ANNUAL REPORT
AND
FINANCIAL STATEMENTS

31 December 2017

IFA Holding Company Limited

Registered in England No. 02411822

IFA Holding Company Limited

CONTENTS

Company information	1
Directors' report	2 - 3
Statement of directors' responsibilities in respect of the directors' report and the financial statements	4
Independent auditor's report to the members of IFA Holding Company Limited	5 - 6
Income statement	7
Statement of comprehensive income	8
Statement of changes in equity	9
Statement of financial position	10
Statement of cash flows	11
Notes to the financial statements	12 - 20

COMPANY INFORMATION

Directors	D L Clarke D J L Eardley
Bankers	National Westminster Bank Plc 68 Above Bar Street Southampton SO14 7DS
Auditors	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 No. 02411822

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2017.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

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, the directors propose to transfer the outstanding interest bearing liabilities and equivalent cash consideration to an intermediate parent undertaking and undertake a strike off process. Therefore, the financial statements have not been prepared on a going concern basis.

The company was part of Old Mutual plc, a FTSE 100 group, prior to its demerger on 25 June 2018. The company is now part of Quilter plc which acts as holding company and delivers strategic and governance oversight.

During 2017, Old Mutual plc continued to pursue its managed separation strategy, and had announced its intention to demerge its principal UK and South African businesses as separate entities into the hands of Old Mutual plc's shareholders with these businesses listed on both the London and Johannesburg stock exchanges. One of these entities consisted principally of the Quilter plc (formerly Old Mutual Wealth) operations. The demerger and stock exchange listing of Quilter plc occurred on 25 June 2018.

Good progress had been made with the programme of activity as Quilter plc worked towards independence as part of the managed separation from Old Mutual plc. By the end of 2017, all functions had materially delivered all changes necessary to be standalone. To ensure the organisation was fit for purpose as a listed, standalone entity, Quilter plc continued to reshape and strengthen its executive management team and board. It also strengthened the boards of its principal regulated subsidiaries by increasing the level of independence on those boards, including through additional representation from the Non-Executive directors.

On 24 January 2017, Onenote Limited, a subsidiary undertaking, was dissolved via a voluntary strike-off.

As part of the managed separation process, on 27 March 2018, the ultimate parent Old Mutual Wealth Management Limited was renamed Quilter plc.

KEY PERFORMANCE INDICATORS (KPIs)

The internal measure of profit is IFRS adjusted profit (IFRS AP). During both 2017 and 2016, the company did not incur any specific non-operating profit or loss items and therefore IFRS AP equates to IFRS profit.

During the year, the loan from IFA Services Holdings Company Limited was assessed and deemed to be materially irrecoverable. Therefore, the loan was impaired to £110,000 to reflect the anticipated level of settlement.

The profit for the year, after taxation, amounted to £8,309,000 (2016: £2,195,000).

FINANCIAL POSITION AT THE END OF THE YEAR

The company's financial position has moved from net liabilities of £8,309,000 to net assets of nil, as a result of the loan impairment, with cash and cash equivalents increasing to £308,000.

DIRECTORS

The directors of the company during the year were as follows:

D L Clarke	(appointed 14 April 2017)
D J L Eardley	
J P Hine	(resigned 14 April 2017)

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 2017 (2016: £nil).

EMPLOYEES
The company has no employees (2016: nil).

POLITICAL DONATIONS
During the year, the company made no political donations (2016: £nil).

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

EVENTS AFTER THE REPORTING DATE
As part of the managed separation process, on 27 March 2018, the intermediate parent undertaking Old Mutual Wealth Management Limited was renamed Quilter plc.

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; and
- each director has taken all the steps that they ought to have taken as director in order to make themselves aware of any relevant audit information and to establish that the company's auditor are aware of that information.

