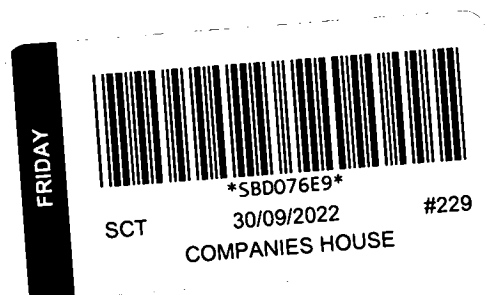


JAMES HAY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2021

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 2021.

1. Principal activity

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

Nucleus Financial Platforms Limited is the parent undertaking of the smallest group of undertakings for which Group financial statements are drawn up and of which the Company is a member.

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. Results and dividends

The loss after tax for the financial year is £15,093k (2020: £89k profit).

The Company did not pay an interim dividend (2020: £nil).

No dividends are recommended for payment.

4. Directors

The Directors who served throughout the year and to the date of this report unless otherwise indicated were as follows:

G Howard (resigned 12 September 2022)
M Regan (appointed 12 September 2022)
R Rowney

5. Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations; and for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are required by the Companies Act 2006 ("the Act") to prepare the Company financial statements for each financial year and have elected to prepare the financial statements in accordance with UK-adopted international accounting standards, including interpretations issued by the IFRS Interpretations Committee. Under the Act, 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.

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 Act. 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.

The current Directors, whose names are set out on page 1, confirm to the best of their knowledge that the financial statements, are prepared in accordance with UK-adopted international accounting standards, including interpretations issued by the IFRS Interpretations Committee, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings as a whole.

The details of how the Directors' have engaged with key stakeholders is set out in the Strategic Report on page 9.

JAMES HAY HOLDINGS LIMITED

REPORT OF THE DIRECTORS (continued)

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 objectives, details of its financial instruments and its exposures to credit risk, liquidity risk and market risks.

The Directors have assessed the Company's operational resilience and ability to meet its liquidity and capital requirements. In addition, the Directors have performed stress tests on liquidity and capital for material financial risks including a market downturn and interest rate decreases. These provide assurance that the Company has sufficient capital and liquidity to operate under stressed scenarios.

The Directors believe, after reviewing both the Company's forecasts and projections and taking into account any likely changes in trading performance 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 the 12 months from the date of approval of these financial statements.

8. Research and Development

The Group of companies including the Company continues to research and develop new financial services products and to improve existing ones, where applicable.

9. Financial Risk Management

Financial risk objectives and policies which have been implemented by Executive Management are set out in *Principal risk and uncertainties* and Note 3 to the financial statements.

10. Financial Instruments

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.

Further disclosures regarding financial risk objectives and policies and the Company's exposure to principal financial 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 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 Act.

In accordance with s485 and 487 of the Act, Deloitte LLP are deemed to have been re-appointed as auditor of the Company.

Approved by the Board of Directors and signed on their behalf by:



M Regan
Director

30 September 2022

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

JAMES HAY HOLDINGS LIMITED

STRATEGIC REPORT

1. Business review

The loss for the year attributable to owners amounted to £15,093k (2020: £89k profit).

The results of the Company are included in the financial statements on pages 13 to 32. The Company has made a loss before tax of £15,310k (2020: £nil profit before tax).

Revenue and costs decreased year on year due to the outsourcing of the IT and Operations functions to FNZ (UK) Limited (FNZ), resulting in a reduction in management recharges. Exceptional costs increased due to deal related costs as a result of the acquisition of the Nucleus Financial Group (NFG)

On 27 January 2021 companies within the Group (defined as Nucleus Financial Platforms Limited and all subsidiary undertakings, including the Company) entered into an agreement with FNZ to outsource all of its IT and Operations function, with the initial term expecting to last for 10 years. This arrangement is expected to grow over time as we move to a single operating model across the Group and creates competitive opportunity. We are however in a period of transition and consequently are in a period of transformation and change.

One of the most significant developments during the year from a strategic perspective of the Group was the acquisition of the NFG. The acquisition was implemented by way of a recommended takeover offer for an aggregate consideration of £144.6m, which was declared unconditional as to acceptances on 4 May 2021. Following FCA approval on 5 August 2021, and the offer being declared wholly unconditional, the Group exercised its rights to acquire compulsorily the remaining shares in NFG in respect of which its offer had not been validly accepted, NFG's admission to trading on AIM was cancelled and it was reregistered as a private company. Integration of the management, operations and support services has commenced under the leadership of a single executive team. In this regard, considerable progress has been made on a number of fronts, including development of an integrated business plan that was approved in December 2021, development of an agreed target operating model and determination of the combined business' brand, pricing and service strategy.

Epiris GP Limited, controlling general partner of the funds that hold the majority shareholding in MonteCarloCo Limited, the ultimate parent of the Group, initiated a process prior to the year-end to investigate the opportunity to introduce one or more additional shareholders to co-invest in the Group, including the company, alongside it and the management team. On 29 March 2022, the Group announced that HPS Investment Partners LLC, a major American private equity firm, had through certain funds and accounts managed, advised or controlled by it acquired a majority stake in the Group. Epiris GP Limited will retain a significant minority shareholding. The transaction, which received regulatory approval on 26 August 2022 and completed on 21 September 2022, is not expected to result in a change in the Group's strategy and ambitions, but is a vote of confidence in the business, its strategy, management team and people.

The macro-economic environment remains very uncertain. The impacts of Covid-19 will continue to be felt for a long time, not only through the impact on public health of existing and future variants of the virus but also as a result of the impact on the domestic and global economy, government finances and working practices. In addition, the ongoing situation in Ukraine (and the risk of the war spreading to the rest of Europe and beyond) is of extreme concern. Whilst the company and wider Group have negligible exposure to Russian clients and companies, the consequences of materially lower market levels, economic contraction and negative sentiment directly impacts the Group's assets under administration AUA, net inflows and profitability and will therefore be kept under close review.

The Group manages its platform operations on a combined basis with other companies within the Group. 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 Group which includes the Company are discussed in the Group's Annual reports 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.

JAMES HAY HOLDINGS LIMITED

STRATEGIC REPORT (continued)

2. Principal risks and uncertainties

The following principal risks relate to the business and the wider sector in which it operates. The risks and uncertainties described below are not intended to be exhaustive. Additional risks and uncertainties not presently known to the directors or that the directors currently deem to be immaterial could also have an adverse effect on the business and financial performance.

The business is coming together following the corporate transaction and both legacy businesses operate a risk management framework through which they systematically identify actual and potential risks and seeks to put in place appropriate mitigants through our processes, policies and controls. Over 2022 the risk management framework will come together, and the business will operate a single framework which will drive consistency in approach and taxonomy.

Our key risks are set out below and these are managed within the risk appetites set by the board on an annual basis. Additional information can be found in our Pillar 3 disclosures which can be found on the company's website.

Culture risk

Conduct risk is an intrinsic risk to our business as our behaviour and organisational structures have the ability to impact customer outcomes, market integrity and competition in our chosen markets. Our values are embedded in our business strategy and to mitigate our conduct risks, our internal systems and controls are focused on delivering our business plan while meeting our culture, behaviour and customer expectations. The business has established management information to oversee conduct risk and act where required.

