

JAMES HAY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2018

Registered in England & Wales No. 02506374



JAMES HAY HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2018.

1. Principal activity

The principal activity of James Hay Holdings Limited, company number 02506374 (the "Company") is providing head office and related services to its operating subsidiaries. The Company is a private limited company registered in England, and is incorporated and domiciled in England and Wales.

2. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "GBP" (£), which is the Company's presentation currency. All transactions are in GBP and the Company does not transact in other currencies.

3. Dividend

The Company paid an interim dividend of £nil (2017: £1m (£0.01 per share)).

There are no further dividends recommended for payment.

4. Directors

The Directors who served throughout the year and to the date of this report were:

A Conway
I McCoo
K Dignam

5. Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual 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 the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

JAMES HAY HOLDINGS LIMITED

6. Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

7. Statement of Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above and in the Strategic Report on page 4. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, notes 3 and 4 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives, details of its financial instruments and its exposures to credit risk, market risk, liquidity risk and other risks.

Should any of the contingent liability, as described in note 31, crystallise, the company may require additional capital in order to ensure it can continue to operate on a going concern basis and has the support of the Group, the company's ultimate parent undertaking and ultimate controlling party.

The Directors believe, after reviewing the Company's forecasts and projections as well as those of its subsidiaries and in conjunction with the service agreements in place, that the Company will have sufficient current financial resources to continue to operate and to meet its financial obligations as they fall due for at least 12 months from the date of approval of these financial statements.

8. Research and Development

The Company's ultimate parent is IFG Group plc. The IFG Group of companies including the Company continues to research and develop new financial services products (and supporting computer systems) and to improve existing ones.

9. Financial Risk Management Objectives and Policies

Financial risk management objectives and policies which have been implemented by executive management are set out in note 3 to the financial statements.

10. Financial Instruments

The Company's risks are managed on a group level by the ultimate parent company, IFG Group plc.

The Company's financial instruments comprise loans to group undertakings, borrowings, cash and liquid resources, and various items, such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken on its own behalf.

All assets, liabilities and transactions are denominated in GBP.

Further disclosures regarding financial risk management objectives and policies and the Company's exposure to principal risks can be found in note 3.

11. Significant events after the balance sheet date

Significant events after the balance sheet date disclosures are set out in Note 30 on page 24 of the financial statements.

JAMES HAY HOLDINGS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

12. Auditor

Each of the Directors as at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

In accordance with Sections 485 and 487 of the Companies Act 2006, Deloitte LLP are deemed to have been re-appointed as auditor of the Company.

13. Company Secretary

S Darke is the Company Secretary.

By Order of the Board



I McCoo
Director

26 March 2019

Registered Office Address: Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF

JAMES HAY HOLDINGS LIMITED

STRATEGIC REPORT

1. Business review

The profit for the year attributable to owners amounted to £0.1m (2017: £0.3m).

The results of the Company are included in the financial statements on pages 7 to 24.

The Company has made no profit or loss before tax (2017: £0.3m profit before tax).

The Company together with other fellow companies trades under the name of James Hay Partnership.

The IFG Group plc (the "Group") manages its operations on a segmental basis including the James Hay Partnership segment. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the segments of IFG Group plc, including James Hay Partnership, are discussed in the Group's Annual Report which does not form part of this report.

The purpose of this Report is to provide information to the members of the Company and as such it is only addressed to those members. The Report may contain certain forward-looking statements with respect to the operations, performance and financial condition of the Company. By their nature, these statements involve inherent risks and uncertainties since future events, circumstances and other factors can cause results and developments to differ materially from the plans, objectives, expectations and intentions expressed in such forward-looking statements. Members should consider this when relying on any forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report and the Company undertakes no obligation to update any forward-looking statement during the year. Nothing in this Report should be construed as a profit forecast.

