairment indicators include sudden stock market falls, the absence of Net Client Cash Flows, significant falls in profits and an increase in the discount rate.

8: Property, plant and equipment

	£'000 Fixtures and fittings	£'000 Computer equipment	£'000 Leasehold improvements	£'000 Total
Gross amount				
31 December 2022	**212**	**408**	**1,201**	**1,821**
Transfer[1]	-	-	(1,165)	(1,165)
31 December 2023	**212**	**408**	**36**	**656**
Accumulated depreciation				
31 December 2022	**212**	**398**	**694**	**1,304**
Depreciation	**-**	10	27	37
Transfer[1]	-	-	(696)	(696)
31 December 2023	**212**	**408**	**25**	**645**
Carrying amount				
31 December 2022	-	10	507	517
31 December 2023	**-**	**-**	**11**	**11**

[1]Leasehold improvements transferred represents leasehold improvements previously held by the Company which were transferred to Quilter Private Client Advisers Limited, a fellow Group Company, during 2023.

9: Investments in subsidiary undertakings

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

	Subsidiaries 2023 £'000	Subsidiaries 2022 £'000
Balance at the beginning of the year	**182,733**	**217,933**
Impairment of subsidiary undertaking	-	(35,200)
Balance at the end of the year	**182,733**	**182,733**

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

2023
Fair value
In order to assess whether there was any indication that an investment in a subsidiary may be impaired management reviewed the fair value of each subsidiary, calculated as the value of its net assets (excluding investments in subsidiaries and intangible assets), plus an estimated, 4% of assets under management (being expected proceeds on sale of customer books), less disposal costs calculated at 3.5% of those proceeds.

The Company concluded there was no indication of impairment for the year ended 31 December 2023.

Sensitivity analysis
Management have performed sensitivity tests to assess the impact of changes to underlying assumptions on the FV calculation and to stress the FV. If the proceeds on sale of customer books were to reduce to 3%, an impairment of £9,700k would be required. This impact relates only to the investment in Charles Derby Group Limited. The surplus in respect of other entities is sufficient that they do not become impaired under this scenario.

During the normal course of business, from time to time, the Company's subsidiaries receive complaints and claims from customers including, but not limited to, complaints to the Financial Ombudsman Service and legal proceedings related thereto, enters into commercial disputes with service providers and other parties, and is subject to discussions and reviews with regulators. The costs, including legal costs, of these issues as they arise can be significant and, where appropriate, provisions have been established by the Company's subsidiaries. The recoverable value of the Company's investments in subsidiaries will therefore be sensitive to these provisions. Any provisions recognised by the Company's subsidiaries at year end have been included within the assessment of impairment in investment in subsidiaries. Please also refer to Note 21: Events after the end of the reporting period, in respect of a review announced on 6 March 2024.

2022
Value in use
The VIU test was calculated with reference to the 2023-2025 business plan, with cashflows beyond this period modelled using a compound annual growth rate for both revenue and expenses. A terminal value was calculated using an advice fee growth rate of 2%, an expense inflation rate of 2% and a 11.9% present value discount rate.

9: Investments in subsidiary undertakings (continued)

Fair value
This forecast was based on current assets under administration and current average margins discounted to a present value using a discount rate of 11.9%.

The impairment test indicated that the recoverable value of Charles Derby Group Limited and Lighthouse Group Limited were lower than their carrying values at 31 December 2022 and as such an impairment was recognised in the profit and loss for that year. Both entities are the holding company for financial planning and mortgage advice businesses.

These impairments were triggered by the impact of the markets during 2022 on growth, combined with reduced investment values and increased discount rates during the period impacting the forecasted margin on asset administration earned by other Group entities.

The impairment recognised in 2022 was derived as follows	Lighthouse Group Limited £'000	Charles Derby Group Limited £'000	Total £'000
Carrying value of investment	90,355	30,613	120,968
Fair value	63,355	22,413	85,768
Impairment recognised in the year	**27,000**	**8,200**	**35,200**

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

Company name	Share class	Registered office address
Quilter Financial Services Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Financial Planning Solutions Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Wealth Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Mortgage Planning Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Charles Derby Group Limited	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Financial Advisers Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Charles Derby Wealth Management Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Quilter Financial Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB

9: Investments in subsidiary undertakings (continued)

Company name	Share class	Registered office address
Lighthouse Group Limited (formerly Lighthouse Group plc)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Falcon Financial Advice Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Advisory Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Financial Advice Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Wealth Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Lighthouse Corporate Services Limited*	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB

* Not directly held entities

Companies in liquidation

Think Synergy Limited (Placed into liquidation 07/03/24)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Blueprint Financial Services Limited (Placed into liquidation 07/03/24)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Blueprint Organisation Limited (Placed into liquidation 07/03/24)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Blueprint Distribution Limited (Placed into liquidation 25/10/23)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Charles Derby Private Clients Limited (Placed into liquidation 25/10/23)	Ordinary	Ernst & Young Llp, 1 More London Place London, England, SE1 2AF
Forward Thinking Wealth Management Limited (Placed into liquidation 25/10/23)	Ordinary	Ernst & Young Llp, 1 More London Place London, England, SE1 2AF
Caerus Capital Group Limited (Placed into liquidation 07/03/24)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Caerus Holdings Limited (Placed into liquidation 07/03/24)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Caerus Wealth Solutions Limited (Placed into liquidation 07/03/24)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB

9: Investments in subsidiary undertakings (continued)
Companies in liquidation (continued)

Company name	Share class	Registered office address
Caerus Wealth Limited (Placed into liquidation 07/03/24)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB
Luceo Asset Management Limited (Placed into liquidation 25/10/23)	Ordinary	Ernst & Young Llp, 1 More London Place London, England, SE1 2AF
Lighthouse Wealth Management Limited (Placed into liquidation 25/10/23)	Ordinary	Ernst & Young Llp, 1 More London Place London, England, SE1 2AF
LighthouseXpress Limited (Placed into liquidation 25/10/23)	Ordinary	Ernst & Young Llp, 1 More London Place London, England, SE1 2AF
Lighthouse Benefits Limited (Placed into liquidation 25/10/23)	Ordinary	Ernst & Young Llp, 1 More London Place London, England, SE1 2AF
Lighthouse Support Services Limited (Placed into liquidation 25/10/23)	Ordinary	Ernst & Young Llp, 1 More London Place London, England, SE1 2AF
The Falcon Group Limited (Placed into liquidation 10/11/22)	Ordinary	C/O Teneo Restructuring Limited, 156 Great Charles Street, Birmingham, B3 3HN
Financial Services Advice & Support Limited (Placed into liquidation 25/10/23)	Ordinary	Ernst & Young Llp Atria One, 144 Morrison Street, Edinburgh, Scotland, EH3 8EX
Companies dissolved post year end		
Intrinsic Cirilium Investment Company Limited (dissolved 25.01.24)	Ordinary	Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB

10: Loans and advances

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

	2023	2022
	£'000	£'000
Loans and advances to advisers	**37,905**	33,616
Loan due from Group undertaking	**500**	500
Total net loans and advances	**38,405**	34,116
To be recovered within 12 months	**11,458**	7,482
To be recovered after 12 months	**26,947**	26,634
Total net loans and advances	**38,405**	34,116

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

The loan due from Group undertaking is unsecured, non-interest bearing and repayable on demand..

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

The carrying value of these assets approximates to fair value.

11: Deferred tax assets

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

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

	Tax losses	Accelerated Depreciation	Share based payments	Other	Total
	£’000	£’000	£’000	£’000	£’000
Assets at 1 January 2022	850	1,443	549	10	2,852
Profit and loss	-	95	34	(14)	115
Equity charge	-	-	(123)	-	(123)
Assets/(liabilities) at 31 December 2022	850	1,538	460	(4)	2,844
Profit and loss	-	403	(76)	3	330
Equity credit	-	-	40	-	40
Assets/(liabilities) at 31 December 2023	850	1,941	424	(1)	3,214

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 is 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 2023. The rate increased to 25% with effect from 1 April 2023. This change having been substantively enacted has been used in recognising the Company's deferred tax assets and liabilities for reversals expected to take place from 1 April 2023.

11: Deferred tax assets (continued)

Unrecognised deferred tax assets

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

	31 December 2023		31 December 2022	
	Gross amount £'000	Tax £'000	Gross amount £'000	Tax £'000
Pre April 2017 UK tax losses	18,470	4,617	18,470	4,617
Total unrecognised deferred tax assets	**18,470**	**4,617**	**18,470**	**4,617**

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

12: Trade, other receivables and other assets

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

	2023 £'000	Restated 2022[1] £'000
Amounts due from fellow Group undertakings	**72,239**	93,861
Prepayments and accrued income	**3,550**	1,770
Other receivables	**2,367**	1,037
Total trade, other receivables and other assets	**78,156**	96,668
To be settled within 12 months	**78,156**	96,668
Total trade, other receivables and other assets	**78,156**	96,668

[1]See note 1 for details regarding restatement.

Other receivables mainly relate to trade debtors and other debtors.

All amounts due from Group undertakings are short term and interest free with the carrying amount approximating to fair value and are subject to the Twelve-month ECL model. There have been no non-performing receivables or material impairments in the financial year that require disclosure. None of the receivables reflected above have been subject to the renegotiation of terms. All other receivables are also current, short term and interest free and are carried at fair value.