Culture risk extends to our role in society and over the last 12 months we have developed our thinking on climate, ESG and sustainability risks. In 2022 this will be incorporated more formally into our risk universe with the introduction of a sustainability risk which will drive increased measurement and assessment of this important area.

Similarly, governance risk is intrinsic to our business model. We believe good governance provides assurance to our stakeholders that we are focused on what matters most, our conduct and customer outcomes. These areas are of particular importance and prominence currently as our business goes through a significant period of integration and change. We have implemented formal governance arrangements and established ownership for decisions.

Strategic and business model risks

Fluctuations in capital markets, and economic, political and market factors that are beyond the Group's control

Revenue and performance are directly linked to the value of AUA held on and off platform, which in turn is linked to the level of inflows, outflows and the performance of the assets and asset classes into which customers have invested. A decline in capital market asset values may: (i) reduce the value of the AUA on the platform; (ii) prompt customers (in conjunction with their financial advisers) not to make further investments or to withdraw funds from the platform; and (iii) make it more difficult for financial advisers to attract new customers to advise through the platform. This is partly mitigated through close monitoring of business flows and deviations from plan.

Economic, political and market factors can also affect the level of inflows and outflows and the performance of investment assets. For example, a general deterioration in the global economy, and the UK economy in particular, may have a negative impact on customers' disposable income and assets, and the value of savings and investments on the platform. The business is adjusting to a post Brexit operating environment, and during 2021 there continued to be market volatility as the world navigated the Covid19 pandemic illustrating the significance and importance of this risk. At the current time there is also increased market uncertainty due to the situation in Ukraine and Russia. Whilst these are areas of risk for our business, exposure is reduced following the FNZ outsourcing arrangements where a significant portion of the cost base is also now linked to the value of AUA through a basis points cost model.

The company is also exposed to movements in interest rates as these impact on the margin on cash retained by the Group. We have experienced a low interest environment for a number of years, and are now entering a period of rising interest rates. This will generate some risk within the Group business plan due to our treasury activity, uncertain future interest rate movements and changing customer expectations.

The above risks are managed through close monitoring of AUA levels, business flows and deviations from plan, with regular reforecasting and business planning taking into account market levels and macro-economic conditions. From time to time, the group may use hedging to mitigate interest rate and market risk

JAMES HAY HOLDINGS LIMITED

STRATEGIC REPORT (continued)

2. Principal risks and uncertainties (continued)

Competition

The industry in which we operate is competitive and the Group faces significant competition from a number of sources, including intermediated platform providers, life insurance companies, asset and fund managers and direct to consumer investment platforms. While the Group strives to mitigate this risk and remain competitive by continuing to develop its online and offline offering, the risk exists that it is unable to adapt to changing market pressures or customer demands, keep pace with technological change and platform functionality relative to its competitors or maintain its market share given the intensity of the competition.

Competition may also increase in response to demand dynamics, further consolidation (including vertical integration) in the wider financial services sector, new entrants to the market or the introduction of new regulatory requirements (including those targeted at financial advisers or other market participants). In addition, pricing pressure across the investment lifecycle is prevalent as competitors invest in new technologies and new blends of products and services to deliver value and compelling propositions for their customers and other stakeholders. To mitigate this risk the Group monitors this competitive environment and takes action where required to maintain a competitive position.

This risk is of key significance currently as our Group scale creates competitive opportunity, as does our proposed future operating model with FNZ. We are however in a period of transition and consequently are in a period of transformation and change which brings competition risk if not managed well.

Relationship with financial advisers

While the Group has been able to maintain strong, longstanding relationships with its customers and adviser users, there can be no assurance that this will continue. The Group could lose or impair relationships as a consequence of, among other things, operational failures, uncompetitive functionality or pricing, reputational damage, consolidation and vertical integration in the financial advice market or the closure of firms of financial advisers. The loss of, or deterioration in, the Group's relationships with its financial adviser base, particularly those responsible for directing significant inflows to the platform, could have a material adverse effect on AUA and revenues. This is part mitigated by our adviser relationship model and also by directly involving advisers in the propositional elements of the platform

Reliance on key suppliers

The Group operates a business model that outsources significant components of its operations and technology services and enters into agreements with selected product providers to distribute and administer their products as part of the wrap platform. As a result, the Group has a reliance on its key suppliers and performance issues affecting these products and services may have an adverse impact on the Group's strategy and business performance. To manage these key relationships and mitigate the associated risks, we have outsourcing policies in place and a framework for vendor management and oversight. The Group's key supplier's are FNZ, Bravura and Amazon Web Services (AWS) who provide the Group with IT and Operational services.

Strategic transformation

From time to time the Group undertakes major strategic merger and acquisition activity. There is an inherent risk within these transactions that material matters that may impact the future performance of the Group are not identified as part of the process. In order to mitigate this risk, the Group makes extensive use of specialist external advisers from an early stage. Transformation risk also exists as a result of the potential failure to integrate services under a common model. Over 2021 this has been elevated as the NFG business was integrated and the SSAS business was disposed. Risks in this area are mitigated by establishing strong oversight frameworks and by establishing dedicated project and change teams to deliver. Monitoring of business capacity and delivery is also in place to ensure transformation remains on track for delivery.

Operational and regulatory risks

Operational

The nature of the activities performed by the Group is such that a degree of operational risk is unavoidable. Operational risk may have a number of consequences, including deficient service delivery, poor customer outcomes, an inability to scale effectively, reputational damage and financial loss. This could occur directly within our retained organisation, or through our outsourced services. As the business outsources more the nature of the operational risk changes however the accountability for ensuring service delivery and operational stability remains with the retained organisation.

JAMES HAY HOLDINGS LIMITED

STRATEGIC REPORT (continued)

2. Principal risks and uncertainties (continued)

The Group's operational risks can be divided into three main categories (people, operational process and controls, operational resilience and technology) with relevant examples of each below:

People

- Failure to attract, train, motivate and retain core skills and knowledge in the retained elements of our business.
- People-related errors in core processes.

Operational process and controls

- Failure in core processes and controls (whether preventative or detective), either by the retained business or by third parties.
- Failure in systems and controls in place to meet the requirements of taxation and other regulations in respect of the suitability of certain investments to be held within certain tax wrappers and accounts.
- Failure to implement platform and business change and deliver transformation.
- Failure to maintain adequate controls around fraud and other forms of financial crime, compliance, and client money.
- Failure in processes within FNZ or failure on oversight of FNZ.

Operational resilience and technology

- Failure of, or disruption to, the sophisticated technology and advanced information systems (including those of the Group and its third-party service providers) upon which the Group is dependent. This could be from an external threat (cyber-attack) or internal causes (failure to maintain systems or licenses).
- Inability to respond to the need for technological change as a result of the failure to continue to improve new technologies, through lack of appropriate investment in new technologies or through such investment proving unsuccessful.
- Failure to maintain existing technologies or to invest appropriately in continuing improvements to those technologies.
- Vulnerability of the Group's networks and platform (and those of its third-party service providers) to security risks, cyber-attack or other leakage of sensitive or personal data.
- Vulnerability of the Group's networks and platform (and those of its third-party service providers) to security risks or cyber-attack leading to direct theft of monies or assets.