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

AUDITOR
KPMG LLP have expressed their willingness to continue in office. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

D J L Eardley
5 September 2018

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 judgments and estimates that are reasonable and prudent;
- 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 strike off the company or to cease operations, or have no realistic alternative but to do so. As explained in the directors' report, the directors do not believe that is it 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IFA Holding Company Limited

Opinion
We have audited the financial statements of IFA Holding Company Limited for the year ended 31 December 2017 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable by law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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.

Emphasis of matter – Non-going concern basis of preparation
We draw attention to the disclosures made in director's report and note 2 to the financial statements which explains that the financial statements are now not prepared in accordance on the going concern basis for the reasons set out in the director's report. Our opinion is not modified in respect of this matter.

Respective responsibilities of directors and auditors
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.

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.

Scope of the audit 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.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Elizabeth Cox

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

5 September 2018

INCOME STATEMENT
for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
REVENUE			
Investment return	4	-	2,183
Other income	12	8,299	-
TOTAL REVENUE		8,299	2,183
EXPENSES			
Administrative expenses	5	(5)	(5)
PROFIT BEFORE TAX		8,294	2,178
Taxation	7	15	17
PROFIT FOR THE YEAR		8,309	2,195
Attributable to equity holders		8,309	2,195

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

The notes on pages 12 to 20 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

	2017	2016
	£'000	£'000
PROFIT FOR THE YEAR	8,309	2,195
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		
All attributable to equity holders	8,309	2,195

The notes on pages 12 to 20 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained losses £'000	Total equity holders' funds £'000
Balance at 1 January 2016	8,802	112,437	1,208	(132,951)	(10,504)
Profit for the year	-		-	2,195	2,195
Balance at 1 January 2017	8,802	112,437	1,208	(130,756)	(8,309)
Profit for the year	-	-	-	8,309	8,309
Balance at 31 December 2017	8,802	112,437	1,208	(122,447)	-

The notes on pages 12 to 20 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2017

	Notes	2017 £'000	2016 £'000
ASSETS			
Other receivables	9	16	57
Cash and cash equivalents	10	308	256
Total assets		324	313
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	11	8,802	8,802
Share premium		112,437	112,437
Capital redemption reserve		1,208	1,208
Retained losses		(122,447)	(130,756)
Total equity attributable to equity holders		-	(8,309)
LIABILITIES			
Other liabilities	13	180	180
Other payables	12	144	8,442
Total liabilities		324	8,622
Total equity and liabilities		324	313

The notes on pages 12 to 20 are an integral part of these financial statements.

Approved at a meeting of the board of directors on 5 September 2018 and signed on its behalf by:

D J L Eardley
Director

Company registered number: 02411822

STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

	2017	2016
	£'000	£'000
OPERATING ACTIVITIES		
Tax and group relief received	56	21
Cash used in operations	(4)	(5)
Net cash from operating activities	52	16
Net increase in cash and cash equivalents	52	16
Cash and cash equivalents at beginning of the year	256	240
Cash and cash equivalents at end of the year	308	256

The notes on pages 12 to 20 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 GENERAL INFORMATION

IFA Holding Company Limited ('the company') is a limited company incorporated in England & 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.

Standards, amendments to standards, and interpretations adopted in the 2017 annual financial statements
During the year, there were no new standards implemented that had a material effect on the financial statements of the company.

Future standards, amendments to standards, and interpretations not early-adopted in the 2017 annual financial statements
At the date of authorisation of these financial statements the following standards, amendments to standards, and interpretations, which are relevant to the company, have been issued by the International Accounting Standards Board.

IFRS 9 'Financial Instruments'
IFRS 9 'Financial Instruments' was issued in July 2014 and will replace IAS 39 'Financial Instruments: Recognition and Measurement'. The standard is effective for financial years commencing on or after 1 January 2018. The final version of this standard incorporates amendments to the classification and measurement, hedge accounting guidance, as well as the accounting requirements for the impairment of financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI). These elements of the final standard, and a description of the expected impact on the company's statement of financial position and performance, are discussed in detail below:

The company will implement IFRS 9 with effect from 1 January 2018, with the impact of the cumulative adjustment reflected as an adjustment to opening retained earnings.

