Curtis Banks Group PLC

Company Registration No. 07934492 (England and Wales)

Curtis Banks Group PLC

Annual Report and Consolidated Financial Statements
For the year ended 31 December 2021

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Curtis Banks Group PLC
Strategic Report
For The Year Ended 31 December 2021

Operational, Financial Highlights and Key Performance Indicators

Curtis Banks Group PLC is pleased to announce its final results for the 12 months to 31 December 2021.

- Revenue increased by 17.5% to £63.3m (2020: £53.9m)
- Adjusted profit before tax[1 4] increased by 4.7% to £14.0m (2020 restated: £13.4m)
- Adjusted operating margin[2 4] decreased to 23.5% (2020 restated: 26.0%), mainly impacted by the £3.9m decrease of interest income (note 4) compared to the prior year. If interest income had remained at the same level, the adjusted operating margin would be 28.0%
- Profit before tax increased by 22.2% to £9.3m (2020 restated: £7.6m)
- Adjusted diluted EPS of 16.9p (2020: 17.9p)[3 4]
- Gross organic growth in Full and Mid SIPP numbers of 7.9% (2020: 7.8%) with total SIPPs, including third party administered, now 79,679 (2020: 82,224)
- Attrition rate on own Full and Mid SIPPs increased to 6.1% (2020: 4.6%)
- Assets under Administration ("AuA") increased by 15.4% to £37.4bn (2020: £32.4bn)
- Proposed final dividend of 6.5p (2020: 6.5p) making a full year payment of 9.0p (2020: 9.0p)

Highlights and key performance indicators for the year include:

	2021	2020 Restated
Financial		
Revenue	£63.3m	£53.9m
Adjusted profit before tax[1 4]	£14.0m	£13.4m
Profit before tax	£9.3m	£7.6m[3]
Adjusted operating margin[2 4]	23.5%	26.0%
Diluted EPS	11.5p	9.7p[3]
Adjusted diluted EPS[4]	16.9p	17.9p
Operational Highlights		
Number of SIPPs administered	79,679	82,224
Assets under Administration	£37.4bn	£32.4bn
Total organic new Full and Mid SIPPs in year	4,329	3,700
Attrition rates (Mid & Full SIPP)	6.1%	4.6%
Number of properties administered	9,065	8,905

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[1] Profit before tax, amortisation and adjusting items
[2] The ratio of operating profit before amortisation and adjusting items to revenue.
[3] As further detailed in note 2, results for the year ended 31 December 2020 have been restated to account for measurement period adjustments arising under IFRS 3 Business Combinations.
[4] In addition to statutory IFRS performance measures, the Group has presented a number of non-statutory alternative performance measures ("APMs") on page 12. The Board believes that the APMs used give a more representative view of the underlying performance of the Group and enhance comparability of information between reporting periods. APMs are further defined in the Glossary on page 122.

Our services and history

Curtis Banks Group PLC ("Curtis Banks" or "the Group") has a clear vision for long-term growth. The Group commenced trading in 2009 and has successfully developed, through a combination of organic growth and acquisitions, into one of the UK's leading independent providers of self-invested pension products. At 31 December 2021 the Group administered circa £37.4bn (2020: £32.4bn) of pension assets on behalf of approximately 80,000 (2020: 82,000) active customers.

In May 2015 the shares of Curtis Banks (LON: CBP) were admitted and listed on the London Alternative Investment Market ("AIM").

On 25 May 2016 the Group completed the purchase of Suffolk Life Group Limited, a long established provider of SIPPs operating through Suffolk Life Pensions Limited and Suffolk Life Annuities Limited. During the year ended 31 December 2020, the Group completed the purchase of Dunstan Thomas, and Talbot and Muir. The Group currently trades under the names Curtis Banks, Suffolk Life, Dunstan Thomas and Talbot and Muir. More than 800 staff are employed across its head office in Bristol and regional offices in Ipswich, Dundee, Portsmouth, Nottingham and Leeds.

Trading subsidiaries of the Group that are authorised by the Financial Conduct Authority to provide trust based SIPP products are Curtis Banks Limited, Suffolk Life Pensions Limited, Suffolk Life Annuities Limited and Talbot and Muir Limited. Suffolk Life Annuities Limited is also regulated by the Prudential Regulatory Authority as it provides SIPPs through non-participating individual insurance contracts. As such, it is authorised as an insurance company and the consolidated results for the whole Group also include Suffolk Life Annuities Limited's insurance policyholder assets, liabilities and returns.

The Executive Directors have proven experience in the retail savings, pensions and wealth markets and have established a business that focuses on a service-driven proposition for the administration of flexible SIPPs. The Group's core pension products are primarily distributed by authorised and regulated financial advisers, targeted towards pension savers who wish to take full advantage of the features and flexibility offered in the UK's modern and changing pension regime. Long standing relationships with key distributors result in high levels of repeat business and demonstrate satisfaction with products and services provided.

The Group is focussed on continuing to deliver value to both customers and shareholders in the years ahead.

Chairman's Statement

I am pleased to report the Curtis Banks Group results for the year ended 31 December 2021. The business has continued its growth trajectory while taking specific actions to improve the quality of earnings and the efficiency of operations, against a tough external backdrop.

Despite some headwinds, 2021 witnessed the continued delivery of our stated strategic objectives, delivering strong organic growth in our core SIPP products and the further integration of Talbot and Muir. The Group has continued to broaden the range of services it offers to its customers. We adjusted our fee model early in 2021 to improve the quality and visibility of revenue, while also seeking to bring more standardisation of charging structures across the various SIPP books that have been acquired over several years. This provides us with a strong platform for our medium-term growth ambitions. Following the Dunstan Thomas acquisition, the Group has improved its operations through further technical efficiencies and can now provide incremental value-added technology solutions and services. This puts the Group in a strong position to capture the growth in the advised retirement market place.

The Group has also continued to progress with its systems strategy on time and on budget. However, the Board is now considering / evaluating how this strategy might be enhanced and accelerated to achieve the benefits sooner, by maximising the growth achieved by our core products alongside the new technology solutions being supported by Dunstan Thomas. This enables us to further enhance our product proposition and service quality for our customers and intermediaries, whilst also accelerating achievement of our target operating model and growing the operating margin in the medium term.

2021 Review

We have delivered a year of continued growth in both revenue and profits. Revenue increased by 18% to £63.3m, reflecting primarily the contribution from a maiden full year of Talbot and Muir and Dunstan Thomas, as well as steady underlying growth in the core business of Full and Mid SIPPs. The Group's adjusted profit before tax grew by 4.7% to £14.0m, albeit impacted by an underperformance in Dunstan Thomas which has been more severely impacted by the COVID-19 pandemic. The headwinds experienced by Dunstan Thomas were not uncommon in the financial service technology sector as the relative reluctance of customers to invest in new technology solutions or upgrades, as a result of the pandemic.