These areas of operational risk are managed and mitigated through a strong risk and control framework, a suite of operational risk policies, and oversight through an embedded governance model.

Regulatory

Regulatory risk includes the risk of non-compliance with existing regulatory requirements as well as the risk relating to changes in government policy and applicable regulations. To mitigate the risks in this area we have a compliance aware culture with clear risk appetites for regulatory compliance and provide compliance consultancy and advisory services. In addition, compliance monitoring and assurance is carried out as part of our three lines of defence model.

The business is an enhanced firm under SMCR and subject to the associated standards and expectations. If the Group, and/or any of its key suppliers, were to commit a serious breach of any of the regulations that apply to it (not least the applicable regulatory regime relating to the Group's FCA authorisations and its FCA regulated activities), there could be both regulatory and financial consequences (including, without limitation, sanctions, fines, censures, loss of permissions and/or the cost of being required to take remedial action).

Over 2021 we became an enhanced firm under SMCR. Looking ahead to 2022 there are some material regulatory changes, notably the implementation of the Investment Firms Prudential Regime (IFPR), the implementation of Operational Resilience requirements, and development work required for Consumer Duty. The Group's readiness for these is being overseen by the Risk Committee and Board.

Financial and liquidity risks

Solvency (including access to capital)

We are required to maintain and have available to it a sufficient level of capital and maintain appropriate coverage throughout the year in line with regulatory requirements, risk appetite and our policy framework. The Group may require access to additional capital for a number of reasons, including increased regulatory capital requirements, and as a consequence reviews its capital requirements on a quarterly basis, with periodic stress testing of the results to evidence that its regulatory capital requirements

JAMES HAY HOLDINGS LIMITED

STRATEGIC REPORT (continued)

2. Principal risks and uncertainties (continued)

can continue to be met in a range of stressed scenarios. In addition, the Group's capital management policy requires setting capital requirements significantly in excess of the minimum regulatory requirement.

We operates a dividend policy, with the intention that it will pay regular dividends - however the ability of the Group to pay dividends is dependent on a number of factors including, among other things, the results of its operations, its financial condition, anticipated cash requirements, regulatory capital requirements, future prospects and its profits available for distribution, and there can be no assurance that the Group will pay dividends or, if a dividend is paid, of the amount that any dividend will be. To mitigate the risk to dividends, profitability and affordability are monitored by finance.

Liquidity

Our liquidity position is subject to a number of factors that may generate liquidity strain in the short or medium term. The Group manages its liquidity risk through an ongoing evaluation of its working capital requirements against available cash balances and credit facilities. The Group also has a defined liquidity management framework that requires management to monitor and report on liquidity positions and potential risks.

Credit

The Group is exposed to credit risk through our outsourced partners, trade and other receivables and our banking relationships. Exposure is mitigated through due diligence processes and by setting minimum policy standards for credit exposure.

The accompanying Financial Risk is disclosed in Note 3.

Risk management framework

The board's objective regarding risk management is to deliver the Group's strategy and business plan supported by a robust, scalable and enterprise-wide governance, risk management and control framework.

Our framework is concerned with:

- Demonstrating it is proportionate and effective in the governance and performance of risk management for an authorised and regulated investment firm.
- Evidencing our business strategy and business planning process are aligned with the risk management framework.
- Supporting the board set and monitor risk appetite.
- Demonstrating we manage our risk appetite tolerances and limits across agreed risk categories.
- Demonstrating we meet all applicable regulatory principles and requirements on an ongoing basis and do so based on strong and effective risk management culture and structures.
- Embedding a risk aware culture with risk management recognised as a management competence, critical to the delivery of our business strategy and performance targets.
- Demonstrating that we treat our customers fairly at all times.

We use a clearly defined risk framework to effectively identify, assess, manage and report the Group's risks. The framework is set out in our internal policies and process documentation and are subject to annual review and challenge by the risk committee.

In assigning risk management responsibilities, the Group operates an approach to risk management that is commonly referred to as the 'three lines of defence' model. The activities within each of the three lines are:

First line of defence

Business lines have responsibility for identifying, assessing and managing their risks through a sound set of policies, processes and controls. Business lines are also responsible for the development and deployment of appropriate mitigating actions and embedding of systems and controls. Activity in the first line of defence extends to the relationships and management of our outsourced partners.

Second line of defence

The roles of the second line risk and compliance functions are to develop and maintain the Group risk and compliance management policies and frameworks. Review of the effectiveness of the risk management practices performed by operational management is evidenced through effective assurance reporting to management and the board committees. The second line also provides support and advice to the business risk owners in reporting risk-related information within the Group, including management information on risk and assurance matters to the audit and risk committees and the board. The risk committee receives regular reporting from the second line on business performance against risk appetites across the risk universe.

JAMES HAY HOLDINGS LIMITED

STRATEGIC REPORT (continued)

2. Principal risks and uncertainties (continued)

Third line of defence

The Group has an external partner as an appointed internal audit function to serve as its third line of defence on a fully outsourced basis. Through the model the Group obtains independent assurance on the effectiveness of its control environment for material processes, Cass handbook arrangements, and cyber frameworks. Internal audit, through a risk-based approach, provides assurance to the audit committee and the board on how effectively risks are assessed and managed, and the effectiveness of the risk management framework. Findings arising from these audit processes are reported to the audit committee. As at 31 December 2021 BDO are appointed as internal auditors for the Group and were auditors for the James Hay entities throughout 2021.

The Group also engages other third parties to provide independent assurance.

3. Corporate Social Responsibility

Corporate Social Responsibility is embedded into our policies and practices for the benefit of our stakeholders and the wider community. The Company is committed to integrating sustainable social, ethical, and environmental considerations into our operations with a long-term view of managing the wider environment and social footprint.

Investing in our community

The Company has a strong social conscience and encourages staff to give something back through charitable and voluntary activities. The Company supports staff through paid time off for volunteering and through a matched fundraising programme.

Investing in our environment

The Company recognises its responsibility to conserve and protect the environment as far as possible. As a financial services business, the Company's main environmental impacts are primarily through consumption of resources and emissions at our business premises together with the employee travel. The Company is looking into reducing waste where possible and to minimise the environmental impact through sensible policies and initiatives.

4. S172 Statement: Duty to promote the success of the Company

S.172 of the Companies Act 2006 requires directors to act in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, directors should take into account factors which will affect the success of the company such as the long-term consequences of any decision, the interests of employees, the needs of its customers, relationships with suppliers, regulators and other stakeholders and the wider community and the company's reputation.

The Board seeks to maintain our reputation for high standards of business conduct. Consideration of the long-term consequences of our decisions and recognition of the need to act fairly between stakeholders of the company is integral to the way the Board operates and to the operation of the business as a whole. The relevance of each stakeholder group will be different for each issue considered by the Board. Therefore, it is important that the Board understands the needs of each stakeholder Group during its discussions and as part of its decision making.

