Registered in England and Wales No. 02019022

Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2021

CONFIDENTIAL

Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited)

CONTENTS

COMPANY INFORMATION

DIRECTORS

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

SECRETARY

Quilter CoSec Services Limited

BANKER

National Westminster Bank Plc
135 Bishopsgate
London
EC2M 3UR

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
Chartered Accountants
Savannah House
3 Ocean Way
Southampton
Hampshire
SO14 3TJ

REGISTERED OFFICE AND BUSINESS ADDRESS

Senator House
85 Queen Victoria Street
London
EC4V 4AB

Registered in England and Wales
No. 02019022

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2021.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited) (the "Company") forms part of the Quilter plc group (the "Group"). Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter plc acts as the parent company and provides the Company with strategic and governance oversight. The Company forms part of the head office function of Quilter plc group.

The principal activity of the Company is that of a holding company and the administration of the healthcare obligations provided to the retirees of the Gerrard & National business which was sold by the Company in 2002. This will continue for the foreseeable future. On 22 December 2021, the Company changed its name from OMFS (GGP) Limited to Quilter Perimeter (GGP) Limited.

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

QUILTER STRATEGY

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

KEY PERFORMANCE INDICATORS (KPIs)

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

The Company's primary key performance indicators are net assets and cash and cash equivalents. Net assets and cash and cash equivalents have remained broadly static year-on-year.

	2021 £'000	2020 £'000
Net assets	564,110	564,155
Cash and cash equivalents	9,731	9,821

DIVIDEND DISTRIBUTIONS

On 23 September 2021, the board of the Company approved an aggregate dividend payment of £6,138,000 (2020: £8,411,000) to its immediate parent and majority equity holder Quilter Perimeter Holdings Limited (formerly Skandia UK Limited), and to its minority equity holder Quilter Perimeter Limited (formerly OMFS (UK) Limited). These were paid on 17 December 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Company arise from the orderly administration of the outstanding obligations in respect of the healthcare scheme covering retirees of former Group companies.

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

Credit and counterparty risk

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

The Company is exposed to credit and counterparty risk primarily arising from the investment of its shareholder funds but this is not significant risk.

Sources of credit risk are managed in line with the requirements of the Credit Risk Policy that ensures cash is placed with highly rated counterparties and is appropriately diversified. The Company additionally makes loans to other entities in the Group which are monitored to ensure the credit and counterparty risk is appropriately managed.

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

STRATEGIC REPORT (continued)

Liquidity risk
Liquidity risk is the risk that there are insufficient assets or that assets cannot be realised in order to settle financial obligations as they fall due. The liquidity strategy is to maintain sufficient liquidity within the Company such that it can meet its target liquidity requirement, as defined by the Group's liquidity policy, at all times.

On behalf of the Board

M O Satchel
Director
31 August 2022

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2021.

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

DIRECTORS

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

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

All Directors are employed by, and receive their emoluments from fellow group undertakings. The directors holding office during the year ended 31 December 2021 consider that their services to the Company are incidental to their other duties within the group and accordingly no remuneration has been apportioned to this Company.

Qualifying third-party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2021 for the benefit of the Directors, and at the date of this report, are in force for the benefit of the directors in relation to certain losses and liabilities which may occur, (or have occurred) in connection with their duties/powers or office.

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

DIVIDENDS

During the year, dividends totalling £6,138,000 were declared and paid (2020: £8,411,000). On 30 June 2022, the Company declared and paid dividend totalling £4,692,000.

EMPLOYEES

The Company had no employees during or at the end of the year (2020: nil).

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Company are disclosed in the Strategic Report.

POLITICAL DONATIONS

During the year, the Company made no political donations (2020: £nil).

STREAMLINED ENERGY AND CARBON REPORTING

The Group is committed to managing its environmental impact and supports the Carbon Disclosure Project ("CDP"), a globally recognised initiative for companies to measure, manage, disclose and reduce their environmental impacts. A full explanation of how the Directors have had regard to the impact on the environment is contained within the Quilter plc Annual Report 2021 as per the requirements of Streamlined Energy and Carbon Reporting. The Company is exempt from reporting Company specific information as it is a subsidiary of the Group.

STATEMENT OF GOING CONCERN

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as the Directors are each aware, there is no relevant audit information of which the Company's auditor is unaware;
- 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 auditor is aware of that information; and

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP has been appointed by the Company to hold office in accordance with s.485 of the Companies Act 2006 for the 2021 financial year and have indicated its willingness to continue in office.

On behalf of the Board

M O Satchel
Director
31 August 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Directors' 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.