2. Principal risks and uncertainties

The Company's business is subject to the general risks to which all companies operating in the same market as the Company are subject. The markets in which the Company operates may be affected by numerous factors, many of which are beyond the Company's control and the exact effect of which cannot be accurately predicted. The principal risks and uncertainties facing the Company include adverse developments in the following areas:

- The regulatory, taxation or legislative environment applicable to the Company's activities;
- The intensity of competition in the markets in which the Company operates and changing demand for products;
- The economic, technological and other macro factors affecting demand for the Company's services;
- The Company's ability to successfully manage its costs and to maintain its profit margins during periods of declining income;
- The ability to attract and retain highly skilled employees and executives;
- The ability of the Company to avoid disruption to its key information technology systems;
- The maintenance of satisfactory relationships with key customers and intermediaries and the ability to attract and retain customers; and
- The ability to contain the level of loss arising from complaints from customers who have allegedly suffered losses as a result of administration errors.
- The impact of the UK ceasing to be a member of the EU ("Brexit") and associated changes to regulation and tax legislation in the future, have the potential to fuel ongoing uncertainty which may have an impact on demand for services within the platform and financial planning/investment management markets, which could be positive or negative.

The Directors monitor all of the above risks and take appropriate action to mitigate those risks or address their potential adverse consequences. Financial risk management objectives and policies which have been implemented by executive management are set out in note 3 to the financial statements.

The Group Board of Directors is responsible for the Group's risk management policies, which are designed to identify, manage and mitigate potential material risks to the achievement of the Group's strategic and business objectives. Further details on the mitigation of the principal risks and uncertainties facing the Group are discussed in the Group's Annual Report.

By Order of the Board


I McCoo

Director

26 March 2019

Registered Office Address:

Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF

Independent auditor's report to the members of James Hay Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of James Hay Holdings Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 32.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

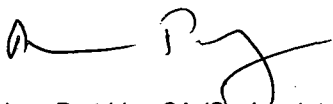
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 respect of these matters.

Use of our report

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.



Andrew Partridge CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

26 March 2019

JAMES HAY HOLDINGS LIMITED

Statement of Comprehensive Income

For the years ended 31 December 2018 and 31 December 2017

	NOTES	Year ended 2018 £'000	Year ended 2017 £'000
Revenue	6	38,944	39,188
Administrative expenses	9	(38,944)	(39,188)
Exceptional costs	10	-	(1,300)
Operating profit	7	-	(1,300)
Investment income	13	-	1,000
Profit / (loss) before tax		-	(300)
Tax charge	14	148	582
Profit for the year and total comprehensive income for the year		148	282

The profit for the year is wholly attributable to the equity holders of the company.

All results were derived from continuing operations.

The accompanying notes 1 to 32 on pages 11 to 24 are part of the financial statements.

JAMES HAY HOLDINGS LIMITED

Statement of financial position

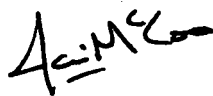
As at 31 December 2018 and 31 December 2017

	NOTES	2018 £'000	2017 £'000
Non-current assets			
Intangible assets	15	6,541	6,688
Property, plant and equipment	16	1,108	1,282
Investments in subsidiaries	17	26,865	26,865
Deferred tax asset	19	37	61
		34,551	34,896
Current assets			
Trade and other receivables	18	587	271
Cash and cash equivalents	20	5	30
		592	301
Total assets		35,143	35,197
Current liabilities			
Trade and other payables	21	11,807	11,747
Provisions	22	1,115	1,367
		12,922	13,114
Net current liabilities		(12,330)	(12,813)
Non-current liabilities			
Provisions	22	18	27
		18	27
Total liabilities		12,940	13,141
Net assets		22,203	22,056
Equity			
Share capital	23	18,375	18,375
Share premium account	24	3,360	3,360
Other reserves	25	1	2
Retained earnings	26	467	319
Total equity		22,203	22,056

The accompanying notes 1 to 32 on pages 11 to 24 are part of the financial statements.

The Company is registered in England and Wales No. 02506374.

The financial statements were approved by the board of Directors and authorised for issue on 26 March 2019. They were signed on its behalf by:



I McCoo
Director

JAMES HAY HOLDINGS LIMITED

Statement of Changes in Equity

For the years ended 31 December 2018 and 31 December 2017

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 January 2017	18,375	3,360	47	1,037	22,819
Dividends paid	-	-	-	(1,000)	(1,000)
Profit for the year	-	-	-	282	282
Other reserves movement	-	-	(45)	-	(45)
31 December 2017	18,375	3,360	2	319	22,056
1 January 2018	18,375	3,360	2	319	22,056
Dividends paid	-	-	-	-	-
Profit for the year	-	-	-	148	148
Other reserves movement	-	-	(1)	-	(1)
31 December 2018	18,375	3,360	1	467	22,203

The accompanying notes 1 to 32 on pages 11 to 24 are part of the financial statements.