The views of stakeholders are heard by the Board through information provided by management and by Directors' engagement with stakeholders. The company's key stakeholders and the principal ways it engages with them are:

Customers

We regularly survey our customers and the advisers that serve them to understand their views. The results of each survey are analysed, shared with the Board and used as a foundation for improvement plans. The Company uses the Net Promoter Score to assess customers views of the overall service and proposition provided by the Company. As part of our Executive governance framework, we have a Customer Committee whose purpose is to ensure positive outcomes for investors, and where performance against customer experience measures are monitored. In the event that we do not achieve the standards we expect, we always ensure that customers do not suffer any financial loss

JAMES HAY HOLDINGS LIMITED

STRATEGIC REPORT (continued)

4. S172 Statement: Duty to promote the success of the Company (continued)

Employees

The Board has identified employee engagement as one of the key drivers of our strategy and receives updates on the engagement of employees through a regular online survey. This survey provides information to the Board about areas requiring attention. In addition, the Group has an Employee Forum, which supports employee engagement with effective communication and helps provide an employee voice. Through these Group's employees are involved in the review and development of workforce policies and procedures and two-way dialogue is encouraged. These activities are complemented by regular communications in a variety of formats to the wider workforce, ensuring they are fully aware of our strategy and performance.

Suppliers

The Group works with its suppliers to ensure performance and to identify opportunities for enhanced value and innovation. Business Relationship Managers hold regular meetings with key suppliers to ensure there is regular engagement in line with our procurement policies and practices. The Vendor Manager Office (VMO) manage vendor activities and maintain both new and existing vendor relationships.

Regulators

As part of a regulated business we strive to "Do the right thing" at all times and we have an open and transparent dialogue with all relevant regulators.

Community

We continue to review our environmental and social impacts and have created a framework within which we set and monitor targets.

Shareholders

Management and shareholders meet on a monthly basis to discuss the development of the Group.

Approved by Board of Directors and signed on their behalf by:



M Regan
Director
30 September 2022

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

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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (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 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 31.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

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

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, risk and compliance and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance reviewing internal audit reports and reviewing correspondence with HMRC and the FCA.

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

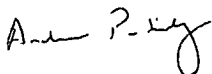
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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
30 September 2022

JAMES HAY HOLDINGS LIMITED

Statement of comprehensive income

For the years ended 31 December 2021 and 31 December 2020

| | Note | Year ended 2021 £'000 | Year ended 2020 £'000 |
|-------------------------------------|------|-----------------------------|-----------------------------|
| Revenue | 6 | 31,791 | 40,503 |
| Administrative expenses | 9 | (38,007) | (40,471) |
| Operating profit / (loss) | 7 | (6,216) | 32 |
| Exceptional costs | 10 | (9,096) | (32) |
| Investment income | 13 | 2 | - |
| Profit / (loss) before tax | | (15,310) | - |
| Income tax credit | 14 | 217 | 89 |
| Profit / (loss) for the year | | (15,093) | 89 |

There was no other comprehensive income for the year. The total comprehensive loss 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 31 on pages 17 to 32 are part of the financial statements.

JAMES HAY HOLDINGS LIMITED

Statement of financial position

As at 31 December 2021 and 31 December 2020

| | Notes | 2021 £'000 | 2020 £'000 |
|---------------------------------|-------|----------------|---------------|
| Non-current assets | | | |
| Intangible assets | 15 | 5,655 | 10,393 |
| Property, plant and equipment | 16 | 368 | 965 |
| Investments in subsidiaries | 17 | 171,486 | 26,865 |
| Deferred tax asset | 19 | 136 | 106 |
| Other financial assets | 26 | 13,800 | 12,700 |
| | | 191,445 | 51,029 |
| Current assets | | | |
| Trade and other receivables | 18 | 8,317 | 483 |
| Cash and cash equivalents | 20 | 11,022 | 1 |
| Total assets | | 210,784 | 51,513 |
| Current liabilities | | | |
| Trade and other payables | 21 | 16,625 | 15,754 |
| Provisions | 22 | - | 584 |
| Borrowings | 27 | 6,700 | 12,700 |
| Non-current liabilities | | | |
| Provisions | 22 | - | 75 |
| Total liabilities | | 23,325 | 29,113 |
| Net assets | | 187,459 | 22,400 |
| Equity | | | |
| Share capital and share premium | 23 | 201,887 | 21,735 |
| Retained earnings | 24 | (14,428) | 665 |
| Total equity | | 187,459 | 22,400 |

The accompanying Notes 1 to 31 on pages 17 to 32 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 30 September 2022. They were signed on its behalf by:



M Regan
Director

JAMES HAY HOLDINGS LIMITED

Statement of changes in equity

For the years ended 31 December 2021 and 31 December 2020

| | Share capital £'000 | Share premium £'000 | Other reserves £'000 | Retained earnings £'000 | Total £'000 |
|--|------------------------|---------------------------|----------------------------|-------------------------------|----------------|
| 1 January 2020 | 18,375 | 3,360 | - | 576 | 22,311 |
| Issue of share capital | - | - | - | - | - |
| Profit for the year - Other comprehensive income | - | - | - | 89 | 89 |
| 31 December 2020 | 18,375 | 3,360 | - | 665 | 22,400 |
| 1 January 2021 | 18,375 | 3,360 | - | 665 | 22,400 |
| Issue of share capital | 18,015 | 162,137 | - | - | 180,152 |
| Loss for the year - Other comprehensive income | - | - | - | (15,093) | (15,093) |
| 31 December 2021 | 36,390 | 165,497 | - | (14,428) | 187,459 |

The Statement of Comprehensive Income outlined on page 13 and the accompanying Notes 1 to 31 on pages 17 to 32 are part of the financial statements.

JAMES HAY HOLDINGS LIMITED

Cash flow statement

For the years ended 31 December 2021 and 31 December 2020

| | Notes | Year ended 2021 £'000 | Year ended 2020 £'000 |
|---|-------|-----------------------------|-----------------------------|
| Net cash flows from operating activities | 25 | (16,543) | 7,126 |
| Corporation tax credit / (charge) | | 538 | (114) |
| Net cash generated / (used in) from operating activities | | (16,005) | 7,012 |
| Investing activities | | | |
| Interest received | 13 | 2 | - |
| Purchase of intangible assets | 15 | (1,183) | (6,595) |
| Purchase of tangible assets | 16 | (224) | (417) |
| Loans to subsidiary | 26 | (1,100) | (7,700) |
| Investment in subsidiary | 17 | (144,621) | - |
| Net cash generated / (used in) investing activities | | (147,126) | (14,712) |
| Financing activities | | | |
| Dividends paid | | - | - |
| Proceeds / (repayment) from borrowings | 27 | (6,000) | 7,700 |
| Proceeds from issuance of share capital and share premium | 23 | 180,152 | - |
| Net cash generated / (used in) from financing activities | | 174,152 | 7,700 |
| Net increase / (decrease) in cash and cash equivalents | | 11,021 | - |
| Cash and cash equivalents at beginning of the year | | 1 | 1 |
| Cash and cash equivalents at end of the year | 20 | 11,022 | 1 |

The accompanying Notes 1 to 31 on pages 17 to 32 are part of the financial statements.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

1. General Information

The principal activity of the Company, 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 the United Kingdom. The address of its registered office is Dunn's House, St Paul's Road, Salisbury, Wiltshire, England, SP2 7BF.