Independent auditors' report to the members of Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited)

Report on the audit of the financial statements

Opinion

In our opinion, Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited)'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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 2021; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Discussions with the Board, management, senior management involved in the Quilter Group's Risk and Compliance function, Quilter Group's internal audit function and the Quilter Group's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing Board minutes as well as relevant meeting minutes
- Reviewing correspondence between the Company and HMRC in relation to compliance with laws and regulations
- Identifying and testing unusual manual journal entries posted during the year
- Reviewing all bank statement transactions to identify any potential transactions that haven't been recorded

- Incorporating an element of unpredictability into our audit procedures
- Assessment of any matters reported on the Quilter plc group's whistleblowing register that relate to the Company, including the quality and results of management's investigation of such matters

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.

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Helen Grainger (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
31 August 2022

INCOME STATEMENT
for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Revenue			
Finance income	2	7,474	10,154
Expenses			
Administrative expenses	3	-	(2)
Profit before tax		7,474	10,152
Income tax expense	4	(1,381)	(3,424)
Profit for the year after taxation		6,093	6,728

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

The notes on pages 14 to 22 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	2021 £000	2020 £000
Profit for the year	6,093	6,728
Total comprehensive income for the year	6,093	6,728

The profit for the current and prior year is attributable to the equity holders of the Company.

The notes on pages 14 to 22 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Note	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021		141,732	406,698	6,300	9,425	564,155
Profit for the financial year		-	-	-	6,093	6,093
Dividends paid	5	-	-	-	(6,138)	(6,138)
Balance at 31 December 2021		141,732	406,698	6,300	9,380	564,110

	Note	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020		141,732	406,698	6,300	11,108	565,838
Profit for the financial year		-	-	-	6,728	6,728
Dividends paid	5	-	-	-	(8,411)	(8,411)
Balance at 31 December 2020		141,732	406,698	6,300	9,425	564,155

The profit for the current and prior year is attributable to the equity holders of the Company.

The notes on pages 14 to 22 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Notes	2021 £000	2020 £000
Assets			
Investments	6	416	418
Loans and advances	7	557,591	557,106
Deferred tax assets	12	272	332
Other receivables	8	22	20
Cash and cash equivalents	9	9,731	9,821
Total assets		568,032	567,697
Equity and liabilities			
Equity			
Share capital	14	141,732	141,732
Share premium		406,698	406,698
Capital redemption reserve		6,300	6,300
Retained earnings		9,380	9,425
Total equity		564,110	564,155
Liabilities			
Amounts due to group undertakings	10	590	-
Other payables	11	416	418
Current tax payable		401	519
Provisions for liabilities and charges	13	2,515	2,605
Total liabilities		3,922	3,542
Total equity and liabilities		568,032	567,697

The notes on pages 14 to 22 are an integral part of these financial statements.

The financial statements on pages 10 to 22 were authorised and approved by the Board on 31 August 2022 and signed on its behalf by:

M O Satchel
Director

Company registration No. 02019022

1 ACCOUNTING POLICIES

Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited) (the "Company") is a private limited company incorporated in England and Wales and domiciled in the United Kingdom. The address of its registered office is disclosed in the company information section on page 1. The principal activities of the Company are disclosed in the strategic report.

Basis of preparation
The financial statements of Quilter Perimeter (GGP) Limited for the year ended 31 December 2021 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

First time application of FRS101
The Company has transitioned to FRS 101 for the first time in 2021, the prior year was prepared in accordance with international accounting standards. No material adjustments have been required to the prior year in respect of the change in reporting approach.

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 1.

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

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Company.

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

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

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

Critical accounting estimates and judgements
The preparation of financial statements requires management to exercise judgement in applying the Company's significant accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements.

ACCOUNTING POLICIES (continued)
The Company's critical accounting judgements are detailed below and are those that management makes when applying its significant accounting policies and that have the most effect on the amounts recognised in the Company's financial statements.

Area	Critical accounting judgements	Note
Provisions – recognition	In assessing whether a provision should be recognised, the Company evaluates the likelihood of a constructive or legal obligation to settle an event that took place in the past and whether a reliable estimate can be made. The provision is in respect of healthcare cover obligations provided to retirees of the Gerrard & National business for whom a legacy benefit of private medical insurance cover is still in existence.	13

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

Area	Critical accounting estimates	Note
Provisions – measurement	The provision has been determined with regards to forecast premiums and claims costs. The provision will be utilised over the remaining lives of the retirees. The key assumptions in respect of determining the present value of the healthcare provision are the discount rate and the future premium inflation rate. Management applied a discount rate of 0.8% and a premium inflation rate of 8% (2020: 0.2% and 8%).	13

A sensitivity analysis has been undertaken in respect of these assumptions and these are provided in the table below:

Assumption	Change in estimate	Change in provision
Discount rate	+/- 1%	- £0.3 million / + £0.3 million
Premium inflation rate	+/- 2%	+ £0.7 million / - £0.5 million

New standards, amendments to standards, and interpretations adopted in these annual financial statements
There were no new standards or interpretations which became effective from 1 January 2021.

