Registered in England and Wales No. 02411822

IFA Holding Company Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2019

CONFIDENTIAL

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COMPANY INFORMATION

Directors	D J L Eardley S V Wood
Banker	National Westminster Bank Plc 68 Above Bar Street Southampton SO14 7DS
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Registered office	Old Mutual House Portland Terrace Southampton SO14 7EJ
	Telephone: 0808 171 2626 Website: www.quilter.com
	Registered in England and Wales No: 02411822

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2019.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY
IFA Holding Company Limited (the "company") forms part of 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.

The principal activity of the company in the year under review was that of an investment holding company. Following the strike off of the company's only subsidiary in 2009, the directors transferred the outstanding interest bearing liabilities and equivalent cash consideration to an intermediate parent undertaking and propose to undertake a strike off process. Therefore, the financial statements have not been prepared on a going concern basis.

On 11 March 2020, a coronavirus ("COVID-19") was recognised by the World Health Organisation as a global pandemic. COVID-19 has caused widespread uncertainty and will impact global supply chains, global market growth and employee availability over the next few years. The group will be adversely impacted by falls in equity market levels, adverse investor sentiment affecting revenue and increased operational risks depending on the extent of employment availability.

The group has implemented operating plans in response to the challenges arising from COVID-19, including 98% of Quilter's staff now working remotely and the accelerated delivery of IT and remote telephony solutions allowing Quilter to maintain high client service levels and to support advisers and customers.

The group has reviewed its financial budgets and operating plans in response to the challenges arising from COVID-19 and an unpredictable operating outlook. Quilter is operationally resilient and remains focused on completing principal projects. Given the uncertainty and expected lower assets under management ("AuMA") leading to lower run-rate of revenues, the group is undertaking a number of management actions to reduce expenses and have acknowledged that operating margin results will be below previously announced targets. The group has no plans to take advantage of any of the government backed support schemes.

The COVID-19 pandemic is expected to have a minimal impact on this company given the intention to wind it down and with the financial statements not being prepared on a going concern basis.

KEY PERFORMANCE INDICATORS ("KPIs")
The company's key performance indicator is IFRS profit. The loss for the year, after taxation, amounted to £3,000 (2018: loss £3,000).

The company's principal KPI in respect of the statement of financial position is net liabilities, as disclosed below.

FINANCIAL POSITION AT THE END OF THE YEAR
The company's total net liabilities have increased from £3,000 to £6,000, with cash and cash equivalents decreasing to £92,000.

During the year the obligation to settle outstanding loan notes and associated accrued interest, was transferred to Old Mutual Wealth UK Holding Limited, a fellow subsidiary undertaking, along with an equivalent cash balance.

DIRECTORS
The directors of the company during the year and to date were as follows:

D J L Eardley
S V Wood

Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

DIVIDENDS
The directors recommend no dividend payment in respect of the year ended 31 December 2019 (2018: £nil).

EMPLOYEES
The company has no employees (2018: nil).

POLITICAL DONATIONS
During the year, the company made no political donations (2018: £nil).

DIRECTORS REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES
The company does not trade and therefore does not have any material risks and uncertainties.

SECTION 172 (1) STATEMENT
The company operates within the governance framework, policies and practices set by the board of its ultimate parent company Quilter plc. These are described in the Quilter plc 2019 Annual Report. The following statement should therefore be read in conjunction with the Quilter plc Annual Report.

The group has taken steps to embed a deeper understanding of the responsibilities ascribed to directors under section 172 (1) of the Companies Act 2006 at a Quilter plc level and across its management committees and subsidiaries including the company. Presentations have been made by the Quilter Corporate Secretariat to the business 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 of the company's stakeholders and other relevant matters. Examples of best practice have been provided and rolled out to the business, with further explanation and guidance on directors' duties to ensure that section 172 (1) considerations remain at the heart of the group's decision making at all levels. Insights into how Quilter has done this and the outputs of these decisions have been set out in the Quilter plc Annual Report.

In overseeing the business during the year, the Board of the company has paid due regard to its duty to promote the success of the company in the long term for the benefit of its shareholder by supporting the delivery of the group's purpose and strategic priorities.