2. Summary of significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with UK-adopted international accounting standards, including interpretations issued by the IFRS Interpretations Committee. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant Notes to the financial statements. These policies have been consistently applied.

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 and as included below. The financial statements have also been presented and rounded to the nearest thousand.

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 objectives, details of its financial instruments and its exposures to credit risk, liquidity risk and market risks.

The Directors have assessed the Company's operational resilience and ability to meet its liquidity and capital requirements. In addition, the Directors have performed stress tests on liquidity and capital for material financial risks including a market downturn and interest rate decreases. These provide assurance that the Company has sufficient capital and liquidity to operate under stressed scenarios.

The Directors believe, after reviewing both the Company's forecasts and projections and taking into account any likely changes in trading performance 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 the 12 months from the date of approval of these financial statements.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

2. Summary of significant accounting policies (continued)

Adoption of new and revised standards

Newly mandatorily effective in the current period

| Title | Subject | Effective date per UK Endorsement Board |
|--|--|---|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform – Phase 2 | 01 Jan 2021 |

The Company have evaluated these requirements and they do not have significant impact to the Company's financial statements.

Issued but not yet mandatorily effective

| Title | Subject | Effective date per UK Endorsement Board |
|--|--|---|
| Amendments to IAS 16 | Property, Plant and Equipment – Proceeds before Intended Use | TBC – Per IASB 1 Jan 2022 |
| Annual Improvements to IFRS Standards 2018-2020 (May 2020) | Annual Improvements to IFRS Standards 2018-2020 (May 2020) | TBC – Per IASB 1 Jan 2022 |
| Amendments to IFRS 3 (May 2020) | Reference to the Conceptual Framework | TBC – Per IASB 1 Jan 2022 |
| Amendments to IAS 37 (May 2020) | Onerous Contracts – Cost of Fulfilling a Contract | TBC – Per IASB 1 Jan 2022 |
| Amendments to IAS 1 | Classification of liabilities as current or non-current | TBC – Per IASB 1 Jan 2023 |
| Amendments to IAS1 | Classification of liabilities as current or non-current – Deferral or Effective Date | TBC – Per IASB 1 Jan 2023 |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of accounting policies | TBC – Per IASB 1 Jan 2023 |

The Company is currently evaluating the requirements of the standards and amendments. The Company do not anticipate that the application of these in the future will have a material impact on the Company's financial statements.

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

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 and functional currency. All transactions are in GBP and the Company does not transact in other currencies.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents management fees charged to other group companies in the United Kingdom. These relate to charges for management fees for staff and non-staff costs and other supplies. James Hay Holding Limited has the risks associated with the provision of services for all staff and non-staff costs and therefore it is deemed appropriate to recognise management fees relating to staff costs as revenue.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment. The Company determines whether it is necessary to recognise an impairment loss on its investment in subsidiary. At each reporting date, the Company determines whether there

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

2. Summary of significant accounting policies (continued)

is objective evidence that the investment in the subsidiary is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the Subsidiary and its carrying value, and then recognises the loss in the statement of comprehensive income.

Intangible assets

Computer software is stated at cost, less amortisation and provisions for impairment, if any. Costs incurred on acquisition of computer software are capitalised, as are costs directly related to developing the software where the software supports a business system and the criteria specified below are met. Costs associated with maintaining software are recognised as an expense when incurred. Capitalised computer software is amortised over five years. The residual value and useful life of computer software are reviewed and adjusted, if required, annually.

On 27 January 2021 the Group, entered into an agreement with FNZ to outsource its IT and Operations functions. Under this agreement FNZ will, over a period of 2 years, migrate clients from Winsipp onto a new platform being developed and owned by FNZ, with an estimated completion date by the end of 2022. Development of Winsipp and the banking system continued in 2021, and in the period from the start of the year to the FNZ Financial Transfer date, which was effective from the 01 May 2021, £1.2m was spent and capitalised on the development of Winsipp. As the clients migrate from Winsipp to the FNZ platform, Winsipp will have reducing economic value to the Group, and as a result the useful life of Winsipp was determined to cease when the FNZ platform is live and functional and the migration plan is in place. This resulted in the useful life being reduced to 2 years from 5 years, resulting in an accelerated amortisation amount of £2.3m being recognised.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset to use it;
- there is an ability to use the asset;
- it can be demonstrated how the intangible assets will generate future economic benefits;
- adequate technical, financial and other resources to complete the development are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured

Other development expenditure, that does not meet these criteria, is recognised as an expense as incurred. Development costs, previously recognised as an expense, are not recognised as an asset in a subsequent period. Capitalised development costs are recognised as intangible assets and are amortised from the point at which the assets are ready for use on a straight-line basis over their useful lives. Development assets are tested annually for impairment.

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 currently range from 5 to 20 years. The residual value and useful lives of other intangible assets are reviewed and adjusted at least annually, if appropriate.

Property, plant and equipment

Property, plant and equipment is stated at cost, or deemed cost, less accumulated depreciation and impairment losses. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the replaced item can be measured reliably. The carrying amount of the replaced part is derecognised. All repair and maintenance costs are charged to the Income Statement during the financial period in which they are incurred.

Property, plant and equipment are depreciated over their useful economic life on a straight-line basis at the following rates:

| | |
|--------------------|---------|
| Office equipment | 5 years |
| Computer equipment | 5 years |

The residual value and useful life of property, plant and equipment are reviewed and adjusted, if appropriate, at least annually. On disposal of property, plant and equipment, the cost and related accumulated depreciation and impairments are removed from the financial statements and the net amount, less any proceeds, is recognised the income statement.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

2. Summary of significant accounting policies (continued)

Financial assets

The Group applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial assets and the impairment of financial assets. Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provision of the instrument and are initially measured at fair value. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value through profit or loss (FVTPL) depending on the classification of the financial assets. Financial assets at FVTPL are measured at fair value at the end of each reporting period with any fair value gains or losses recognised in profit or loss.

Trade and other receivables

Trade and other receivables, are measured at amortised cost as they are held to collect contractual cash flows under the business model test and meet the "Solely Payments of Principal and Interest" (SPPI), characteristics test under IFRS 9.

Trade and other receivables normally arise due to contingent consideration receivable or when the Group provides services directly to a client with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Group's financial assets comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial

Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Impairment of financial assets

Trade and other receivables are subsequently measured at amortised cost. The Group uses an Expected Credit Loss (ECL) model when calculating the allowance for lifetime ECLs. An ECL arises when the contractual cash flows owed to an entity are expected to not be paid (either in whole or in part) or to be paid later than when contractually due, even if the expectation is that a payment will be made in full. The Group recognises any ECLs at the first balance sheet date the trade receivable is recognised. Under the ECL model, the Group calculates an allowance for ECL by considering possible outcomes weighted by the probability of their occurrence when measuring an asset's credit risk. The Group uses an ECL matrix for determining ECLs on trade receivables. The Group's current policy incorporates both quantitative and qualitative factors based on the characteristics, credit history and demographic of its client base, as well as the probability of defaults in the future, based on historical trends and likelihood of future recovery, assessing the credit profile and ability to fulfil future payment obligations.