JAMES HAY HOLDINGS LIMITED

Cash Flow Statement

For the years ended 31 December 2018 and 31 December 2017

	NOTE	Year ended 2018 £'000	Year ended 2017 £'000
Cash flows from operating activities	27	1,939	1,661
Tax received		491	33
Net cash generated from operating activities		2,430	1,694
Cash flows from Investing activities			
Interest received	13	-	-
Dividends received	13	-	1,000
Purchase of intangible assets	15	(2,229)	(1,607)
Purchase of tangible assets	16	(226)	(191)
Net cash used in investing activities		(2,455)	(798)
Cash flows from Financing activities			
Dividends paid	26	-	(1,000)
Net cash used in financing activities		-	(1,000)
Net decrease in cash and cash equivalents		(25)	(104)
Cash and cash equivalents at beginning of year		30	134
Cash and cash equivalents at end of year	20	5	30

The accompanying notes 1 to 32 on pages 11 to 24 are part of the financial statements.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

1. General Information

The principal activity of James Hay Holdings Limited, company number 02506374 (the "Company") is providing head office and related services to its operating subsidiaries. The Company is a private limited company registered in England and Wales, limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Dunn's House, St. Paul's Road, Salisbury, Wiltshire, England.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Statement of compliance

The Financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union that are effective or available for early adoption at the Company's reporting date. The Company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The financial statements have been prepared under the historical cost convention and on the going concern basis as disclosed in the Directors' statement of going concern set out in the Report of the Directors. The financial statements have also been presented and rounded to the nearest thousand.

The company has exercised the exemption under Section 400 of the Companies Act 2006, which dispenses with the requirement to prepare group accounts. This is also in line with the exemption in IAS 27 'Separate Financial Statements'.

Adoption of new and revised standards

In 2018, the Company adopted the following new standards.

- In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2017) and the related consequential amendments to other IFRS Standards that are effective from an annual period that begins on or after 1 January 2018.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9 which allow the Company not to restate comparatives.

IFRS9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting

The new requirements do not impact the Company's financial statements except for the impairment of financial assets.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The Company has applied the simplified approach and recognises lifetime expected credit loss (ECL) for Trade and other receivables.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

2. Summary of significant accounting policies (continued)

Adoption of new and revised standards (continued)

- IFRS 15 'Revenue from Contracts with Customers' – On 28 May 2014, the IASB issued IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. In the current year, the Company has applied IFRS 15 however the application of IFRS 15 has had no impact to the Company.

New and revised IFRSs in issue but not yet effective at the date of authorisation of these financial statements

The following new and revised standards, amendments and interpretations which have been issued, but not yet effective or have not been adopted early by the Company:

- IFRS 16 'Leases' – IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liability for all leases unless the lease term is 12 months or less or underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2017 and applies to annual reporting periods beginning on or after 1 January 2019. The Company is currently evaluating the requirements of IFRS 16 and the Company does not expect there to be material impact following the adoption of IFRS 16.

There are other standards and interpretations in issue not listed above. These are not considered applicable to the business.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents management recharges made to subsidiary companies and interest income.

Management recharges are recognised on an accruals basis. Interest income is accrued on a time basis.

Finance costs

Finance costs are recognised in the period in which they are incurred.

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "GBP" (£), which is the Company's presentation currency. All transactions are in GBP and the Company does not transact in other currencies.

Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment on an annual basis, with any reduction in value being recognised in the income statement in the period in which an indication of impairment occurred. A previously recognised impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that would have been had the original impairment not been recognised. For conducting impairment reviews, cash generating units are the lowest level at which management monitors the return on investment on assets.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

2. Summary of significant accounting policies (continued)

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any recognised impairment loss.

Software development costs are capitalised when they are associated with identifiable and unique software products that are expected to provide economic benefits and the cost of these products can be measured reliably. Internally developed software meeting these criteria and externally purchased software are classified in intangible assets on the balance sheet. Costs associated with maintaining software programmes are expensed as incurred. Amortisation is charged so as to write off the cost of the assets over their useful life, using the straight-line method on the following bases:

Software	20%
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Other intangible assets are stated at cost less provisions for amortisation and impairment. Customer relationships acquired as part of a business combination are amortised over their estimated useful lives from the time they are first available for use. The estimated useful lives are determined at acquisition date and are deemed to be 5 years. The residual value and useful lives of other intangible assets are reviewed and adjusted at the end of each reporting period, if appropriate.

Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of the assets over their useful life, using the straight-line method on the following bases:

Office equipment	20%
Computer equipment	20%

Financial assets

The entity classifies its financial assets in the following categories: financial assets at fair value through income statement; loans and receivables. Management determines the classification of its investments at initial recognition.

Impairment of financial assets

At each balance sheet date, the Company assess whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as available for sale or loans and receivables have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers have defaulted or are experiencing significant financial difficulty

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments. They arise when the entity provides money or services directly to a customer. Trade and receivables are carried at fair value on the balance sheet and subsequently amortised. They are derecognised when the rights to receive cash flows have expired or the entity has transferred substantially all of the risks and rewards of ownership.

Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

2. Summary of significant accounting policies (continued)

Income tax (continued)

Current tax(continued)

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to be become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short term investments in securities.

Financial liabilities, including borrowings and trade and other payables

Financial liabilities are recognised initially at fair value, being the proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent liabilities are possible obligations whose existence will be confirmed only by certain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless the likelihood of a transfer of economic benefit is considered remote.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

2. Summary of significant accounting policies (continued)

Other reserves

In line with the transitional arrangements set out in IFRS 2 'Share Based Payment', the recognition and measurement principles of this standard have been applied only in respect of share entitlements granted after 7 November 2002 and not vested by 1 January 2005. The Group operates a number of equity-settled, share based compensation plans. The Company's share of fair value of the employee services received in exchange for the equity instrument granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity under other reserves. The fair value of share options is determined using the Black-Scholes model while the fair value of shares awarded is estimated as the market price of the shares at the grant date.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instrument granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. At each end of the reporting period, the entity revises its estimates of the number of equity instruments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity over the remainder of the vesting period. The proceeds received by the Company, when share options are exercised, are credited to share capital at nominal value and share premium. In instances where shares are issued under the long-term incentive plan, the difference between the proceeds received and the nominal value of the shares is credited to other reserves. The Group does not operate any cash-settled share based payment schemes or share based payment transactions with cash alternatives as defined in IFRS 2.

Accounting for exceptional items

The Company has adopted an income statement format which seeks to highlight significant items within the company's results for the year. Such items include remediation expenditure and potential sanction charges. Judgement is used by the company in assessing the particular items, which by virtue of their scale and nature are disclosed in the Income Statement and notes as exceptional items. These items require separate disclosure in the financial statements to facilitate a better understanding of the company's financial performance.

3. Financial Risk Management

The Company's activities expose it to a number of financial risks: credit risk and liquidity risk. The IFG Group's Finance function seeks to reduce the Group's exposure to interest rate and other financial risks. It also ensures surplus funds are managed and controlled in a manner which will protect capital sums invested and ensure adequate short-term liquidity, whilst maximising returns. It operates policies and procedures which are periodically reviewed and approved by the Board of Directors. The board provides written policies for overall risk management. Formal standing committees are maintained for effective management of oversight.

Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. It occurs in intercompany assets and cash held by the Company. Inter-company balances are settled monthly. Cash is held with Santander UK plc, which has a short-term credit rating risk of S&P A-1 (2017: S&P A-1), and with Barclays Bank PLC, which has a short-term credit rating risk of S&P A-1 (2017: S&P A-1).

Maximum exposure to credit risk is £0.5m (2017: £0.3m).

Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient liquid resources to ensure it can meet its obligations as they fall due. The Company reviews its capital and liquid resources position on a monthly basis.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

3. Financial Risk Management (continued)

Liquidity risk (continued)

Maturities of financial liabilities

At 31 December 2018	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Amounts due to group companies	11,707	-	-	-	-	11,707
Total financial liabilities	11,707	-	-	-	-	11,707

At 31 December 2017	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Amounts due to group companies	11,747	-	-	-	-	11,747
Total financial liabilities	11,747	-	-	-	-	11,747

Operational risk

Operational risk is the potential for loss of income or decrease in the value of net assets caused by errors in the administration of pension schemes. These risks are managed on a daily basis through internal controls and formal standing committees are maintained for effective management of oversight.