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

EVENTS AFTER THE REPORTING DATE
On 11 March 2020, a coronavirus ("COVID-19") was recognised by the World Health Organisation as a global pandemic. This has resulted in disruption to businesses and economic activity as reflected in recent fluctuations in global stock markets. The company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. The COVID-19 pandemic is expected to have a minimal impact on this company given the intention to wind it down and with the financial statements not being prepared on a going concern basis.

DISCLOSURE OF INFORMATION TO AUDITOR
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 auditor is 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 auditor is aware of that information.

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

AUDITOR
KPMG LLP has held office in accordance with Section 487 of the Companies Act 2006 for the 2019 financial year. Following a rigorous tender process conducted by Quilter plc, PricewaterhouseCoopers LLP will assume the role of independent auditor for the Quilter group, of which the company is a member, for the year ending 31 December 2020. Formal appointment as auditor to the company will be completed after the approval of these financial statements.

By order of the board

S V Wood
Director
04 May 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. As explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IFA HOLDING COMPANY LIMITED

Opinion

We have audited the financial statements of IFA Holding Company Limited ("the company") for the year ended 31 December 2019 which comprise the income statement, statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows, and related notes, including the accounting policies in note 2. These financial statements have not been prepared on the going concern basis for the reason set out in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IFA HOLDING COMPANY LIMITED (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Elizabeth Cox

Elizabeth Cox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

04 May 2020

INCOME STATEMENT
for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Revenue			
Other income		1	1
Expenses			
Administrative expenses	4	(5)	(5)
Loss before tax		(4)	(4)
Taxation	6	1	1
Loss for the year		(3)	(3)
Attributable to equity holder		(3)	(3)

The company is classed as a non going concern, however the audit fees and bank interest as reported for current and prior year will continue to be incurred until the strike off of the company is completed.

The notes on pages 12 to 19 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	2019	2018
	£'000	£'000
Loss for the year	(3)	(3)
Total comprehensive loss for the year		
All attributable to equity holder	(3)	(3)

The notes on pages 12 to 19 are an integral part of these financial statements.

IFA Holding Company Limited

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

For the year ended 31 December 2019	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity holder's funds £'000
Balance at 1 January 2019	8,802	112,437	1,208	(122,450)	(3)
Loss for the year	-	-	-	(3)	(3)
Balance at 31 December 2019	8,802	112,437	1,208	(122,453)	(6)

For the year ended 31 December 2018	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity holder's funds £'000
Balance at 1 January 2018	8,802	112,437	1,208	(122,447)	-
Loss for the year	-	-	-	(3)	(3)
Balance at 31 December 2018	8,802	112,437	1,208	(122,450)	(3)

The notes on pages 12 to 19 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets			
Other receivables	7	16	17
Cash and cash equivalents	8	92	304
Total assets		108	321
Equity and liabilities			
Equity			
Share capital	9	8,802	8,802
Share premium		112,437	112,437
Capital redemption reserve		1,208	1,208
Retained losses		(122,453)	(122,450)
Total equity attributable to equity holder		(6)	(3)
Liabilities			
Other liabilities	10	-	180
Other payables	11	114	144
Total liabilities		114	324
Total equity and liabilities		108	321

The notes on pages 12 to 19 are an integral part of these financial statements.

Approved at a meeting of the board of directors on 04 May 2020 and signed on its behalf by:

S V Wood
Director

Company registered number: 02411822

STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	2019	2018
	£'000	£'000
Cash flows from operating activities		
Tax and group relief received	1	-
Cash used in operations	(4)	(4)
Net cash flows used in operating activities	(3)	(4)
Cash flows from financing activities		
Transfer of loan notes and interest to fellow subsidiary	(209)	-
Net cash flows used in financing activities	(209)	-
Net decrease in cash and cash equivalents	(212)	(4)
Cash and cash equivalents at beginning of the year	304	308
Cash and cash equivalents at end of the year	92	304

The notes on pages 12 to 19 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

1 GENERAL INFORMATION

IFA Holding Company Limited (the "company") is a limited company incorporated in England and Wales. 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 directors' report.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared and approved by the directors in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRSs") as adopted by the EU. The financial statements have been prepared on the historical cost basis, have been prepared in sterling and are rounded into thousands. These are separate financial statements as the company has elected under IFRS 10 paragraph 4 not to prepare consolidated financial statements.