The scale of the business continues to grow with Assets under Administration ("AuA") up 15.4% to £37.4bn (2020: £32.4bn). The Group saw a gross increase of 4,329 (7.9%) in Full and Mid SIPPs, including 693 new SIPPs from Talbot and Muir in the year, offset by attrition of 6.1%. The growth in attrition from 4.6% to 6.1% during the year can be attributed to a COVID-19 lag effect following the lower than anticipated rate in 2020, although there is already evidence that the attrition rate is normalising with the return to pre-COVID levels in Q4 2021 and into 2022. In comparison, the non-core eSIPPs and third party administered SIPPs had experienced higher attrition rates (14.9% and 10.5% respectively) with minimal organic growth. Together the total SIPPs number has reduced to 79,679 (2020: 82,224).

Chairman's Statement (continued)

The Group's revenue model in the pension administration business is highly resilient with a high proportion of fixed, recurring income which is adjusted annually for inflation. As mentioned above, we made a step change in early 2021 by applying a 20% increase to annual SIPP administration fee paid on Full and Mid SIPPs. At the same time, we introduced arrangements for customers to share more fully in the interest income generated from their cash balances. These amendments have improved both the quality and visibility of the Group's revenue, while also benefiting customers, and have had no discernible direct impact on attrition.

The two acquisitions of Talbot and Muir and Dunstan Thomas have seen a full financial year within the Group. Talbot and Muir actively contributed to the growth in volumes achieved during the year, and also the margin of the pension administration segment. There is clear evidence that Dunstan Thomas has been impacted by COVID-19 to a greater extent than the rest of the Group's activities as the nature of its business contracts leads to a less predictable revenue pattern than our pension administration business; however, it remains an important component of the Group's business and a key contributor to our growth strategy. We continue to be excited about the potential for Dunstan Thomas to enhance and develop our product and service offering, while creating significant new opportunities for the use of technology in the retirement marketplace.

ESG

Curtis Banks plays an important role in the lives of our customers, providing the platform to support them and their families in retirement. We recognise our responsibility in this regard, as well as the commitments we have to our staff, customers, communities and the wider environment. I am therefore very pleased to present the Group's purpose-led ESG strategy within this report, which sets our priorities and plans, particularly around the issue of intergenerational fairness. The Group's ESG performance is overseen at Board level by Jill Lucas alongside Group CEO, Will Self. We very much look forward to providing timely updates as we formalise this important aspect of the business.

Dividend

We paid an interim dividend of 2.5p per share (2020: 2.5p) on 12 November 2021 and the Board proposes a final dividend of 6.5p per share (2020: 6.5p) which, if approved by shareholders, will be paid on 1 June 2022 to shareholders on the register at the close of business on 6 May 2022. Total dividends for the year are therefore 9.0p per share (2020: 9.0p).

Outlook

The Board remains fully committed to implementing the Group's strategy and indeed to accelerate our initiatives. This will include efforts to maximise the recent growth in our core business, complemented by leveraging the technology capability provided by Dunstan Thomas.

We will look to achieve our fundamental objectives whilst also continuing to meet the increasing financial costs of regulatory change on our otherwise largely controllable cost base. The expectation is that material additional costs will be required to support the Pensions Dashboard initiative and the FCA's proposals around Consumer Duty will add to the general inflationary pressure on our expenditure.

Chairman's Statement (continued)

That aside, the Board remains confident that the Group is well positioned to deliver on its objectives, driven by organic growth from high-quality recurring fee revenues which are expected to be enhanced by normalised levels of customer attrition. In addition, we expect greater interest returns for both the Group and our customers. Assuming sentiment improves, we also expect, a recovery in performance at Dunstan Thomas. Finally, we believe that further improvements to our operating margins are achievable as we transition to a more diverse provider of administration, technology and complementary services to the advised retirement market, providing multiple complementary solutions, including Fintech, legal and property services.

Section 172

The disclosures required under section 172 of the Companies Act are included in the Directors' report.

Chris Macdonald
Chairman
31 March 2022

Chief Executive Officer's Review

I am delighted to report on another year where we made good progress, adding scale and diversification to the business, strengthening our platform for the long-term to provide sustainable growth. This is underpinned by our on-going transition from a predominantly SIPP administration business to a more diverse retirement group providing multiple complementary services, including FinTech, Legal and Property services, to the advised pre and post retirement market.

Delivery of strategic objectives

Dunstan Thomas continues to play a critical role in enabling the diversification of Curtis Banks into a diverse provider of administration, technology and complementary services to the advised retirement market. Specific progress made in 2021 includes the launch of Imago Administration for Small Self-Administered Schemes (SSAS) during the first quarter. Advanced discussions are taking place with potential customers for the platform and clear plans have been drawn on how the platform can be combined with Curtis Banks Trustee Services for third party product provision.

Dunstan Thomas continues to be the backbone of CB Labs, our innovation hub and collaboration centre, which is also helping to drive operational efficiency and uncover new product opportunities. CB Labs is bringing a clear bank of ideas and technical concepts to life. Priority concepts that have moved to prototyping and beyond during 2021 include:

- a new Chatbot developed and launched using artificial intelligence that has facilitated customers and adviser queries;
- a suite of new adviser tools including Annual Allowance and Salary Sacrifice calculators with others in the development pipeline;
- an enhanced suite of new and fully integrated solutions, including a low code Integro CX portal framework that is more agile and can be adopted and integrated in different environments.

The initiatives listed above broaden Curtis Banks advisers' capabilities, while expanding the suite of products available directly via IFA platforms. These developments are earnings enhancing and strengthen our potential to grow market share and expand our target market by using technology to diversify Curtis Banks' offering.

System transformation and acceleration of our ambition

We remain on track to deliver on our systems strategy which will see existing operational systems within Curtis Banks, and all of our back-office systems, move into Navision, one of our incumbent platforms. We anticipate the resulting cost savings for the Group to amount to £1.2m per annum upon completion. In 2022, we are now beyond the half-way stage and there is an opportunity to accelerate the process to enable a quicker roll-out of an enhanced proposition to our customers and intermediaries, moving closer to full implementation of our target operating model and a consequent improvement in operating margin.

Given our ambitions in the pre and post retirement market, it is clear that we have an opportunity to accelerate our existing strategic deliverables as well as broaden our proposition. Not only could this bring forward the existing project benefits but also ensure that our proposition leads the sector in delivering customer centric retirement solutions in a digital and efficient way. We are exploring how this will impact our investment timeline and will provide further market updates this summer.

Chief Executive Officer's Review *(continued)*

Operational Review

Curtis Banks revenues increased by 18% in 2021, driven primarily by the inclusion of both Dunstan Thomas and Talbot and Muir for the full 12 months, as well as the underlying growth of our core business. Our predictable, highly cash generative business model was further in evidence when our new, fixed-fee charging structure enabled us to increase annual SIPP admin fees by 20% in February 2021 with negligible impact on customer attrition. This led to a material increase in fee income by 11% compared to 2020, and by 22% when including the contribution from Talbot and Muir. This has resulted in 62% (2020: 54%) of revenue now attributable to predictable, fixed fees. This initiative not only improves our quality of earnings, but is also a long-term strategic move which leaves Curtis Banks well positioned to benefit from a rising interest rate environment. It is highly likely that 2021 can be seen as a floor, with net interest margin upside now available for the Group. Not only does this allow for more predictable earnings growth, it also provides customers with a transparent offering; a clear point of differentiation in the market.