Trade and other receivables are stated after impairment, and the carrying amount of the asset is reduced through the use of an ECL account and the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement. When a trade receivable is uncollectible it is derecognised. The amounts due from Group companies are unsecured, non-interest bearing and repayable on demand. There are no loss allowances on balances due from Group companies as the probability of default is negligible.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits would be required to settle the obligation and the amount has been reliably estimated. The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

2. Summary of significant accounting policies (continued)

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.

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.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Cash and cash equivalents

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 high quality and highly liquid short-term investments in securities.

Financial liabilities

The Group applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial liabilities. Financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value and subsequently at amortised cost using the effective interest method or FVTPL. Any gains or losses arising on changes in fair value are recognised in profit or loss.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

2. Summary of significant accounting policies (continued)

Accounting for exceptional items

IFRS does not explicitly describe events or items of income or expense as exceptional, so the Group has adopted an income statement format which seeks to highlight significant items within the Group results for the year. Such items include restructuring costs, litigation settlements, remediation expenditure, sanction charges, significant non-recurring project costs and costs relating to acquisitions. Judgement is used by the Group in assessing the particular items, that by virtue of their scale and nature, should be disclosed in the Consolidated Income Statement and/or Notes as exceptional items. These items require separate disclosure in the financial statements to facilitate a better understanding of the Group's financial performance

3. Financial Risk

The Company's activities expose it to a number of financial risks including: credit risk, liquidity risk and market risk.

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 potentially could occur on intercompany assets and cash held by the Company. Inter-company assets are repayable on demand. Cash is held with Santander UK Plc, which has a short-term credit rating risk of S&P A-1 (2019: S&P A-1).

The Company's maximum exposure to credit risk is £19.3m (2020: £0.3m).

Liquidity risk

There are sufficient current assets to settle other payables, external to the Company and its subsidiaries, as they fall due.

Maturities of financial liabilities

| At 31 December 2021 | 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 | 16,523 | - | - | 6,700 | - | 23,223 |
| Other liabilities | - | 27 | - | - | - | 27 |
| Total financial liabilities | 16,523 | 27 | - | 6,700 | - | 23,250 |

| At 31 December 2020 | 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 | 15,754 | - | - | 12,700 | - | 28,454 |
| Other liabilities | - | - | - | - | - | - |
| Total financial liabilities | 15,754 | - | - | 12,700 | - | 28,454 |

Market risk

Market risk is the potential for loss of income or decrease in the value of net assets caused by movements in the levels and prices of financial instruments. The majority of market risk arises as a result of changes in interest rates and movement in global stock markets.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

4. Capital management and resources

The Company's parent undertaking of the smallest Group of undertakings is Nucleus Financial Platforms Limited. The Board of Directors of Nucleus Financial Platforms Limited 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 Group.

The Group's access to shareholder capital, robust capital structure, solvency position, high conversion rate of profit to cash, low borrowings and available liquidity mean that it remains well positioned to absorb the impact of a sustained collapse in equity markets, expense management and dividend payment.

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 protect customers and 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.

5. Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions to determine the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The estimates and associated assumptions are based on the Company's historical experience and other relevant factors. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Due to the uncomplicated nature of the business transactions of the Company, there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than provisions and contingencies.

6. Revenue

Continuing operations

| | 2021 £'000 | 2020 £'000 |
|----------------------|---------------|---------------|
| Management recharges | 31,791 | 40,503 |
| | 31,791 | 40,503 |

Management recharges represents the value of services provided to the Company's subsidiaries for the administration of self-invested personal pensions and personal investments. This includes provision of all staff, computer and administrative systems and procedures as well as other support services.

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.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

7. Operating loss

Operating loss has been arrived at after charging:

| | Note | 2021 £'000 | 2020 £'000 |
|--------------------------------------|------|---------------|---------------|
| Amortisation | 15 | 5,887 | 2,856 |
| Depreciation | 16 | 311 | 523 |
| Auditors' remuneration | 8 | 18 | 13 |
| Gain on disposal of Office Equipment | 16 | 18 | - |

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

8. Auditors' remuneration

| | 2021 £'000 | 2020 £'000 |
|---------------------------|---------------|---------------|
| Auditors' services | | |
| -Statutory audit | 18 | 13 |
| | 18 | 13 |

Auditors' remuneration was paid by the 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

Expenses by nature:

| | 2021 £'000 | 2020 £'000 |
|-----------------------|---------------|---------------|
| Staff costs (note 11) | 16,992 | 21,665 |
| Depreciation | 311 | 523 |
| Amortisation | 5,887 | 2,855 |
| Other costs | 14,817 | 15,428 |
| | 38,007 | 40,471 |

Other costs (including accommodation, equipment, depreciation, amortisation, and other administration expenses) are recharges from other Group companies.

The overall decrease in administrative expenses is primarily attributable to the transfer of the IT and Operations functions to FNZ, which commenced in May 2021.

10. Exceptional costs

| | 2021 £'000 | 2020 £'000 |
|--------------------|---------------|---------------|
| Legal costs | - | 32 |
| Nucleus Deal costs | 9,096 | - |
| | 9,096 | 32 |

As the acquirer of NFG, the company has borne the costs that relate to the acquisition, primarily relating to due diligence, corporate advisory and deal execution.

11. Staff costs

All James Hay Holdings Limited staff are employed by a number of fellow subsidiary companies. The average number of employees employed by other companies for which recharges were made to the Company for the year was 380 (2020: 588). James Hay Holdings Limited recharged all of these costs to its subsidiary companies (James Hay Administration Company and James Hay Wrap Managers).

12. Directors' emoluments

The emoluments of the Directors were paid by the Company's subsidiaries (James Hay Administration Company and James Hay Wrap Managers) and other companies in the Nucleus Financial Platforms Limited Group (IPS Pensions Limited and IPS Partnership Limited) and do not relate to qualifying services to this entity.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

13. Investment income

| | 2021 £'000 | 2020 £'000 |
|---------------------------|---------------|---------------|
| Interest on bank deposits | 2 | - |
| | 2 | - |

14. Income tax

| | 2021 £'000 | 2020 £'000 |
|----------------------------------|---------------|---------------|
| UK corporation tax | | |
| Current year | - | - |
| Prior Year | - | 101 |
| | - | 101 |
| Deferred tax (Note 19) | | |
| Current year | (124) | (26) |
| Prior Year | 341 | 14 |
| | 217 | (12) |
| Total credit for the year | 217 | 89 |

Corporation tax is calculated at 19% (2019: 19%) 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:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Profit before tax | | |
| Continuing operations | (15,310) | - |
| | | |
| Tax at the UK corporation tax rate of 19% (2019: 19%) | 2,909 | - |
| Tax effect of expenses that are not deductible in determining taxable profit | (2,112) | 203 |
| Non-taxable income | - | - |
| Tax effect of change in rate on deferred tax position | (151) | - |
| Adjustments in respect of prior periods | (429) | (114) |
| Tax credit for the year | 217 | 89 |