The financial statements have not been prepared on the going concern basis due to reasons explained in the directors' report.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as noted below.

Standards, amendments to standards, and interpretations adopted in the 2019 annual financial statements
During the year, the following new standards have been implemented but have no impact on the financial statements of the company.

- IFRS 16 *Leases* (endorsed by the EU)
- IFRIC 23 *Uncertainty over Income Tax Treatments* (endorsed by the EU)

Future standards, amendments to standards, and interpretations not early adopted in the 2019 annual financial statements
Certain new standards, interpretations and amendments to existing standards have been published by the IASB that are mandatory for the company's annual accounting periods beginning after 1 January 2020. The company has not early adopted these standards, amendments and interpretations. The following standard has been issued by the International Accounting Standards Board, and is not applicable or not expected to be applicable for the company:

- IFRS 17 *Insurance Contracts* (yet to be endorsed by the EU)

Financial Instruments
Financial instruments cover a wide range of financial assets, including financial investments, trade receivables and cash and cash equivalents, and financial liabilities, including trade 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.

The company assesses the objective of a business model in which an asset is held at a portfolio level because this best represents the way the business is managed and information is reported to management. The assessment considers the stated portfolio policies and objectives. It is important to determine whether management's strategy in holding the financial asset is to earn contractual interest revenue, for example to match the duration of financial assets to the duration of liabilities that are funding those assets or to realise cash flows through the sale of the assets. The frequency, volume and timing of sales in prior periods may be reviewed, along with the reasons for such sales and expectations about future sales activity. This helps management determine whether financial assets should be measured at fair value.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement
Under IFRS 9, 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. The standard has four categories, of which one is applicable to the company: amortised cost. This classification determines the subsequent measurement basis. The following accounting policy applies to the subsequent measurement of financial assets.

Measurement basis	Accounting policies
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income 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.

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.

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

Other receivables
Other receivables are non-interest bearing and are stated at amortised cost using the effective interest rate method, less appropriate allowances for estimated irrecoverable amounts which approximates to fair value.

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

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

Impairment of financial assets
The impairment model applies to financial assets measured at amortised cost, but not to investments in equity instruments. Financial assets at amortised cost include receivables and cash and cash equivalents.

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").

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

- receivables and cash, 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.

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

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

Credit-impaired financial assets
At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes events such as significant financial difficulty of the borrower or issuer, a breach of contract such as a default or past due event or the restructuring of a loan or advance by the company on terms that the company would not otherwise consider. The assumption that the credit risk for balances over 30 days significantly increases has been rebutted on the basis that some balances will 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.

Critical accounting estimates and judgements
The preparation of financial statements requires management to exercise judgement in applying accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Critical accounting estimates and judgements are those that involve the most complex or subjective assessments and assumptions. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques that are aligned with relevant accounting guidance to make predictions about future actions and events. Actual results may differ significantly from those estimates.

There are no significant accounting estimates or judgements in these financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition
Revenue is recognised as follows:

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

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

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

3 FINANCIAL INSTRUMENTS RISK

Risk management framework
The company has adopted the Quilter Group Enterprise Risk Management ("ERM") framework which comprises core components such as:

- the corporate governance arrangements which set out the way that the organisation is structured and managed;
- a set of Strategic Risk Appetite Principles that provide guidance on the attitude toward key areas of risk and support the ongoing management and oversight of risk;
- the processes involved in the identification, measurement, assessment, management and monitoring of risk, including assignment of risk owners and risk reporting;
- the culture and behaviour that is exhibited and the associated reward mechanisms.

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

Operational Risk
Quilter group accepts a level of Operational risk as an integral and unavoidable part of our business where it arises out of the activities it undertakes in order to provide services to its customers and generate profits for its shareholders. Under the ERM framework which has been adopted, operational risk is defined as 'The risk of loss (or unintentional gain/profit) arising from inadequate or failed internal processes, or from personnel and systems, or from external events (other than financial or business environment risks), resulting in an adverse impact to earnings or reduced solvency'.

The prime objectives of Operational Risk Management within Quilter are to ensure there is:
- robust risk culture so that employees are able to identify, assess, manage and report against the key risks the business is faced with and/or may face as it looks to the horizon and implements the group business strategy;
- appropriate balance between minimising risk and the cost of control;
- a defined risk appetite within which risks are managed;
- swift and effective responses to events in order to minimise impact.