Classification and measurement of financial assets and liabilities
All financial assets under IFRS 9 are to be initially recognised at fair value, including directly attributable transactions costs (for financial assets not measured at fair value through profit or loss (FVTPL)).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 'Financial Instruments (continued)
Financial assets are to be classified based on (i) the business model within which the financial assets are managed and (ii) the contractual cash flow characteristics of the financial assets (whether the cash flows represent 'solely payment of principal and interest'). Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold those assets for the purpose of collecting contractual cash flows and those cash flows comprise solely payments of principal and interest ('hold to collect'). Financial assets are measured at FVOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and those contractual cash flows comprise solely payments of principal and interest ('hold to collect and sell'). Movements in the carrying amount of these financial assets should be taken through other comprehensive income (OCI), except for impairment gains or losses, interest revenue and foreign exchange gains or losses, which are recognised in profit or loss. Where the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Other financial assets are measured at FVTPL. All derivative instruments that are either financial assets or financial liabilities will continue to be classified as held for trading and measured at FVTPL.

The accounting for financial liabilities is largely unchanged, except for financial liabilities designated at FVTPL. Changes in the fair value of these financial liabilities that are attributable to the company's own credit risk are recognised in OCI.

For equity investments that are neither held for trading nor contingent consideration, the company may irrevocably elect to present subsequent changes in fair value of these equity investments in either (i) profit or loss (FVTPL); or (ii) other comprehensive income (FVOCI). Where the equity investment is derecognised, the cumulative gain or loss previously recognised in OCI is not reclassified from equity to profit or loss. However, it may be reclassified within equity.

Based on the assessment of financial assets at 31 December 2017, the company does not expect the impact of the changes to classification and measurement of financial assets to be significant to the company's statement of financial position and performance.

Impairment of financial assets
Under IFRS 9 impairment is determined based on an expected credit loss (ECL) model rather than the current incurred loss model required by IAS 39. The company will be required to recognise an allowance for either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

The measurement of ECLs reflects a probability-weighted outcome, the time value of money and the entity's best available forward-looking information. The aforementioned probability-weighted outcome must consider the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is low.

The ECL model applies to financial assets measured at amortised cost and FVOCI, lease receivables and certain loan commitments as well as financial guarantee contracts.

The IFRS 9 Impairment Implementation continued to progress during 2017. The following were the main areas of focus for 2017:

- Development, build and testing of impairment models with respect to financial assets held at amortised cost or FVOCI;
- Finalisation of the reporting and disclosure framework, and completion of the supporting business rules; and
- Documentation and implementation of the relevant control environment and related governance processes.

Significant development in the above areas facilitated the performance of a parallel run for the majority of the company's significant holdings of financial assets held at amortised cost or FVOCI during the latter part of 2017.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 'Financial Instruments (continued)
Key assumptions and judgements applied in relation to the new impairment model:

- Cash at bank – no ECL allowance is recognised, as deposits are held with banks with medium to high quality credit ratings and credit risk is considered to be minimal.
- Intercompany loans – no ECL allowance is recognised as these balances are internal to the company and credit risk is considered to be low.
- Loans and receivables (longer term) – methodology based on provision matrix approach, whereby historical data is extrapolated forward to derive a 12 month ECL allowance and then monitored for increases in credit risk which may trigger the recognition of a Lifetime ECL.
- Other assets (short term) – simplified approach is adopted, whereby a Lifetime ECL is recognised immediately and there is no need to track for any increases in credit risk.

The company has estimated that the impact of adopting IFRS 9's ECL model has an immaterial transitional impact on the company's opening retained earnings at 1 January 2018.