15. Intangible assets

| | Customer relationship £'000 | Software £'000 | Total £'000 |
|---------------------------------|-----------------------------------|-------------------|-----------------|
| Cost | | | |
| At 1 January 2020 | 2,138 | 14,228 | 16,366 |
| Additions | - | 6,595 | 6,595 |
| Disposal | - | - | - |
| At 31 December 2020 | 2,138 | 20,823 | 22,961 |
| Additions | - | 1,183 | 1,183 |
| Disposal | - | (67) | (67) |
| At 31 December 2021 | 2,138 | 21,939 | 24,077 |
| Accumulated amortisation | | | |
| At 1 January 2020 | (1,713) | (8,000) | (9,713) |
| Charge for the year | (319) | (2,536) | (2,855) |
| Disposal | - | - | - |
| At 31 December 2020 | (2,032) | (10,536) | (12,568) |
| Charge for the year | (106) | (5,781) | (5,887) |
| Disposal | - | 33 | 33 |
| At 31 December 2021 | (2,138) | (16,284) | (18,422) |
| Net book value | | | |
| At 31 December 2020 | 106 | 10,287 | 10,393 |
| At 31 December 2021 | - | 5,655 | 5,655 |

As a result of the transfer of the IT and Operations functions to FNZ, as the clients migrate from Winsipp to the FNZ platform, Winsipp will have reducing economic value to the Group, and as a result the useful life of Winsipp was determined to cease when the FNZ platform is live and functional and the migration plan is in place. This resulted in the useful life being reduced to 2 years from 5 years, resulting in an accelerated amortisation amount of £2.3m being recognised.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

16. Property, plant and equipment

| | Office equipment £'000 | Computer equipment £'000 | Total £'000 |
|---------------------------------|------------------------------|--------------------------------|----------------|
| Cost | | | |
| At 1 January 2020 | 284 | 2,247 | 2,531 |
| Additions | 16 | 401 | 417 |
| Disposal | - | - | - |
| At 31 December 2020 | 300 | 2,648 | 2,948 |
| Additions | 17 | 207 | 224 |
| Disposal | (84) | (620) | (704) |
| At 31 December 2021 | 233 | 2,235 | 2,468 |
| Accumulated depreciation | | | |
| At 1 January 2020 | (106) | (1,354) | (1,460) |
| Charge for the year | (57) | (466) | (523) |
| Disposal | - | - | - |
| At 31 December 2020 | (163) | (1,820) | (1,983) |
| Charge for the year | (49) | (262) | (311) |
| Disposal | 50 | 144 | 194 |
| At 31 December 2021 | (162) | (1,938) | (2,100) |
| Net book value | | | |
| At 31 December 2020 | 137 | 828 | 965 |
| At 31 December 2021 | 71 | 297 | 368 |

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

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 Services Limited | Jersey | 100 | 100 | Holding company |
| 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) | Dormant |
| 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 Limited | England and Wales | 100 (indirect) | 100 (indirect) | Dormant |
| Nucleus Financial Limited | England and Wales | 100 | 100 | Holding company |
| Nucleus Financial Services Limited | England and Wales | 100 (indirect) | 100 (indirect) | Provision of wrap administration services |
| Nucleus IFA Services Limited | England and Wales | 100 (indirect) | 100 (indirect) | Provision of platform technology services |
| Nucleus IMX Limited | England and Wales | 100 (indirect) | 100 (indirect) | Non-trading subsidiary |
| Nucleus Trustee Company Limited | England and Wales | 100 (indirect) | 100 (indirect) | Dormant |
| NFS (Nominess) Limited | England and Wales | 100 (indirect) | 100 (indirect) | Provision of client asset registrations |

All subsidiaries (other than James Hay Services Limited registered at Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH; and Nucleus IFA Services Limited and Nucleus Trustee Company Limited registered at Greenside, 12 Blenheim Place, Edinburgh, Scotland, EH7 5JH) are registered at Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF.

One of the most significant developments during the year from a strategic perspective of the Group was the acquisition of the NFG. The acquisition was implemented by way of a recommended takeover offer for an aggregate consideration of £144.6m, which was declared unconditional as to acceptances on 4 May 2021.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

17. Investments in subsidiaries (continued)

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 2021 and 31 December 2020 | 38,700 |
| Investment in Nucleus Financial Group | 144,621 |
| At 31 December 2021 | 183,321 |
| Impairment | |
| At 1 January 2021 and 31 December 2020 | 11,835 |
| At 31 December 2021 | 11,835 |
| Net book value 2020 | 26,865 |
| Net book value 2021 | 171,486 |

18. Trade and other receivables

| | 2021 £'000 | 2020 £'000 |
|----------------------------------|---------------|---------------|
| Amounts due from group companies | 8,317 | 483 |
| | 8,317 | 483 |

The amounts due from group companies are unsecured, non-interest bearing and repayable on demand. There are no loss allowances on balances due from Group companies as the probability of default is negligible.

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 following are the deferred tax assets 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 2020 | 117 | - | 117 |
| Charge / (credit) to income | (198) | 187 | (11) |
| At 31 December 2020 | (81) | 187 | 106 |
| Charge / (credit) to income | (736) | 766 | 30 |
| At 31 December 2021 | (817) | 953 | 136 |

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

Deferred tax has been calculated at 25% on capital allowances and at 19% for short-term timing differences (2020: 19%).

On 3 March 2021 as part of the 2021 budget, the Government announced that Corporation Tax will increase to 25% with effect from 1 April 2023. This change was enacted on 10 June 2021 and as a result, the effect has been reflected in the closing deferred tax position included in these financial statements.

20. Cash and cash equivalents

| | 2021 £'000 | 2020 £'000 |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | 11,022 | 1 |
| | 11,022 | 1 |

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

21. Trade and other payables

| | 2021 £'000 | 2020 £'000 |
|--------------------------------|---------------|---------------|
| Amounts due to group companies | 16,523 | 15,754 |
| Other liabilities | 27 | - |
| Group relief | 75 | - |
| At 31 December | 16,625 | 15,754 |

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

22. Provisions

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Complaints and errors | - | 659 |
| Sanction costs | - | - |
| | - | 659 |
| Included in liabilities due within one year | - | 584 |
| Included in liabilities due in more than one year | - | 75 |

| | Complaints and errors £'000 | Sanctions £'000 | Total £'000 |
|---|-----------------------------------|--------------------|----------------|
| At 1 January 2020 | 277 | 809 | 1,086 |
| Provision movement in the year | 680 | 32 | 712 |
| Utilisation of provision | (298) | (841) | (1,139) |
| Net provision movement for the year | 382 | (809) | (427) |
| | - | - | - |
| At 31 December 2020 and 1 January 2021 | 659 | - | 659 |
| Provision movement in the year | 542 | - | 542 |
| Utilisation of provision | (705) | - | (705) |
| Net provision movement for the year | (163) | - | (163) |
| Reclassification to James Hay Administration Company* | (423) | - | (423) |
| Reclassification to James Hay Wrap Managers* | (73) | - | (73) |
| At 31 December 2021 | - | - | - |
| Included in liabilities due within one year | - | - | - |
| Included in liabilities due in more than one year | - | - | - |
| | - | - | - |

*Prior to 2021 provisions for complaints and errors were recognised in the Company on behalf of James Hay Administration Limited and James Hay Wrap Managers Limited, these have been reclassified to the respective Companies in 2021.