Brexit

In light of the current political uncertainties, in particular in relation to Brexit and its timing and impact, the year ahead is expected to continue with the regulatory challenges, political uncertainty and market volatility that impacted the tail end of 2018. In the event of a "hard" Brexit or a "no deal" Brexit, there could be significant knock on impacts across the UK economy and markets which would also impact the Company. Market volatility, or market declines, could adversely affect the Company's revenue (in relation to revenue earned on an ad valorem basis) and could impact clients' willingness to make investment decisions. Furthermore, a sustained economic downturn in the UK could result in higher unemployment and, potentially, a need for clients to access their pension savings and reduce assets held on platform. Given the political uncertainty surrounding Brexit, we have undertaken extensive planning for a range of scenarios including 'hard' or 'no-deal' Brexit, an agreed deal with implementation period, early General election and extension of Article 50. The Company has limited direct exposure to Brexit, but uncertainty could increase trading activity, cause volatility in margins and reduce new business volumes. We believe that we are well positioned given our preparation and have added information to our website to keep advisers and investors informed.

4. Capital management and resources

The Company's ultimate parent is IFG Group plc. The IFG Group plc Board is responsible for capital management strategy and policy and ensuring that capital resources are appropriately monitored and controlled within regulatory and internal limits within the IFG Group of companies.

The Group's primary objective in respect of capital risk management is to safeguard its ability to continue as a going concern in order to provide returns for its members.

The Group may on occasion adjust the amount of dividends paid out to its members, return capital to members and issue new shares or buy back shares as the need arises.

Capital is monitored on the basis of the gearing ratio which is calculated as net debt divided by total capital. Net debt is calculated as the sum of total borrowings and contingent consideration on acquisitions less cash and cash equivalents. Total capital is calculated as the market value of ordinary shares in issue plus net debt.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Provisions and exceptional items

The financial statements include provisions to cover certain legal costs expected to be incurred in relation to remediation activity. The provisions recorded represent management's best estimate of the exposures based on information available at the time of the approval of the financial statements.

6. Revenue

An analysis of the Company's revenue is as follows:

	2018 £'000	2017 £'000
Management recharges	38,944	39,188
	38,944	39,188

Management recharges represents the value of services provided to the Company's subsidiaries for the administration of self-invested personal pensions and personal investments.

Segmental Analysis

The Company recognises its revenue as being earned from one UK segment, as a holding company providing head office and related services to its operating subsidiaries.

7. Operating profit

Operating profit before tax has been arrived at after charging:

Note	Note	2018 £'000	2017 £'000
Depreciation and amortisation	15,16	2,776	2,049

The Company recharged all of the costs to its subsidiary companies.

8. Auditors' remuneration

Auditors' remuneration was paid by Company's subsidiaries (James Hay Administration Company Limited and James Hay Wrap Managers Limited) and other companies in the IFG Group (IPS Pensions Limited and IPS Partnership Limited).

9. Administrative expenses

	2018 £'000	2017 £'000
Staff costs (note 11)	21,704	19,773
Depreciation and amortisation	2,778	2,049
Other administrative costs*	14,462	17,366
	38,944	39,188

*Other administrative costs include recharges from James Hay Partnership Management Limited.

10. Exceptional costs

	2018 £'000	2017 £'000
Legal costs	-	-1,300
	-	1,300

Legal costs in relation to remediation activity.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

11. Staff costs

All James Hay Partnership staff is employed by a number of fellow subsidiary companies. The average number of persons employed by other companies for which recharges were made to the Company for the year was 545 (2017: 576). James Hay Holdings Limited recharged all of these costs to its subsidiary companies.

12. Directors' emoluments

The emoluments of the Directors were paid by other company's subsidiaries (James Hay Administration Company and James Hay Wrap Managers) and other companies in the IFG Group (IPS Pensions Limited and IPS Partnership Limited).

13. Investment income

	2018 £'000	2017 £'000
Interest on bank deposits	-	-
Dividends received	-	1,000
	-	1,000

14. Tax (credit) / charge

	2018 £'000	2017 £'000
UK corporation tax		
Current year	100	(24)
Prior Year	(272)	(247)
	(172)	(271)
Deferred tax (note 19)		
Current year	(196)	(322)
Prior Year	220	11
	24	(311)
Total tax credit	(148)	(582)

Corporation tax is calculated at 19% (2017: 19.25%) of the estimated assessable profit for the year.