The following standards have been issued by the International Accounting Standards Board, and are expected to be either not relevant or not applicable for the company:

IFRS 15 Revenue from Contracts with Customers (endorsed by the European Union)
IFRS 16 Leases (endorsed by the European Union)
IFRS 17 Insurance Contracts (yet to be endorsed by the European Union)

Critical accounting estimates and judgements
Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. There are no areas of the company's business that typically require such estimates.

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

Taxation
The taxation charge is based on the taxable result for the year. The taxable result for the year is determined in accordance with the rules established by the taxation authorities for calculating the amount of corporation tax payable.

Cash and cash equivalents
Cash and cash equivalents comprise current accounts and call deposits. The carrying amount of these assets approximates to their fair value.

Other receivables
Other receivables are stated at their amortised cost using the effective interest rate method, except where the receivables are not interest bearing when they are stated at the recoverable amount.

Other payables
Other payables are stated at their amortised cost using the effective interest rate method, except where the payables are not interest bearing when they are stated at the recoverable amount.

Other liabilities
Other 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES

Risk management framework
The Enterprise Risk Management (ERM) framework is defined for Quilter plc. IFA Holding Company Limited adopts the Quilter ERM framework. The ERM framework comprises core components such as:

- the corporate governance arrangements which set out the way that the organisation is structured and managed;
- the end-to-end processes involved in the identification, assessment, measurement, monitoring and management 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 the Quilter's risk profile is understood and managed within the agreed risk appetite.

Quilter's risk appetite framework ("RAF") is defined as the policies, processes, skills and systems that set out the way that Quilter staff across all business and control functions should talk about, think about, and manage risk in relation to Quilter's risk appetite. Quilter's RAF builds upon the existing business planning, capital and risk management processes.

The RAF has three distinctive components:

- Strategy and Business Planning Process: High level strategic risk appetite principles provide 'macro' statements that enable risk appetite to be linked and aggregated at the highest level to the strategic drivers of the business.
- The Stress and Scenario Framework: Quantitative risk appetite statements linked to the businesses strategic objectives, and contractual and regulatory requirements.
- The Risk Policy Framework: Quantitative and qualitative risk appetite statements for individual risks embedded into the policy framework. These set out the approach taken within Quilter Group to mitigate and manage risks, informed by the policy appetite statements and control standards.

Quilter's risk culture is defined as the system of values and behaviours embedded in Quilter that shapes risk decisions. Fostering a risk-aware culture acts as a business enabler whereby management feel empowered to take risks in a manner that is transparent and that is in line with the business and risk strategy. Quilter's risk culture is defined by the following principles:

- Responsibility and accountability for risk management is clearly assigned throughout the organisation with the aim of fostering an open and transparent organisational culture that encourages the right behaviours.
- We create a climate for our employees to voice genuine concerns about, and risks within, the business.
- A risk-aware culture is seen as an enabler for management to be empowered to take risks in a manner that is transparent and that is in line with the business and risk strategy.
- Good risk management practices are encouraged, such that our employees understand how to make educated risk-related decisions in their day-to-day roles.
- Training and awareness programmes are in place to ensure that a risk-aware culture is fostered and that employees understand the importance of good risk management.

Performance management encourages and incentivises good risk management practices.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

Operational Risk
Quilter plc accepts a level of Operational risk as an integral and unavoidable part of our business where it arises out of the activities we undertake in order to provide services to our customers and generate profits for our 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 an IFA Holding Company Limited perspective, the material risks faced by the company itself are described below.

Market risk
Market risk is defined as the risk that a change in the value of or income from any asset is not matched by an equal change in the value of the related liability. Market risk arises from fluctuations in variables such as equity prices, property prices, interest rates and foreign exchange rates, where assets and liabilities are not precisely matched. The company is not subject to material market risk.

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 that business unit, 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

4 INVESTMENT RETURN

	2017 £'000	2016 £'000
Investment income and realised gains		
Dividends from subsidiary undertakings	-	2,183

5 ADMINISTRATIVE EXPENSES

	2017 £'000	2016 £'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.