Overall, the strong underlying performance of our core Full and Mid SIPPs led to net organic growth of 1.8% (calculated as organic growth less attrition, divided by 2020 closing number of core SIPPs) in 2021 despite delayed customer attrition during the year due to COVID-19. We expect attrition to normalise in 2022, as it did during the last three months of 2021 and the relaxation of COVID-19 restrictions will further facilitate new business gains.

Strong growth in core SIPP administration business

By the end of 2021, the number of SIPPs administered saw a 7.9% gross organic increase of our core Full and Mid SIPPs, offset by attrition of 6.1%.

The continued growth in our core product offering, Your Future SIPP, continues to have a positive impact on the Group's organic growth as well as on our relationships with advisers and introducers.

The resulting increase in the total number of properties administered by the Group rose to 9,065 and we expect further growth based on a record number of enquiries in Q4 2021. The Rivergate legal business has provided value adding services to our customers during the year and was successful in trading as a proof of concept driven by demand. We continue to explore options to fast-track the evolution of Rivergate as the business is still in its infancy.

Chief Executive Officer's Review *(continued)*

Number of policies	Full SIPPs	Mid SIPPs	Total Full and Mid SIPPs	eSIPPs	Third Party Administered	Total
As at 31 December 2021	21,272	34,699	55,971	17,881	5,827	79,679
As at 31 December 2020	23,013	31,985	54,998	20,742	6,484	82,224
SIPPs added organically	914	3,415	4,329	236	24	4,589
Conversions and reclassifications	(1,216)	1,216	-	-	-	-
SIPPs lost through attrition	(1,439)	(1,917)	(3,356)	(3,097)	(681)	(7,134)
Gross organic growth rate	4.0%	10.7%	7.9%	1.1%	0.4%	5.6
Annualised attrition rate	6.3%	6.0%	6.1%	14.9%	10.5%	8.7%

Industry backdrop

Whilst the last two years have seen broader market volatility, the strength of the Curtis Banks business model has again shone through with our fixed fee model delivering consistent revenue generation. Curtis Banks' product proposition and breadth of service enable us to provide superior choice and flexibility to the needs of a retirement market that is having to deal with increasing levels of macro-volatility.

Retail investment platforms continue to see significant in-flows and Curtis Banks is rapidly developing a Digital Proposition that sits alongside the classic retail platform solutions, providing customers greater control of their portfolios at the higher end of the market. During 2021, our average transfer to the group included the consolidation of 2 existing pensions totalling an average transfer value of over £465k, further reinforcing our strategy. In 2021, 86% of all transfers came from retail platforms, further evidencing the migration driven by asset values and product complexity.

The pension market continued to be the focus of regulators during 2021. The Curtis Banks business model adopts a very clear approach in that we only work with regulated financial advisers and we do not provide advice on investments held within our SIPPs. Our fee structures also remain fair, transparent and competitive for our target market and remains well positioned to withstand any industry pressure on fee levels.

Chief Executive Officer's Review (continued)

Integration of Talbot and Muir and Dunstan Thomas

The acquisitions of Talbot and Muir and Dunstan Thomas have been further integrated into the Group and made a maiden full year contribution in 2021. As evidenced by the strategic update provided, both businesses underpin our transition to a more diverse retirement group, providing multiple complementary solutions, including FinTech, legal and property services to the advised retirement market.

The additional scale from Talbot and Muir has enhanced the operating margin across the pension administration segment.

The nature of Dunstan Thomas's FinTech business means that the revenue stream is more volatile than that of pension administration, with lower certainty on the timing of revenue recognition on its customer contracts. Dunstan Thomas has perhaps felt the impact of COVID-19 to a greater degree than the wider business as some customers have chosen to slow or defer some projects. While this is disappointing, we remain confident of the medium and long term benefits this acquisition will bring. Dunstan Thomas has improved the customer proposition offered by the Group and broadened our customer base by introducing Fintech solutions for wealth managers. This diversifies our revenue base, helps the Group to reach a wider target market and pursue natural cross-sell opportunities to our existing SIPP administration offering.

ESG Strategy – Promoting Fairness for Current and Future Generations

The Group is pleased to publish its inaugural ESG Policy. Following an independent materiality assessment of the Group, we identified a number of opportunities to make a real difference in addressing important issues to society, the economy and the environment.

Key initiatives delivered in 2021 include:

- Established a new partnership with The Intergenerational Foundation to keep generations of families out of poverty and on our platform for generations to come;
- Engaged with our deposit taking counterparties to better understand the use of the cash which is placed with them;
- Undertook an initial analysis of our Commercial Property holdings in pensions to understand the future climate risk;
- Accreditation as an UK Living Wage Foundation employer. This commitment applies not only to directly employed staff but also to our third party contracted staff in recognition that life is hard for working generations;

Plans for 2022:

- Engage further with The Intergenerational Foundation to help us review our products and services with the aim of adapting our products and services to enable better Intergenerational planning.
- Further discussions with deposit takers to establish how cash funds can be deployed to make an even bigger positive impact.
- Delivery of unconscious bias in software training in our Dunstan Thomas business – an industry first.
- Pricing decisions on holding more environmentally friendly commercial properties in SIPPS.
- ESG Data centre for the Group all in one place (i.e. adviser, customer, employee satisfaction, carbon, financials)

Chief Executive Officer's Review (continued)

We have established board level accountability for the Group's ESG performance, overseen jointly by Jill Lucas, Non-executive Director, and through my position as CEO. Progress on activities will be reported at monthly Executive Committee meetings with regular updates alongside the formal annual reporting cycle.

Outlook – Well positioned to execute medium-term growth strategy

The Group is in a strong position to execute its medium-term growth strategy and broaden its services in the advised pre and post retirement market. We expect to report further growth from our high-quality recurring fee revenue, with net organic growth benefiting a return to more normal rates of customer attrition for the core Full and Mid SIPPs. These rates had already reduced in 2021 from a high of 8.0% in June to 4.6% in December and into 2022 (4.9% in February 2022).

Given the opportunities arising from the core business and the technology platform provided by Dunstan Thomas, the Board is reviewing the scope to accelerate our growth initiatives. This would enable us to streamline the business and enhance our customer proposition while continuing to meet the increasing regulatory burden, for example supporting the Pensions Dashboard initiative and the FCA's proposals around Consumer Duty.

As a result of the Group's improved earnings quality and visibility, coupled with its technology initiatives, the Board is confident of meeting its stated growth objectives. Furthermore, the combination of accelerated strategy implementation and organic growth leaves the Group well positioned to achieve improvements in operating margin ahead of current expectations.

Will Self
Chief Executive Officer
31 March 2022

Chief Financial Officer's Review

Results

A resilient financial performance for the year ended 31 December 2021 saw revenue increase by 18% to £63.3m (2020: £53.9m) and statutory profit before tax improved by 22% to £9.3m (2020 restated: £7.6m). Diluted EPS on a statutory basis increased by 19% to 11.5p (2020 restated: 9.7p).