Future standards, amendments to standards, and interpretations not early-adopted in the 2021 annual financial statements
There have been no new standards or interpretations which became effective 1 January 2021.

Significant accounting policies
The Company's significant accounting policies are described below. There have been no changes to the Company's significant accounting policies as a result of changes in accounting standards during the year. The accounting policies disclosed in these notes have been consistently applied throughout the current and prior financial year.

Financial instruments
Financial instruments cover a wide range of financial assets, including financial investments, loans and advances and cash and cash equivalents and financial liabilities including other payables. 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.

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

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

ACCOUNTING POLICIES (continued)

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

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

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

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

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVTPL because this best reflects the way they are managed.

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

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

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

All cash and cash equivalents are classified as amortised cost which means they are initially recognised at fair value and subsequently carried at amortised cost using the effect interest method and are subject to the impairment requirements outlined below. The carrying amount of cash and cash equivalents approximates to their fair value.

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

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

Impairment of financial assets
The impairment model applies to financial assets measured at amortised cost. Financial assets at amortised cost include receivables, loans and cash and cash equivalents.

ACCOUNTING POLICIES (continued)

Under IFRS 9, 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 judgment, based on the lifetime probability of default ("PD"). Stage 1 and 2 allowances are held against performing loans; the main difference between stage 1 and stage 2 allowances is the time horizon. Stage 1 allowances are estimated using the PD with a maximum period of 12 months, while stage 2 allowances are estimated using the PD over the remaining lifetime of the asset.

Impaired financial assets:
Stage 3
When a financial asset is considered to be credit-impaired, the allowance for credit losses ("ACL") continues to represent lifetime expected credit losses; however, interest income is calculated based on the amortised cost of the asset, net of the loss allowance, rather than its gross carrying amount.

Application of the impairment model
The Company applies IFRS 9's ECL model to three main types of financial assets that are measured at amortised cost:

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

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

ACCOUNTING POLICIES (continued)

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

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

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under the Company's insurance arrangements, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision is made for the expected future obligations of the healthcare cover provided to retirees of the Gerrard & National business for whom a legacy benefit of private medical insurance cover is still in existence. The provision has been determined in respect of forecast premiums and claim costs. The provision will be utilised over the remaining lives of the retirees.

Taxation
Current tax
Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. The taxable income for the year is determined in accordance with enacted legislation and taxation authority practice for calculating the amount of tax payable.

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

Deferred tax
Deferred taxes are calculated according to the statement of financial position method, based on temporary differences between reported and tax values of assets and liabilities. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax liabilities are not discounted.

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

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2 FINANCE INCOME

	2021 £000	2020 £000
Interest receivable from parent undertaking	7,474	10,154

3 ADMINISTRATIVE EXPENSES

	2021 £000	2020 £000
Other expenses	-	2
	-	2

Auditor remuneration paid to PricewaterhouseCoopers, £5,225 (2020: £5,000), is borne by Quilter Business Services Limited, a fellow group company.

Auditor remuneration for audit services consists of fees in respect of the statutory audit. There are no non-audit fees (2020: none).

4 INCOME TAX EXPENSE

	2021 £000	2020 £000
Current year corporation tax	1,343	3,773
Prior year corporation tax credit	(22)	(18)
Deferred tax charge/(credit)	60	(331)
Tax charge on profit on ordinary activities	1,381	3,424

The total tax charge for the year can be reconciled to the accounting profit as follows:

	2021 £000	2020 £000
Profit before taxation	7,474	10,152
Tax on profit at the applicable tax rate 19% (2020: 19%)	1,420	1,929
Effect of:		
Transfer pricing adjustment	-	(209)
Prior year corporation tax credit	(22)	(18)
Group relief at rate differing from corporate tax rate	-	2,126
Utilisation of previously unrecognised deferred tax	(17)	(404)
	1,381	3,424

Factors that may affect future charges

The main rate of corporation tax is 19%. This will increase to 25% with effect from 1 April 2023.

The Company has recognised deferred tax assets as disclosed in Note 12. The Company considers that the future profits will be sufficient to utilise the tax asset recognised.

5 DIVIDENDS

	2021 £000	2020 £000
Dividends paid		
2021 dividend paid to Quilter Perimeter Holdings Limited (formerly Skandia UK Limited (1.08p per share)	5,548	-
2021 dividend paid to Quilter Perimeter (UK) Limited (formerly OMFS UK Limited) (1.08p per share)	590	-
2020 dividend paid to Quilter Perimeter Holdings Limited (formerly Skandia UK Limited) (1.48p per share)	-	7,603
2020 dividend paid to Quilter Perimeter (UK) Limited (formerly OMFS UK Limited) (1.48p per share)	-	808
	6,138	8,411

6 INVESTMENTS

	2021 £000	2020 £000
Investments held at fair value through profit and loss		
At 1 January	418	329
Unrealised gains/(losses) on investments	(2)	89
At 31 December	416	418

The investments represent gold and silver bullion and are categorised as level 1 investments. These investments are valued using quoted prices in active markets. There have been no transfers between level 1 and 2, or level 2 and 3, in the period.