From a company perspective, the material risks faced by the company itself are described below.

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

The company is exposed to minimal liquidity risk as all its bank accounts are available on demand and sufficient to meet day-to-day outgoings.

Credit risk
Credit risk is the risk that the company is exposed to a loss if another party fails to meet its financial obligations to the company, including failing to meet them in a timely manner.

Quilter plc has established a credit risk policy which sets out restrictions on the permitted financial transactions with counterparties to control and monitor the level of credit risk to which the company is exposed.

The company is exposed to limited credit risk. The company's principal assets are bank balances and cash and other receivables.

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

All other receivables are with fellow group companies. The risk of default on amounts due from companies within the group are controlled by the monthly monitoring of debt balances.

The company has no significant concentration of credit risk beyond those balances with fellow subsidiaries noted above.

4 ADMINISTRATIVE EXPENSES

	2019 £'000	2018 £'000
Administrative expenses	5	5
Administrative expenses include:		
Auditor's remuneration: audit services paid to KPMG LLP	5	5

Auditor's remuneration for audit services consists of fees in respect of the statutory audit.

5 REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

The company's directors are remunerated by a fellow group undertaking. Remuneration of directors is apportioned on a time basis across those entities where measurable activity occurs. Accordingly no remuneration is shown in these financial statements.

6 TAXATION

	2019 £'000	2018 £'000
Current year corporation tax credit	(1)	(1)
Total tax credit	(1)	(1)

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

	2019 £'000	2018 £'000
Loss before tax	(4)	(4)
Tax credit on loss at the applicable tax rate, 19% (2018: 19%)	(1)	(1)
	(1)	(1)

The main rate of corporation tax is 19%.

7 OTHER RECEIVABLES

	2019 £'000	2018 £'000
Amounts due from fellow group undertakings (see note 14)	16	17

All amounts due from group companies are unsecured, interest free, settled on demand and held at amortised cost.

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.

8 CASH AND CASH EQUIVALENTS

	2019 £'000	2018 £'000
Bank balances	92	304

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

9 SHARE CAPITAL

	2019 £'000	2018 £'000
Authorised		
210,000,000 (2018: 210,000,000) ordinary shares of 5p each	10,500	10,500
Allotted, called up and fully paid		
176,030,245 (2018: 176,030,245) ordinary shares of 5p each	8,802	8,802

10 OTHER LIABILITIES

At amortised cost	Nominal interest rate range %	Year of maturity	Face value/ carrying amount 2019 £'000	Face value/ carrying amount 2018 £'000
Unsecured loan notes	4.0975 - 8.0975	2010	-	180

The original maturity date for the loan notes was 2009. When Quilter plc sold Bankhall Investment Management Limited in October 2009, interest stopped accruing on the loan notes at the final date of redemption. Those holders who did not redeem their loan notes were written to and the period of redemption extended to 2010.

During the year the obligation to settle outstanding loan notes was transferred to Old Mutual Wealth UK Holding Limited, a fellow subsidiary undertaking.

The face value and carrying value of the unsecured loan notes are considered to be equal.

11 OTHER PAYABLES

	2019 £'000	2018 £'000
Due to immediate parent (see note 14)	110	110
Accruals	4	34
	114	144

Amounts due to group companies are unsecured, interest free and held at amortised cost.

12 FINANCIAL AND CAPITAL COMMITMENTS

There are no material financial and capital commitments at 31 December 2019 (2018: £nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

13 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2019 (2018: £nil).

14 RELATED PARTY TRANSACTIONS

Amounts due from or to group undertakings at the reporting date are included in notes 7 and 11 respectively.

15 EVENTS AFTER THE REPORTING DATE

On 11 March 2020, a coronavirus ("COVID-19") was recognised by the World Health Organisation as a global pandemic. This has resulted in disruption to businesses and economic activity as reflected in recent fluctuations in global stock markets. The company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. The COVID-19 pandemic is expected to have a minimal impact on this company given the intention to wind it down and with the financial statements not being prepared on a going concern basis.

16 ULTIMATE PARENT COMPANY

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

The company's financial statements are consolidated within the financial statements of 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
Millennium Bridge House
2 Lambeth Hill
London
EC4V 4AJ