The credit for the year can be reconciled to the profit per the income statement as follows:

	2018 £'000	2017 £'000
Profit before tax		
Continuing operations	-	(1,300)
Tax at the UK corporation tax rate of 19% (2017: 19.25%)	-	(250)
Tax effect of expenses that are non-deductible in determining taxable profit	(118)	(120)
Non-taxable income	(1)	(21)
Tax effect of change in rate on deferred tax position	24	43
Adjustments in respect of prior periods	(53)	(234)
Tax credit for the year	(148)	(582)

Finance Act No.2 2015, which was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. In addition, the Finance Act 2016 which was substantively enacted on 6th September 2016 introduced a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. Accordingly these rates have been applied when calculating deferred tax assets and liabilities as at 31 December 2018.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

15. Intangible assets

	Customer relationship £'000	Software £'000	Total £'000
Cost			
At 1 January 2017	2,138	7,673	9,811
Additions	-	1,607	1,607
At 31 December 2017	2,138	9,280	11,418
Additions	-	2,229	2,229
At 31 December 2018	2,138	11,509	13,647
Accumulated amortisation			
At 1 January 2017	(422)	(2,614)	(3,036)
Charge for the year	(436)	(1,258)	(1,694)
At 31 December 2017	(858)	(3,872)	(4,730)
Charge for the year	(427)	(1,949)	(2,376)
At 31 December 2018	(1,285)	(5,821)	(7,106)
Net book value 2017	1,280	5,408	6,688
Net book value 2018	853	5,688	6,541

16. Property, plant and equipment

	Office equipment £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2017	45	1,651	1,696
Additions	67	124	191
At 31 December 2017	112	1,775	1,887
Additions	90	136	226
At 31 December 2018	202	1,911	2,113
Accumulated depreciation			
At 1 January 2017	(8)	(242)	(250)
Charge for the year	(17)	(338)	(355)
At 31 December 2017	(25)	(580)	(605)
Charge for the year	(34)	(366)	(400)
At 31 December 2018	(59)	(946)	(1,005)
Net book value 2017	87	1,195	1,282
Net book value 2018	143	965	1,108

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

17. Investments in subsidiaries

The following is a list of the principal subsidiary undertakings of the Company:

Name of subsidiaries	Place of incorporation ownership (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
James Hay Wrap Managers Limited	England and Wales	100	100	Portfolio administration services for personal investments and small self-invested pension schemes
James Hay Insurance Company Limited	Jersey	100	100	Provider of self-invested personal pension schemes
James Hay Administration Company Limited	England and Wales	100 (Indirect)	100 (Indirect)	Administration of self-invested personal pension schemes
James Hay Pension Trustees Limited	England and Wales	100 (Indirect)	100 (Indirect)	Trustee of self-invested personal pension schemes
James Hay Wrap Nominee Company Limited	England and Wales	100 (indirect)	100 (indirect)	Dormant
Sarum Trustees Limited	England and Wales	100 (indirect)	100 (indirect)	Dormant
James Hay Partnership	England and Wales	100 (indirect)	100 (indirect)	Dormant

All subsidiaries (other than James Hay Insurance Company Limited registered at 2nd Floor, Gaspe House, 66-72 Esplanade, St Helier, Jersey JE1 1GH) are registered at Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF.

Investments in subsidiary companies are shown at cost less provision for impairment. The company has exercised the exemption under Section 400 of the Companies Act 2006, which dispenses with the requirement to prepare group accounts. This is also in line with the exemption in IAS 27 'Separate Financial Statements'.

	£'000
Cost	
At 1 January 2017, 31 December 2017 and at 31 December 2018	38,700
Provisions for impairment	
At 1 January 2017, 31 December 2017 and at 31 December 2018	11,835
Net book value 2017 and 2018	26,865

18. Trade and other receivables

	2018 £'000	2017 £'000
Amounts due by group companies	587	57
Corporation tax debtor	-	214
	587	271

The amounts due from group companies are unsecured, non-interest bearing and repayable on demand.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

19. Deferred tax

Deferred income taxes are calculated on temporary differences under the liability method using the tax rates that are expected to apply when the liability is settled or the asset is realised. The effective rate for 2018 is 17% (2017: 17%).