13: Cash and cash equivalents

	2023	2022
	£'000	£'000
Cash at bank	**8,362**	19,767
Money market funds	**27,924**	300
Total cash and cash equivalents	**36,286**	20,067

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

14: Ordinary share capital and share premium

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

		£'000	**£'000**
Ordinary shares of £1 each	**Number of shares (authorised, allotted and fully paid)**	**Nominal value**	**Share Premium**
At 1 January 2022	118,072,594	118,073	56,800
Issued in the year	15,000,000	15,000	-
At 31 December 2022	**133,072,594**	**133,073**	**56,800**
Issued in the year	58,000,000	58,000	-
At 31 December 2023	**191,072,594**	**191,073**	**56,800**

On 20 March 2023 the Company issued 28,000,000 of £1 ordinary shares for a consideration of £28,000,000 to its parent Quilter Holdings Limited.

On 27 June 2023 the Company issued 20,000,000 of £1 ordinary shares for a consideration of £20,000,000 to its parent Quilter Holdings Limited.

On 14 December 2023 the Company issued 10,000,000 of £1 ordinary shares for a consideration of £10,000,000 to its parent Quilter Holdings Limited.

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

15: Loans and deferred consideration

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

	2023 £'000	2022 £'000
Amounts due within one year:		
Loan from subsidiary	**30,000**	30,000
Deferred purchase consideration	**-**	-
	30,000	30,000

	2023 £'000	2022 £'000
Deferred purchase consideration		
Opening balance	-	5,050
Utilised	-	(4,626)
Charged to profit and loss	-	76
Released to profit and loss	-	(500)
Closing balance	**-**	**-**
Maturity analysis		
Within one year	**-**	**-**
	-	**-**

The deferred purchase consideration related to the acquisition of the Charles Derby Group Limited. Final settlement was made during 2022.

16: Trade, other payables and other liabilities

	2023 £'000	Restated 2022[1] £'000
Amounts due to fellow Group undertakings	**158,825**	144,521
Trade payables and accrued expenses	**9,331**	16,225
Other taxes and social security costs	**770**	1,464
	168,926	162,210
To be settled within 12 months	**168,926**	162,210
Total trade, other payables and other liabilities	**168,926**	162,210

[1]See note 1 for details regarding restatement.

Trade payables principally comprise amounts payable to advisers. The Directors consider that the carrying amount of trade and other payables approximates to their fair value. All trade and other payables are short-term and interest-free. Amounts due to Group undertakings are unsecured, interest-free and current.

17: Share based payments

During the year ended 31 December 2023, the Company participated in a number of share-based payment arrangements. This note describes the nature of the plans and how the share options and awards are valued.

Description of share-based payment arrangements

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

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

[1]All other schemes participants are entitled to dividend equivalents.
[2]Adjusted profit compound annual growth rate (“**CAGR**”).
[3]The Quilter plc Sharesave Plan is linked to a savings plan.

Options
The weighted average share price at the dates of exercise for options exercised during the year was £0.95.

1,461,987 options outstanding at 31 December 2023 (2022: 1,100,746) have an exercise price of £nil for the Quilter plc Performance Share Plan, and between £0.69 and £1.31 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 2.6 years. At 31 December 2022, the exercise price was £nil for the Quilter plc Performance Share Plan, and between £1.17 and £1.31 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 2.3 years.

At 31 December 2023 2,715,066 (2022: 2,621,820) conditional share awards were outstanding.

18: Dividends

During the year Dividends of £nil were paid (2022: £nil).

19: Commitments and contingent liabilities

There are no contingent liabilities as at 31 December 2023 (2022: £nil).

20: Ultimate parent company

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

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

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

21: Events after the end of the reporting period

As reported in the preliminary results announcement of Quilter PLC on 6 March 2024, subsequent to the year-end date, on 15 February 2024, the FCA wrote to around 20 advice firms, including Quilter, requesting information regarding ongoing servicing to assess what, if any, further regulatory work the FCA may undertake in this area. Quilter committed to undertake a review of historical data and practices across the Quilter Financial Planning Limited network of appointed representative firms ("AR Firms"). The purpose of this review being to determine if the AR Firms have met their ongoing servicing obligations to customers and, if not, remediate customers to the extent appropriate. Following discussion with the FCA, the review will be conducted by a skilled person. This may lead to remedial costs being incurred by the Company's subsidiaries, but it is too early to quantify. Until the Company has further clarity of its position on this matter, there remains uncertainty as to the potential financial and non-financial implications that may arise.

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