Adjusted profit before tax, which excludes items which do not arise from our core operating activities, increased by 5% to £14.0m (2020: £13.4m). We have previously referred to these items as non-recurring items, as they arise principally from acquisitions, restructuring and other one-off events. However, to avoid any potential confusion that some may find in this term, we have decided to now refer to adjusting items. Adjusted diluted EPS was 6% lower at 16.9p (2020: 17.9p).

The robust financial performance in our core SIPP administration activities was achieved against the persisting economic and political challenges from both the UK's exit from the European Union and the constant presence over the past 24 months of the COVID-19 pandemic. As with many firms within our sector, the Group has not been immune from the economic impact of these challenges, but proactive changes in February 2021 to Curtis Banks's annual pension administration fee model and a full year contribution from Talbot and Muir has resulted in a 22% increase in fees to £45.1m (2020: £36.9m).

The ongoing Russian invasion of Ukraine has led to an unprecedented level of severe economic sanctions against the Russian state, businesses and personnel. These exacerbated the ongoing energy crisis grappling Europe and have wide knock-on impacts on the global economy. We do not expect this to have a significant impact on the Group's operations in the foreseeable future because of the fixed fee nature of our SIPP revenue and the lack of direct exposure from our existing suppliers and customers. Management will continue to monitor the situation in case of any new developments that might warrant a reassessment.

It remains our strong belief that the demonstrable growth in fees which has been achieved is underpinned by the strength of our core business model, which continues to generate strong levels of recurring sterling fixed fees. Over the past 18 months the Group has seen a marked reduction in sensitivity from interest income which has also improved the quality of the Group's revenue.

The acquisition of Dunstan Thomas in 2020 introduced a new revenue stream into the Group and was a further step in crystallising the Group's objective towards greater diversification. The 2021 Group results contain a full year contribution from Dunstan Thomas for the first time and, despite a very challenging calendar year, it successfully launched its Imago Administration solution for SSAS pensions which provides encouragement for 2022 revenue opportunities. 2021 also saw the collaborative Group initiative under CB Labs launch a number of solutions and adviser tools to provide more extensive support to our intermediaries and customers.

The Group reports certain Alternative Performance Measures ("APMs") which we believe provides more clarity to stakeholders over the Group's underlying performance and better enables them to form a view on the Group's future prospects. The principal APMs adopted are Adjusted Profit before Tax, Adjusted EPS and Adjusted Operating Margin, and these will be discussed further below.

Adjusting items are classified as such when the nature and quantum of the income or expense is significant and arises from a business event or activity that does not form part of usual day to day operations. Examples of such items include acquisitions, including any subsequent re-measurement of contingent deferred consideration and amortisation of intangible assets acquired, office relocations and restructuring activities.

Chief Financial Officer's Review *(continued)*

In addition, the Group has simplified its reported Statement of Comprehensive Income by reverting to a statutory format only, removing the 'non-recurring costs' adjustment column and other non-statutory changes that were previously included. Our APMs are now only disclosed within the front half of the financial statements and a full reconciliation between these APMs and the statutory measures will be disclosed within the CFO's report going forward, with a strengthened focus and description of the key reconciling items. The Group believe that this change is an improvement to our financial disclosure and will facilitate a more clear and transparent representation of our financial performance.

The relevant reconciliation table is shown below for 2021 and prior year comparatives:

£'000	**2021**	**2020 Restated**
Adjusted operating profit	**14,905**	**13,986**
Adjusted operating margin	**23.5%**	**26.0%**
Finance income	20	83
Interest expense	(921)	(697)
Adjusted profit before tax	**14,004**	**13,372**
Adjusting items:		
Dunstan Thomas acquisition costs	(70)	(769)
Talbot & Muir acquisition costs	(63)	(561)
Other M&A related costs	(1,401)	(136)*
Movement on contingent consideration relating to acquisitions	1,870	-
Discount unwind on contingent consideration	(879)	(357)*
Redundancy & restructuring costs	(626)	(1,091)
In-specie contributions	76	(402)
Centralisation of pension administration system	(322)	-
Treasury solution implementation	(45)	(286)
Data cleansing provision	(288)	(53)
Adjusting items	**(1,748)**	**(3,655)**
Impairment on customer portfolios	-	(344)
Intangible asset amortisation	(2,934)	(1,744)**
IFRS Profit before tax	**9,322**	**7,629**
Taxation	(1,603)	(1,732)
Profit after tax	**7,719**	**5,897**
Adjusted EPS		
Basic	17.1	18.1
Diluted	16.9	17.9

*Measurement period restatements of £15k decrease in other acquisition related costs, £169k increase in discount unwind, and £354k decrease in amortisation.

Chief Financial Officer's Review *(continued)*

Revenue

Revenues of £63.3m in 2021 (2020: £53.9m) represent an 18% year on year increase, driven primarily by the full-year contributions from Dunstan Thomas and Talbot and Muir, as well as the increased annual SIPP administration fees applied on our core Full and Mid SIPPs.

Fee revenue from SIPP products remains the overwhelming source of income for the Group with 88% of these fees being recurring fixed annual fees (2020: 86%). These annual fees are subject to annual contractual inflationary increases referenced to average weekly earnings. Additional fixed fees are charged depending on the transactional services provided for each of the products and these are also subject to the same annual inflationary increases.

All SIPP fees levied are fixed sterling charges and are not dependent on the value of the underlying assets held within the SIPP. As a result, the revenues generated by both Curtis Banks and Talbot and Muir are insulated from the movements in financial markets and/or commercial property values and are therefore subject to less volatility than many of our peers who operate a basis point charging structure which is driven by the underlying asset value held within a SIPP. We view this as a key differential that sets us apart from most of our competitors and provides an attractively priced product with better clarity and certainty, especially in respect to higher value SIPPs. As such, where the underlying value of a SIPP increases our product offering becomes increasingly affordable. In the meantime, the exposure to the volatility of financial markets is reduced compared to our competitors.

In the year ended 31 December 2021, £8.3m of the Group revenue was generated from interest margin (2020: £12.2m), with the proportion of contribution to total revenue falling to 13% from 23% in the previous year. Interest income from client money held includes amounts earned through the use of pooled banking arrangements. In the year ended 31 December 2021, a net interest margin of 0.80% (2020: 1.12%) was generated from client money held within pooled banking arrangements, despite the low interest environment which persisted for most of the financial year and into 2022. However, the Group is well positioned to benefit from a rising interest rate environment in 2022. A combination of the transparent interest sharing model introduced in February 2021 and the current yield curve presents considerable upside for the Group, particularly in 2023.

When we implemented the change to Curtis Banks's annual SIPP administration fees, effective from 1 February 2021, we also announced that the amount of interest paid to customers would no longer be set on a discretionary basis. The Group believes that its clear commitment to sharing interest generated with our customers is fairer, more transparent and provides greater certainty to those customers. The way in which we share interest with our customers can is explained at https://www.curtisbanks.co.uk/bankinterest/. The amount of interest generated by the Group, and the amount shared with our customers, is monitored by the Group Assets and Liabilities Committee under its established Treasury Framework model.