The following are the major deferred tax assets and liabilities recognised by the Company and the movements thereon during the current and prior reporting period.

	Accelerated capital allowances £'000	Other short term timing differences £'000	Total £'000
At 1 January 2017	(230)	(20)	(250)
Charge to income	61	250	311
At 1 January 2018	(169)	230	61
Charge /(credit) to income	196	(220)	(24)
At 31 December 2018	27	10	37

The above asset does not expire and will reverse as capital allowances are claimed or when the short term timing differences resolve.

20. Cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	5	30
	5	30

21. Trade and other payables

	2018 £'000	2017 £'000
Amounts due to group companies	11,707	11,747
Corporation tax creditor	100	-
Other payables	-	-
	11,807	11,747

The amounts due to group companies are unsecured, non-interest bearing and repayable on demand.

22. Provisions

	2018 £'000	2017 £'000
At 1 January	1,394	91
Provision movement in the year	20	1,502
Utilisation of provision	(281)	(199)
At 31 December	1,133	1,394
Included in liabilities due within one year	1,115	1,367
Included in liabilities due in more than one year	18	27
	1,133	1,394

Provisions mainly comprise of legal fees in relation to remediation on-going activity and represent management's best estimate of potential future costs the Company may incur in relation to a combination of uncertain events.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

23. Called up share capital

	2018 £'000	2017 £'000
Authorised:		
200,000,000 ordinary shares of £0.10 each	20,000	20,000
1,996,612 deferred shares of £0.10 each	200	200
At 31 December	20,200	20,200
Issued and fully paid:		
181,753,848 ordinary shares of £0.10 each	18,175	18,175
1,996,612 deferred shares of £0.10 each	200	200
At 31 December	18,375	18,375

Deferred shareholders have no voting rights in the Company, no rights to receive any dividends and no rights to participate in a surplus on a winding up. Deferred shareholders have the right to receive a return of capital only after the sum of £10,000,000 has been paid in respect of each ordinary share.

24. Share premium account

	£'000
Balance at 1 January and 31 December 2018	3,360
Balance at 31 December 2018	3,360

25. Other reserves

	£'000
Balance at 1 January 2017	47
Movement for year	(45)
Balance at 31 December 2017	2
Movement for year	(1)
Balance at 31 December 2018	1

Other reserves relate to the Company's share of the fair value of the employee services received in exchange for the equity instrument granted by the Group.

26. Retained earnings

	£'000
Balance at 1 January 2017	1,037
Dividends paid	(1,000)
Profit for the year	282
Balance at 31 December 2017	319
Balance at 1 January 2018	319
Dividends paid	-
Profit for the year	148
Balance at 31 December 2018	467

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

27. Notes to the cash flow statement

	Note	2018 £'000	2017 £'000
Profit before tax		-	(300)
Adjustments for:			
Depreciation on property, plant and equipment	16	400	355
Amortisation of software capitalisation and other intangibles	15	2,376	1,694
Net (decrease) / increase in provisions	22	(261)	1,303
Research and development tax credit		(4)	(52)
Movement in other reserves	25	(1)	(45)
Investment income		-	(1,000)
Operating cash flows before movements in working capital		2,510	1,955
(Increase) / decrease in receivables		(1,011)	1,555
Increase / (decrease) in payables		440	(1,849)
Cash flow generated from operating activities		1,939	1,661

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

28. Related party transactions

Transactions with Directors, key management personnel and their connected persons

There were no related party transactions during the year, or existing at the balance sheet date other than those disclosed below with the Company or parent company's Key Management Personnel. Key Management Personnel are defined as the Directors of the Company, the Board and Executive Committee of IFG Group plc.

Trading transactions

The Company is party to the Provisions of Services contract dated 10 March 2010, between James Hay Partnership Management Limited, the Company and its subsidiaries, James Hay Pension Trustees Limited, James Hay Insurance Company Limited, James Hay Wrap Managers Limited, James Hay Administration Company Limited and James Hay Wrap Nominee Company Limited. Under this contract James Hay Holdings Limited, on a non-exclusive basis, provides all services in relation to the conduct of the business of its subsidiaries, James Hay Administration Company Limited and James Hay Wrap Managers Limited, and their dealings with customers. This includes the provision of all staff, computer and administrative systems and procedures and other support services, which under the agreement James Hay Holdings Limited procures from James Hay Partnership Management Limited UK Limited and recharges on to these two subsidiaries.