Provisions relate to management's best estimate of potential future costs the Company may incur in relation to the resolution of issues, including customer complaints and errors, and sanction costs.

23. Share capital and share premium

| | 2021 No of shares | 2021 £'000 | 2020 No of shares | 2020 £'000 |
|--|----------------------|----------------|----------------------|---------------|
| Issued and fully paid: | | | | |
| Ordinary shares of £0.10 each | 361,905,457 | 201,687 | 181,753,848 | 21,535 |
| Deferred shares of £0.10 each | 1,996,612 | 200 | 1,996,612 | 200 |
| Total share capital and share premium | | 201,887 | | 21,735 |

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2021 and 31 December 2020

23. Share capital and share premium (continued)

| Movement in Ordinary shares | No of shares | Par Value £'000 | Share Premium £'000 | Total £'000 |
|-----------------------------|--------------|--------------------|------------------------|----------------|
| At 1 January 2020 | 181,753,848 | 18,175 | 3,360 | 21,535 |
| Issued and subscribed | - | - | - | - |
| At 31 December 2020 | 181,753,848 | 18,175 | 3,360 | 21,535 |
| Issued and subscribed | 180,151,609 | 18,015 | 162,137 | 180,152 |
| At 31 December 2021 | 361,905,457 | 36,190 | 165,497 | 201,687 |

The Company has one class of ordinary shares which carry no right to fixed income and one class of deferred shares.

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.

On 17 August 2021, 180,151,609 ordinary shares of £0.10 each were issued and paid at £1.00 each.

24. Retained earnings

| | £'000 |
|-----------------------------|----------|
| Balance at 1 January 2020 | 576 |
| Net profit | 89 |
| Balance at 31 December 2020 | 665 |
| Balance at 1 January 2021 | 665 |
| Loss for the year | (15,093) |
| Balance at 31 December 2021 | (14,428) |

25. Notes to the cash flow statement

| | Notes | 2021 £'000 | 2020 £'000 |
|--|-------|---------------|---------------|
| Profit / (loss) for the year before tax | | (15,310) | - |
| Adjustments for: | | | |
| Investment income | 13 | (2) | - |
| Depreciation on property, plant and equipment | 16 | 311 | 523 |
| Amortisation of software and other intangibles | 15 | 5,887 | 2,856 |
| Net increase decrease in provision | 22 | (658) | (428) |
| Research and development tax credit | | - | (12) |
| Profit on disposal of property, plant and equipment | | 18 | - |
| Disposal of property, plant and equipment charged to 3 rd party | | 526 | - |
| Operating cash flows before movements in working capital | | (9,228) | 2,939 |
| Decrease in trade and other receivables | | 5,666 | 4,171 |
| Decrease in trade and other payables | | (12,980) | 16 |
| Net cash flow from operating activities | | (16,543) | 7,126 |

26. Other financial assets

| | 2021 £'000 | 2020 £'000 |
|--------------------------|---------------|---------------|
| Loans to related parties | 13,800 | 12,700 |
| | 13,800 | 12,700 |

The Company has provided additional £1.1m loans to its subsidiary, James Hay Services Limited. 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 2021 and 31 December 2020

27. Borrowings

| | 2021 £'000 | 2020 £'000 |
|----------------------------|---------------|---------------|
| Loans from related parties | 6,700 | 12,700 |
| | 6,700 | 12,700 |

The Company has received loans from its immediate parent company, Nucleus Financial Platforms Limited, and £6m was repaid on 30 December 2021, leaving a remaining balance of £6.7m due to Nucleus Financial Platforms Limited. The borrowings from group companies are unsecured, non-interest bearing and repayable on demand.

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 the Group and its parent undertaking of the smallest group of undertakings, Nucleus Financial Platforms Limited.

Transactions with related parties

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 Services 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 to these two subsidiaries.

Nucleus Financial Platforms Limited being the parent undertaking of the smallest group of undertakings in the UK has borne the exceptional cost of those projects which are run on a Group basis and impact or benefit some or all of the trading entities.

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 | Year Ended | Year Ended | Year Ended | Year Ended | Year Ended | Year Ended | Year Ended |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Entities with significant influence over the Company | - | - | - | - | - | - | 14,444 | 23,036 |
| Subsidiaries | 31,791 | 40,503 | - | - | 14,215 | 12,908 | 8,779 | 2,905 |
| Fellow subsidiaries in the Group | - | - | 31,953 | 36,723 | 7,902 | - | - | 2,513 |

During the year, the Company has recharged its subsidiaries, James Hay Administration Company Limited and James Hay Wrap Managers Limited £30.3m and £1.5m respectively (2020: £37.3m and £3.2m) for the provision of staff, computer and administrative systems and other support services.

The Company was recharged by its associated company James Hay Partnership Management UK Limited £32m (2020: £36.7m) for provision of staff, computer, administrative systems and other support services including exceptional costs.

There were no transactions between the Company and the parent undertaking of the smallest group of undertakings company Nucleus Financial Platforms Limited or the ultimate parent company, Plutus Topco Limited.

29. Remuneration of key management personnel

Key management personnel are defined as the Directors of the Company, the Board and Executive Committee of Nucleus Financial Platforms Limited the smallest group of undertakings of the company. The remuneration for the Directors of the Company for the current and preceding years is disclosed in Note 12 Directors' emoluments. The remuneration for the Board and Executive Committee of Nucleus Financial Platforms Limited has been borne by other Group companies.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

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30. Significant events after the balance sheet date

Epiris GP Limited, controlling general partner of the funds that held the majority shareholding in MonteCarloCo Limited, the ultimate parent of the Group at the balance sheet date, initiated a process prior to the year-end to investigate the opportunity to introduce one or more additional shareholders to co-invest in the Group, including the company, alongside it and the management team. On 29 March 2022, the Group announced that HPS Investment Partners LLC, a major American private equity firm, had through certain funds and accounts managed, advised or controlled by it acquired a majority stake in the Group. Epiris GP Limited will retain a significant minority shareholding. The transaction, which received regulatory approval on 26 August 2022 and completed on 21 September 2022, is not expected to result in a change in the Group's strategy and ambitions, but is a vote of confidence in the business, its strategy, management team and people. This is considered to be a non-adjusting post balance sheet event.

Russia's invasion of Ukraine on 24 February 2022 has brought about significant uncertainty that could have wide-ranging impacts on economic growth, market levels and investor sentiment, with a resulting impact on the Group's flows AUA and revenue. This is considered to be a non-adjusting post balance sheet event.

There were no other subsequent events that required adjustment to or disclosure in the financial statements for the period from 31 December 2021 to the date upon which the financial statements were available to be issued

31. Parent undertaking and controlling party

The Company's immediate parent company is Nucleus Financial Platforms Limited, a company incorporated and registered in England and Wales and Plutus Topco Limited, a company incorporated and registered in Jersey is the ultimate parent company in the Group. Nucleus Financial Platforms Limited is the parent undertaking of the smallest group of undertakings for which Group financial statements are drawn up and of which the Company is a member.

Copies of Group financial statements, which include the results of the Company, are available from the Company Secretary, Nucleus Financial Platforms Limited. Registered office: Dunn's House, St. Paul's Road, Salisbury, Wiltshire, United Kingdom, SP2 7BF