£9.9m (2020: £4.8m) of revenue was generated from Fintech services. The net increase year on year was driven by the full year contribution in 2021 and partly offset by headwind experienced by Dunstan Thomas as a result of the COVID-19 pandemic.

Chief Financial Officer's Review *(continued)*

Expenses

The year ended 31 December 2021 saw administrative expenses increase by 16% to £52.2m from £44.9m, impacted from the full year cost from Dunstan Thomas and Talbot and Muir.

Staff costs for the year increased by 17% to £30.5m (2020: £26.1m) and were influenced by salary inflation, referenced to average weekly earnings, and the full year impact from the acquisitions of Dunstan Thomas of £7.1m (2020: £1.9m) and Talbot and Muir of £2.7m (2020: £0.4m).

Staff costs continue to reflect the cost of share based payment awards under the Group's Long Term Incentive Plans and Save As You Earn ("SAYE") schemes, as well as the commitment to the auto enrolment of staff pension contributions. These measures continue to reflect the importance of staff satisfaction to the Group and contribute not only to improved levels of key staff engagement and retention but also drive the provision of desired service levels to customers which are demanded by our introducers of business. We continue to review the manner in which we reward staff performance and we are delighted that since the appointment of Jaynie Vincent, as Group People Officer, the Group has received accreditation as a Living Wage Employer.

Average staff numbers increased to 828 (2020: 698), primarily as a result of the Group's acquisition of Talbot and Muir and Dunstan Thomas in 2020.

The other material cash outflow that the Group incurs is in respect of IT and in 2021 this amounted to £4.7m (2020: £3.5m). This reflects not only the cost of supporting the core IT infrastructure across the Group's multiple office locations but also the amount of investment in technological improvements to the SIPP administration platform and the programme of these improvements is expected to continue into 2024. As previously announced, the Group is implementing a strategic system change which will see the upgrade of the existing Navision platform used by the majority of the Group and the subsequent migration of SIPPs administered on other platforms used within the Group onto this upgraded Navision administration platform. By 2024, this is anticipated to yield annual cost savings of £1.2m.

The cost of undertaking regulated activities continues to increase and for the year ended 31 December 2021 the Group's cost increased to £2.1m (2020: £1.7m) from the combination of regulatory fees, levies and insurance. The Group considers this cost to be largely uncontrollable in nature.

Finance costs relating to interest payable on banking facilities increased by £0.2m year on year following the re-negotiated credit facilities with Santander to finance the acquisition of Dunstan Thomas. Borrowings continue to be repaid in line with the scheduled terms and the covenants required by the bank are well covered. Interest on the debt during the year accrued at a rate of 2.25% over the London Interbank Offered Rate ("LIBOR"). LIBOR was replaced by the Sterling Overnight Indexed Average ("SONIA") on 1 January 2022 and our credit facilities are now benchmarked against this rate.

The Group continues to take steps to improve its adjusted operating margin through a combination of revenue enhancements and operational efficiencies, balanced with continued investment back into the business and the provision of a high quality service to our customers. The adjusted operating margin has decreased during the year, impacted by the increase in non-controllable regulatory costs and more materially by the pressure that the low interest environment has had on interest income. The Group has sought to mitigate its sensitivity to interest income through an increase in annual fees on Full and Mid SIPPs which were effective 1 February 2021 and a full year's benefit of these increases will be enjoyed in 2022.

Chief Financial Officer's Review (continued)

Adjusting Items

As outlined above, 'Adjusting Items' are classified as such when the nature and quantum of the income or expense is significant and arises from a business event or activity that does not form part of usual day to day operations. Examples of such items include acquisitions, office relocations and restructuring activities. Adjusting items for the year can be broadly categorised into several core elements.

Acquisition related items

Costs of £133,000 (2020: £1,330,000) associated with the acquisitions of Dunstan Thomas and Talbot and Muir, were recognised during the financial year as outside of the operating cost base of the Group. In addition to these costs, a net credit of £991,000 (2020: debit of £357,000) was recognised in respect of movements in the deferred consideration payable (£1.9m reduction) and the discount unwind (£0.9m expense) associated with the acquisitions of Dunstan Thomas and Talbot and Muir. The considerations are contingent of the business performance post acquisition and the underperformances in Dunstan Thomas in the year led to the reduction of the liability. Further movements in both the aggregate amount of deferred consideration payable and the unwind of discount associated with each acquisition are expected to recognised in the current financial year ahead of the conclusion of earn out period provisions.

Other M&A related costs of £1,401,000 (2020: £136,000) relate primarily to costs associated with a corporate transaction which did not subsequently proceed during the period. The transaction was potentially transformational for both parties, the partner operating in a similar market to Group, and demonstrates the Board's ambition for growth. The costs incurred reflect the external advice received on the proposed transaction and no further costs are expected to be incurred in relation to this in the financial year ending 31 December 2022.

Redundancy and restructuring costs

During the year ended 31 December 2021, the Group progressed its strategy to deliver its Target Operating Model through the centralisation of its commercial property administration within one office location. Redundancy costs associated with this centralisation process, as well as costs associated with duplicated staff efforts while work was transferred between offices, totalled £626,000 in the year ended 31 December 2021 (2020: £1,091,000). No further costs are expected to be incurred in relation to the centralisation of commercial property administration in the current financial year.

In-specie contributions

As has been widely reported in the wider industry press, HMRC has challenged all SIPP providers on whether pension contributions could be made in-specie. The Group has been in correspondence with HMRC regarding processes and documentation in respect of in-specie contributions for some time. In the year ended 31 December 2020, following a favourable outcome for HMRC in an appeal against the First-Tier Tribunal's ruling in favour of another SIPP operator in a similar case, and with further legal advice, the Group considered it more likely than not that some cost associated with this liability would be borne by the Group and had recognised a provision of £402,000 to reflect this. In the year ended 31 December 2021, the Group continued to assess the liability and has revised the provision to £320,000.

Chief Financial Officer's Review (continued)

As referenced earlier in my report, the Group is implementing its articulated strategy to transition its entire SIPP administration onto a single administration platform, paving the way to deliver our Target Operating Model and the accompanying efficiencies. The first phase of the strategy, being the development and construction of a new digital portal, has already been delivered in partnership with Dunstan Thomas. The next phase, which is currently underway, will see the current Navision platform which supports the majority of the Group's SIPPs upgraded to the Navision Business Central platform. Once this upgrade has been completed, the Group will be in a position for all of the SIPPs held on other administration platforms to be migrated onto the upgraded Navision Business Central platform. Once this has been completed the Group anticipates annual cost savings of at least £1.2m and, as importantly, will provide the Group with the opportunity to implement its Target Operating Model based on this common technology.

Treasury solution implementation

During 2020, the Group invested in a new strategic treasury solution with a global provider of back office operational cash management software. The investment was designed to innovate and improve the Group's treasury management function through the provision of a system that provides a multibank facility and further enhancements to this system which supports the virtual pooling of customer cash has resulted in a further charge of £45,000 in the year ended 31 December 2021 (2020: £286,000). No further costs are currently anticipated in relation to the system during the current financial year.