During the year, the Company entered into the following transactions with related parties:

	Income		Expenditure		Amounts owed by related parties		Amounts owed to related parties	
	Year Ended 2018 £'000	Year Ended 2017 £'000	Year Ended 2018 £'000	Year Ended 2017 £'000	Year Ended 2018 £'000	Year Ended 2017 £'000	Year Ended 2018 £'000	Year Ended 2017 £'000
Entities with significant influence over the Company – non cash	-	-	-	-	-	-	10,385	10,360
Subsidiaries	38,944	39,188	-	198	577	10	-	443
Fellow subsidiaries	-	-	36,057	37,033	10	46	1,371	968

During the year, the Company has recharged its subsidiaries, James Hay Administration Company Limited and James Hay Wrap Managers Limited £36.2m and £2.7m respectively (2017: £36.4m and £2.8m) for the provision of staff, computer and administrative systems and procedures and other support services.

James Hay Administration Company Limited and James Hay Wrap Managers Limited have recharged the Company £nil and £nil (2017: £193k and £5k) respectively in respect of compensation provisions.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2018 and 31 December 2017

28. Related party transactions (continued)

Trading transactions (continued)

The Company was recharged by its associated company James Hay Partnership Management UK Limited £33.5m (2017: £37m) for provision of staff, computer, administrative systems and procedures and other support services including exceptional costs.

The Company was recharged by its associated company IFG Securities Limited £1.2m (2017: £0.9m) for provision management services of which £50k (2017: £24k) remains outstanding at the year end.

The Company was recharged by its associated company IFG Group UK Limited £1.4m (2017: £1.6m) for provision management services of which £10k (2017: £46k) prepayment at the year end.

The Company received dividends from James Hay Insurance Company Limited and James Hay Wrap Managers Limited of £nil and £nil respectively (2017: £0.5m and £0.5m).

During the year, the Company has paid dividends of £nil to IFG UK Holdings Limited (2017: £1m).

There were no transactions between the Company and its ultimate parent company IFG Group plc.

29. Remuneration of key management personnel

Key management personnel are defined as the Directors of the Company, the Board and Executive Committee of IFG Group plc and its ultimate parent company, IFG Group plc. Remuneration of key management personnel for the current and preceding years has been borne by other group companies.

30. Significant events after the balance sheet date

The directors have proposed dividends of £3.8m (£0.02 per share) before the date of approval of the accounts to the parent company, IFG UK Holdings Limited.

31. Commitments and contingencies

The Company has no commitments and contingencies as at 31 December 2018.

The Company periodically receives customer complaints or requests from Revenue Authorities or Regulators arising out of its on-going business operations, a small number of these matters were under review at year end. The Company could face a loss arising from customer complaints, failure to comply with relevant legislation or failure to deliver good customer outcomes, including claims, sanctions or penalty charges from Revenue Authorities or Regulators relating to the advice given on, or the administration of, our client's assets. Any potential liability for such matters can only be determined once the full circumstances are examined and the status of the relevant regulatory compliance determined, matters which remain uncertain until conclusion of an internal review processes.

Any exposures, once known, are promptly settled where appropriate, or provided for where the outcome is known with some certainty. It is not always practical to reliably estimate the quantum of any further liability that may arise relating to such matters however, if such claims were to materialise, they are generally recoverable against the underlying client's assets or in some instances covered by insurance arrangements. The Company will continue to reassess these matters and make provision where the outcome is known with sufficient certainty.

32. Parent undertaking and controlling party

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

The Company's ultimate parent undertaking and ultimate controlling party is IFG Group plc, a company incorporated in Ireland. IFG Group plc is the parent undertaking of the smallest and largest group of undertakings for which group accounts are drawn up and of which the Company is a member.

Copies of all sets of group accounts, which include the results of the Company, are available from the Company Secretary, IFG Group plc. Registered office: 70 Sir John Rogerson's Quay, Grand Canal Dock, Dublin D02 R296