6 REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

The 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

7 TAXATION

	2017 £'000	2016 £'000
Current year corporation tax credit	(14)	(17)
Adjustment for prior year	(1)	
Total tax credit	(15)	(17)

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

	2017 £'000	2016 £'000
Pre-tax profit	8,294	2,178
Tax charge on profit at the applicable tax rate, 19.25% (2016: 20%)	1,597	436
Effect of:		
UK dividends received	-	(437)
Prior year adjustment	(1)	-
Non taxable income	(1,597)	-
Other deductible expenses	(14)	(16)
	(15)	(17)

From 1 April 2017 the main rate of UK corporation tax was reduced to 19%. A further reduction to 17% from 1 April 2020 was enacted in 2016.

8 DEFERRED TAX

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

	Tax losses carried forward £'000	Accelerated depreciation £'000	Other carried forward £'000	Deferred tax asset not provided £'000	Deferred tax asset provided £'000
Liability/(asset) at 31 December 2015	(320)	-	-	(320)	-
Movement in the year	18	-	-	18	-
Liability/(asset) at 31 December 2016	(302)	-	-	(302)	-
Movement in the year	-	-	-	-	-
Liability/(asset) at 31 December 2017	(302)	-	-	(302)	-

A deferred tax asset on losses carried forward and fixed assets is recognised to the extent that there are other temporary differences expected to reverse in the foreseeable future. In addition assets have been recognised to the extent it is probable that there will be future taxable profits to utilise the asset. The excess has not been recognised as there is sufficient uncertainty to utilise the asset. Trading losses are available to carry forward without expiry subject to the continuation of the trade.

The value of deferred tax assets not recognised as at 31 December 2017 was £302,000 (2016: £302,000). This relates to gross carried forward losses of £1,777,000 (2016 £1,777,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

9 OTHER RECEIVABLES

	2017 £'000	2016 £'000
Amounts due from fellow group undertakings (see note 14)	16	57

All amounts due from group companies are unsecured and are settled on demand. All amounts are current, short term and interest free with the carrying amount approximating to fair value.

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.

10 CASH AND CASH EQUIVALENTS

	2017 £'000	2016 £'000
Bank balances	308	256

All cash and cash equivalents are current. Their carrying amount approximates to their fair value.

11 SHARE CAPITAL

	2017 £'000	2016 £'000
Authorised		
210,000,000 (2016: 210,000,000) ordinary shares of 5p each	10,500	10,500
Allotted, called up and fully paid		
176,030,245 (2016: 176,030,245) ordinary shares of 5p each	8,802	8,802

12 OTHER PAYABLES

	2017 £'000	2016 £'000
Due to immediate parent (see note 14)	110	8,409
Accruals	34	33
	144	8,442

Amounts due to group companies are unsecured and interest free.

During the year, the loan from IFA Services Holdings Company Limited was assessed and deemed to be materially irrecoverable by that entity, therefore the loan was written down.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

13 OTHER LIABILITIES

	Nominal interest rate Range %	Year of maturity	Face value/ carrying amount 2017 £'000	Face value/ carrying amount 2016 £'000
Unsecured loan notes	4.0975 - 8.0975	2010	180	180

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

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

14 RELATED PARTY TRANSACTIONS

Amounts due from or to group undertakings at the reporting date are included in notes 9 and 12 respectively.

15 EVENTS AFTER THE REPORTING DATE

As part of the managed separation process, on 27 March 2018, the intermediate parent undertaking Old Mutual Wealth Management Limited was renamed Quilter plc.

16 ULTIMATE PARENT COMPANY

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

The company's ultimate parent company was Old Mutual plc until 25 June 2018. The company's financial statements are consolidated within the financial statements of Old Mutual plc, the previous ultimate parent company and controlling party, registered in England & Wales. The financial statements are available from:

The Company Secretary
Old Mutual plc
5th Floor
Millennium Bridge House
2 Lambeth Hill
London
EC4V 4GG