Data cleansing provision

Up until the current year ended 31 December 2021, a contingent liability was held in relation to the data cleansing exercise with an estimated value of £1,400,000. Management now consider that the contingent liability is no longer applicable but that a probable provision of £211,000 is required to settle remaining costs as at 31 December 2021.

Amortisation and impairment of intangible assets

Amortisation of the Group's intangible assets represented a charge of £2,933,000 for the period. We had not taken any impairment charges against the value of any SIPP portfolios recognised within intangible assets (2020: £344,000).

Cash flows

Shareholder cash balances at year end were £31.9m compared to £32.5m at the end of the previous financial year.

Net cash inflows from shareholder operating activities for the period were £14.3m (2020: £7.7m net cash inflow), with the increase in cash generation primarily attributable to improvements in working capital management.

A combination of the investment in intangible assets, equity dividends paid and repayment of borrowings during the year saw significant net cash outflows from investing and financing activities.

Chief Financial Officer's Review *(continued)*

Suffolk Life Annuities

Part of the Suffolk Life Group of Companies, Suffolk Life Annuities Limited, is an insurance company that writes SIPP Products as insurance contracts. These are all non-participating investment contracts and so the Group does not bear any insurance risk. As the policyholder assets and liabilities are shown on the balance sheet of Suffolk Life Annuities Limited, these also show on the Group balance sheet on consolidation. Assets in the SIPPs administered by the rest of the Group are held in trust and not under insurance contracts and therefore do not need to be included on the balance sheet. As the policies are non-participating contracts, the customer related assets and liabilities in Suffolk Life Annuities Limited match. In addition the revenues, expenses and investment returns of the non-participating investment contracts are shown in the consolidated statement of comprehensive income. Again, these income, expense items and investment returns due to the policyholders are completely matched. An illustrative balance sheet as at 31 December 2021 showing the financial position of the Group excluding the policyholder assets and liabilities is included as supplementary unaudited information after the notes to the financial statements. An illustrative cash flow on the same basis has also been provided.

Employee Benefit Trust ("EBT")

The EBT continues to be used to acquire shares in the Group in the open market to satisfy future vesting of options and long term incentive awards. The EBT is funded by loans from the Group. As at 31 December 2021, the EBT held 488,296 shares in Curtis Banks Group PLC (2020: 261,276). A number of options awarded under the Company's SAYE schemes vested during the year and awards were made from the shares held by the EBT.

The financial statements of the EBT are consolidated within the overall Group financial statements and these shares are shown on the balance sheet of the Group as Treasury Shares and are included within total equity.

Capital requirements

The Group's four (2020: four) regulated subsidiary companies submit regular returns to the FCA and the PRA relating to their capital resources. At 31 December 2021 the total regulatory capital requirement across the Group was £15.1m (2020: £15.2m) and the Group had an aggregate surplus of £17.0m (2020: £17.2m) across all regulated entities. In addition to this, it is Group internal policy for regulated companies within the Group to hold at least 130% of their required regulatory capital and this has been maintained throughout the year.

Three (2020: three) of the principal trading subsidiaries of the Group are regulated by the FCA and are subject to the relevant capital adequacy rules. The fourth (2020: fourth) regulated entity Suffolk Life Annuities Limited ("SLA"), being an insurance company, is subject to Solvency II rules and it's capital requirement is determined by the Standard Formula as set out in the Solvency II directives. Full details of SLA's capital position are set out in the Solvency and Financial Condition Report published annually on the Group's website.

Chief Financial Officer's Review *(continued)*

Financial Position

The Group increased net assets by 1.7% to £81.6m as at 31 December 2021 (2020: £80.2m), and reduced shareholder cash reserves slightly from £32.5m to £31.9m over the same period.

As at 31 December 2021, the Group had net shareholder cash (after debt) of £12.0m (2020: £8.8m).

The Group adopted the provisions of IFRS 16, accounting for leases, for the accounting period commencing 1 January 2019. The effect of this on our financial performance is not material although the impact on the Group's balance sheet has been to increase Non-current assets and Current/Non-current liabilities. It should be noted that our principal lenders exclude the impact of IFRS 16 when calculating our banking covenants. We have also received confirmation previously from the FCA that the provisions of IFRS 16 do not need to be taken into account in our regulatory capital calculations.

Outlook

The Group's profitability is not directly linked to market performance and therefore the growth in our SIPP numbers provides more visibility and less volatility of earnings, combined with discipline over our controllable cost base. In 2022, we expect the combination of SIPP revenue growth, improved performance by Dunstan Thomas and a positive impact on the Group's interest revenue following recent changes, to materially improve top line growth, and we will maintain careful cost discipline whilst supporting investment in our stated growth strategies.

Dan Cowland

Dan Cowland
Chief Financial Officer
31 March 2022

Principal Risks and Uncertainties

The risks faced by the Group have been fully assessed and a robust governance and risk management structure is in place. A number of Governance Committees are in place in the Group, which provide dedicated focus and attention on the key risks relevant to each committee. Each Governance Committee has responsibility to feed into the comprehensive group risk register, which is regularly reviewed and updated. The risk register sits alongside the dedicated risk monitoring and management system, where appropriate controls and mitigating actions have been agreed and are regularly monitored for the risks identified. Further actions are identified and tracked through to completion where the level of residual risk remains above the target threshold set.

The principal risk categories that would adversely affect the activities of the Group are set out below:

1. Strategic risks

Strategic risks are those that are affected or created by the Group's business strategy and strategic objectives, including risks in relation to acquisitions.

The material risks in relation to completed and potential future acquisitions include:

- Unanticipated litigation or claims against the Group, leading to increased costs to deal with and defend the claims along with the impact upon management time and focus.
- Unexpected integration costs and unanticipated diversion of management time and focus and other resources leading to an inability to integrate businesses in a cost-effective and timely manner.
- The acquired businesses do not achieve the levels of profitability or earnings required to justify the investment made by the Group.
- Levels of new business, transactional fees or other income sources do not achieve the expected levels to meet the level of revenue expected by the Group.

Mitigation
The Group Risk, Audit & Compliance Committee acts under a delegated authority from the Group Board to manage the Group's risks and ensure an appropriate framework is in place for the identification, assessment and management of material risks. Relevant Group Governance Committees monitor and track progress made and potential impacts in relation to strategic objectives. The Group carries out thorough due diligence on all potential acquisitions using internal expertise and external resources where considered necessary. Appropriate warranties and indemnities are obtained from the vendors and where it is deemed commercially appropriate consideration is partly deferred to cover any potential issues arising from the acquisition. Appropriate insurance cover is arranged to cover past events in businesses being acquired.

2. Regulatory risks

The Group operates in a highly regulated and specialist industry and therefore is susceptible to any significant regulatory or legislative policy changes from a variety of regulatory bodies, or from a change in the way existing legislation or regulation is interpreted by a regulatory body. Any changes will influence the overall framework for the design, marketing and distribution of products, the acceptance and administration of business, and the regulatory capital that is required to be held.