The investments are recognised mandatorily at FVTPL.

7 LOANS AND ADVANCES

	2021 £000	2020 £000
Lending to immediate parent company at 1.51%[1]	489,527	488,542
Lending to immediate parent company at 12-month LIBOR[2]	68,064	68,564
	557,591	557,106

[1] The Company has a term loan of £489,527,000 (2020: £488,542,000) with Quilter Perimeter Holdings Limited (formerly Skandia UK Limited) which expires on 30 September 2022.

[2] The Company has a £300,000,000 (2020: £300,000,000) revolving credit facility with Quilter Perimeter Holdings Limited (formerly Skandia UK Limited). The facility is recallable on demand.

The carrying amount of loans approximates to their fair value which is measured as the principal amounts plus accrued interest receivable under the loan agreements.

All loans are repayable on demand, or by 30 September 2022, and are recognised at amortised cost.

8 OTHER RECEIVABLES

	2021 £000	2020 £000
Due from immediate parent	22	20
Other receivables	22	20

The amount relates to accrued loan interest and group relief tax receivable, which are current and recognised at amortised cost.

9 CASH AND CASH EQUIVALENTS

	2021 £000	2020 £000
Bank balances	9,731	9,821

Bank balances are current and recognised at amortised cost. They are subject to a 12-month ECL, and are credit rated A.

10 AMOUNTS DUE TO GROUP UNDERTAKINGS

	2021 £000	2020 £000
Due to immediate parent	590	-

11 OTHER PAYABLES

	2021 £000	2020 £000
Other payables	416	418

Amounts are current and recognised at amortised cost.

12 DEFERRED TAX ASSET

	Accelerated Depreciation £000	Total £000
Assets at 1 January 2020	-	-
Movement in the year	332	332
Assets at 31 December 2020	332	332
Movement in the year	(60)	(60)
Assets at 31 December 2021	272	272

The main rate of corporation tax is 19%. On the 3 March 2021, the Chancellor of the Exchequer announced in the Budget a future increase in the corporation tax rate from 19% to 25%, effective from 1 April 2023. This change, having been substantially enacted by 31 December 2021, has been used in recognising the Company's deferred tax assets and liabilities should the reversal be expected to take place after 1 April 2023.

A deferred tax asset or liability is recognised to the extent that there are other temporary differences expected to reverse in the foreseeable future. Sensitivity analysis demonstrates headroom in the recoverable amount of the deferred tax asset over the taxable profits contained within the 3-year planning horizon. The impact of a 20% decrease in company profitability has been assessed and does not give rise to concerns over recoverability of recognised deferred tax assets.

The Company has not provided a deferred tax asset in respect of other timing differences of £2,514,532 (2020: £2,812,865) as their forecast utilisation is outside of the three-year planning horizon used by the Company. If recognised at the UK corporation tax rate in force as at 31 December 2021 of 19%, this would have increased deferred tax assets as at that date by £477,761 (2020: £534,444).

13 PROVISIONS

	2021 £000	2020 £000
Brought forward at 1 January	2,605	2,720
Utilised during the year	(90)	(115)
Balance carried forward at 31 December	2,515	2,605

The provision is in respect of healthcare cover obligations provided to retirees of the Gerrard & National business for whom a legacy benefit of private medical insurance cover is still in existence. The provision has been determined in respect of forecast premiums and claims costs. The provision will be utilised over the remaining lives of the retirees.

14 SHARE CAPITAL

	2021 £000	2020 £000
Issued and fully paid:		
566,926,412 (2020: 566,926,412) ordinary shares of 25p each	141,732	141,732

15 CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2021 (2020: £nil).

16 FINANCIAL AND CAPITAL COMMITMENTS

There are no material financial and capital commitments at 31 December 2021 (2020: £nil).

17 CAPITAL MANAGEMENT

Total equity attributable to the equity holders is managed as capital and there are no externally imposed capital requirements on the Company. The Company reviews its obligations to ensure it has sufficient capital to fulfil its purpose as a holding company.

18 EVENTS AFTER THE REPORTING DATE

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

19 ULTIMATE PARENT COMPANY

The Company's immediate parent is Quilter Perimeter Holdings Limited (formerly Skandia UK Limited), a company registered in England and Wales, which holds 90.4% of share capital.

The largest and the smallest group in which the results of the Company are consolidated is Quilter plc, the ultimate parent company and controlling party, registered in England and Wales. The financial statements are available from:

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