Principal Risks and Uncertainties *(continued)*

2. Regulatory risks *(continued)*

The key risk here is interpretation and implementation by the Group of regulatory change and what the new rules entail. Judgements and decisions must be made to ensure change is implemented and while detailed internal assessment and analysis will be undertaken and further external support obtained as required from legal professionals, trade bodies and others in the market, there will always be a small residual risk of misinterpretation of the intended or existing rules. There is a risk that a significant regulatory change may be introduced that would have a detrimental impact upon the business model of the Group. In addition, if unexpected regulatory changes are introduced at short notice, or if the implementation of regulatory change is not managed in an effective manner, this could impact the capital and regulatory position of the Group in the short term.

Mitigation
An internal buffer of at least 30% over the required capital is maintained to ensure regulatory capital requirements can be maintained in the event of unexpected regulatory changes. A Group Regulatory Change Committee is in place, which is responsible for the initial identification and review of new regulatory publications applicable to the Group and for undertaking horizon scanning for potential future regulatory developments. The Group is also able to seek external advice as required to support the analysis and interpretation of regulatory change. This includes external accountancy and legal firms and the wider financial community via membership of trade bodies. Ongoing compliance monitoring and internal audit activity is undertaken to review processes, procedures and documentation to ensure this is in line with regulatory and legislative requirements and expectations. Significant regulatory changes are implemented through a formal change project management structure to provide assurance that the requirements are implemented correctly and within the required timescales.

3. Interest on customer funds

Interest received on cash balances is used to help meet the annual running costs of SIPP plans and, whilst previously this has been shared with customers on a discretionary basis in line with common industry practice, we are now committed to how we share the interest on SIPP bank account balances by reference to the Bank of England bank rate. There is a risk that a change in prevailing interest rates or rates paid to customers may materially reduce the margins earned by the group in respect of customer balances administered.

From time to time, the Group may lock into fixed term rates of interest on customer balances that offer a higher return. To the extent that the Bank of England bank rate decreases following the commitment to such fixed terms, the amount of interest shared by Curtis Banks to its customers may reduce.

Mitigation
To minimise this risk, the Group Asset and Liability Committee continually monitors all customer deposits and the terms of those deposits to ensure any risks from changing interest rates are minimised. This is partly achieved by varying the maturity dates of term deposits. There will always be a residual risk where the Group commits to a quarterly interest rate to its customers and there is a subsequent change in either the Bank of England bank rate or the annualised rate of interest return achieved by the Group although this is not considered to be material, especially given the anticipation of further Bank of England interest rate rises following three recent increases in December 2021, February 2022 and March 2022.

Principal Risks and Uncertainties *(continued)*

4. COVID-19

As at the date of approval of these financial statements there remains uncertainties over how the COVID-19 outbreak will continue to impact the industry, recognising they have begun to reduce. The main risks to the Group are considered to be staff welfare and maintaining continuity of service for our customers. All SIPP fees levied are fixed sterling charges and are not a percentage based charge on the value of the underlying assets held within the SIPP, so the Group is not directly affected by any volatility in the financial markets arising from COVID-19.

Mitigation
The Group continually reviews guidance from the UK government and the NHS and ensures that all staff are kept regularly updated and fully informed in order to reduce the risk of spreading the virus. While the Covid-19 restrictions have been lifted in England by the government, the group has decided to continue being cautious and be mindful of our colleagues. Self-isolation for colleagues with symptoms or who have tested positive remains the Group policy. The Group has always maintained a comprehensive Business Continuity Plan ("BCP"), and this was successfully utilised during 2020 and 2021. The BCP caters for a number of scenarios, including those where high numbers of staff or all staff are unable to access individual or multiple offices. Current measures to protect staff attending office locations include:

- Clear, regular guidance to staff in respect of their responsibilities and roles
- Additional hygiene and sanitiser stations installed in all office locations
- Identifying and validating key process owners
- Widening remote access from core to all staff
- Implementation of a Group 'Agile Working Policy' to support a mixture of office based and home based working

The Group is a financially sound business with capital and liquidity well in excess of the minimum regulatory requirements, which has helped to support the development of the above measures.

5. Dependence on key executives and personnel

The Group's future success may be substantially dependent on the continued services and performance of its Executive Directors and the Senior Management team and the Group's ability to continue to attract and retain highly skilled and qualified individuals.

Mitigation
To minimise this risk the Group seeks to recruit and maintain high quality experienced staff by offering market competitive packages. These packages are enhanced by the addition of share based incentive and reward schemes for all key staff. In addition, the Group offers structured training for staff and works with staff to ensure that there is a favourable work environment that attracts and retains staff. The Group has also been officially recognised as an accredited Living Wage Employer in February 2022.

6. Reliance on Information Technology systems

The Group requires complex and extensive IT systems to run its business. Delays in any modifications to its systems or a failure of existing systems could lead to business disruption with a resultant material adverse impact on the Group. System enhancements are continually being assessed and taking place.

Principal Risks and Uncertainties *(continued)*

Mitigation
To minimise this risk the Group has project teams that continually evaluate and update current systems, and implement new or enhanced systems where considered necessary. A full risk assessment is carried out before significant changes to systems and the acquisition of our key technology partner, Dunstan Thomas, will strengthen this process. Business continuity is assured by thorough full back up of data and comprehensive data recovery procedures being in place.

7. Operational Risk and Internal control systems

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Board believe that the Group has in place appropriate regulatory, financial, management and internal controls which are adequate to ensure that the Group meets its regulatory obligations and its contractual commitments to customers and other third parties, as well as appropriate protections against detrimental activities such as fraud, theft, misuse of funds, money laundering or other unauthorised or criminal activities. In the event that any such controls fail this may lead to a material adverse effect and lead to claims against the Group.

Mitigation
The Group has a clear and robust governance framework in place to manage and mitigate the risk faced by the business. Within this structure, the Group Operational Risk & Compliance Committee has responsibility for managing the operational risks faced by the business. This delegation of authority, along with escalation of key risks, provides clear oversight to the Group Risk, Audit & Compliance Committee and Senior Management of the key risks across the business. The low tolerance towards operational risk is embedded in the culture of the group, alongside the desire to ensure fair customer outcomes are achieved.

The Group operates a three lines of defence model within this framework, with responsibility and accountability for risk management assumed by the following:

- First line: Senior management and those individuals in sales and operational roles are responsible for managing risks, by developing and maintaining effective internal controls to mitigate risk. First line systems and controls are in place to ensure business operations are carried out in compliance with internal policies and procedures.
- Second line: The risk, compliance and anti-money laundering functions overseen by the Group Operational Risk & Compliance Committee maintain a level of independence from the first line. They are responsible for providing oversight and challenge of the first line's day-to-day management, through compliance monitoring and reporting of risks to both Senior Management and the Group Risk, Audit & Compliance Committee.
- Third line: Internal Audit are responsible for providing independent assurance to both Senior Management and the Group Risk, Audit & Compliance Committee as to the effectiveness of the Group's governance, risk management and internal controls.

A comprehensive risk register is maintained by the Group, which identifies a number of operational risks faced by the business and identifies the controls currently in place to mitigate these risks, along with any further actions required to reduce the level of risk to the agreed target level. Risk events are recorded and appropriate root cause analysis undertaken to identify and address potential systemic issues and a range of relevant management information is produced and regularly analysed to support the measurement and tracking of operational risk.

Principal Risks and Uncertainties *(continued)*

8. Infrastructure security

Infrastructure is considered in relation to both the environment for staff and the assets that store data. The business model is heavily reliant on the security and physical robustness of IT systems and the reliability of the chosen software providers. The Group's software and systems are at risk from computer viruses, and other breaches of cyber security. While the Group takes the security of its computer systems very seriously, computer viruses or breaches of cyber security may cause the Group's systems to suffer delays or other service interruptions and result in claims against the Group.

Mitigation
The Group has an extremely low appetite toward any compromise to either the staff that utilise the infrastructure of the Group and the actual infrastructure itself, and as such these risks are closely monitored. The Group carries out extensive testing of all computer systems on a regular basis to ensure security is maintained and it also makes use of the latest technology and software to ensure there is appropriate cyber security in place. This includes the interception and rejection of a high volume of incoming emails, monitoring and staff training. Cyber insurance is also in place and includes provision to support the Group in the timely recovery of impacted systems in the event of a cyber incident occurring. Key dependencies are regularly monitored and assessed to ensure mitigation procedures are in place should a major risk crystallise. There are also controls in place to mitigate the people risk to Group infrastructure, including measures such as defining clear roles and responsibilities, succession planning for middle-level staff and ensuring competency for roles through relevant training.

9. Non Standard Investments ("NSIs")

Pension Schemes administered by the Group are permitted under HMRC rules to hold certain NSIs within them. Such investments are considered to represent a higher level of risk than standard investments, such as quoted equities. As high risk investments, NSIs are potentially far more volatile than standard investments and customers may look to the Group, as their pension provider, for compensation in the event that a NSIs fails or suffers a significant decrease in value.

Mitigation
The proportion of the plans under administration of the Group that hold NSIs is small and full due diligence procedures are carried out on all NSI's before they are accepted into a pension scheme. This will also incorporate consideration of the circumstances of the individual looking to hold the NSI within their pension scheme. The Group has a clearly defined statement of allowable assets, setting out the categories of NSIs which may be accepted, subject to the completion of robust due diligence, and those that will not be considered at all. New business is primarily only accepted from regulated financial advisers, who have a duty to ensure that any NSIs that are recommended are suitable for the relevant pension scheme. Once held, NSIs are monitored annually by the Group's technical investments team to consider whether the NSI remains acceptable. In addition, the Group carries high levels of professional indemnity insurance to protect against any claims.

10. Commercial Property

The Group acts as landlord for a large volume of commercial properties held within Group pension schemes. As the size of the commercial property portfolio has increased over time, the Group has been required to develop its systems and controls to meet the needs of the portfolio as they arise, including understanding the key risks posed by becoming legal owner of the commercial property assets on behalf of its customers.

Principal Risks and Uncertainties *(continued)*

We understand the primary risks to be the management of common areas and residual/vacant parts of properties, and the incoming regulatory changes regarding Minimum Energy Efficiency Standard (MEES), due to come into force in April 2023. Both of these risks have robust action plans in place to track, report and bring to resolution, as described in further detail below.

Mitigation

The Group regularly considers and assesses the key risks posed by the commercial property portfolio, and these are monitored as part of Group Property Oversight Committee, acting under delegated authority. This, along with escalation of key risks, provides clear oversight to Senior Management of the key risks across the commercial property portfolio. The Group has also sought external legal expertise to ensure the documentation, and underlying responsibilities in relation to a commercial property, are set out and are clearly defined between the Group and other involved parties (tenant, customer, property manager, etc.) to prevent future legal dispute. The nature of physical commercial property is that all risks that are known are considered, but the Group are aware that each commercial property is unique and there will exist some residual risks (such as legal, unexpected cost or market risk) that cannot be fully mitigated, and some will sit outside of the control or remit of the Group responsibilities. These have been accepted as an inherent risk to continuing to offer commercial property investment to customers, and are mitigated as far as possible through a robust due diligence process prior to accepting any property investment. Monitoring of the commercial property portfolio is conducted on an ongoing basis to ensure there is minimal deterioration in the quality of the portfolio, and to safeguard the interests of customer's investments.

Environment, Social and Governance (ESG)

Our people and our communities

At Curtis Banks we are committed to investing in all our 800+ employees, making their lives fairer, encouraging their diversity and providing them with equal opportunities. It's important that our employees who provide our customers with their pensions are motivated and supported at work and in their communities.

In 2021 we are pleased to highlight a number of achievements

- We published our Gender Pay gap report. We are transparent in our reporting and we work hard to address any gender gaps we find.
- We introduced the UK Living Wage for all our employees and on site contractors in recognition that a hard day's work deserves a fair day's pay.
- We invested £80,000 in Learning & Development of our employees.
- Our employees continued to support their communities through volunteering and charitable donations. In total, we volunteered 280 hours, raised £3,764.79 in 2021 for three mental health and wellbeing charities and supported employees with £6,378.11 of matched fundraising.
- The Group actively monitors recruitment, development and promotion to ensure that we provide a fully inclusive culture with policies and practices that exceed statutory requirements wherever possible. Please see page 25 for further details on this policy.

Environment, Social and Governance (ESG) (Continued)

Staff initiatives and interaction

Management engage closely with staff to determine their needs and initiatives are implemented where these benefit the majority of employees. The Group Leadership Team, which supports the Executive Committee and Group Board, have implemented a number of initiatives for staff of all levels and continue to interact with, and listen to, feedback from staff to ensure Curtis Banks is seen as a forward-thinking and flexible employer. Newsletters containing information about both Group developments and social events are provided to employees on a regular basis and personal achievements from staff are actively shared, such as exam successes, promotions or completion of personal challenges such as marathons or other competitive events. The Group has an established Employee Forum which supports staff in matters of concern and can assist in communications and matters with senior management. The business provides a Save As You Earn ("SAYE") share option scheme for the benefit of all eligible employees to encourage active participation and vested interest in the continued success of the Group.

Staff Training

Staff are actively encouraged to train and develop through both structured and 'on the job' training. Staff are supported in these, both financially and through a dedicated Learning and Development department. The Group has an approved list of professional qualifications that staff are sponsored to study towards and are given study leave to help and motivate them to progress their career within the organisation.

Employment of staff with protected characteristics

The Group's approach to recruitment, promotion, training or any other benefit will be on the basis of aptitude and ability, with all employees helped and encouraged to develop their full potential in order to maximise their contribution to the business.

The development of all our employees is integral to our corporate goals and we look to maximise individual contribution at all levels within the organisation by providing appropriate opportunities for personal and professional development. Curtis Banks aims to establish and maintain a culture that values lifelong learning and development amongst our employees. Training functions are equipped to meet any special needs of individuals with disabilities and consideration is given to the modification and adaptation of facilities and the provision of special aids or equipment.

The Group actively monitors recruitment, development and promotion to ensure that we provide a fully inclusive culture with policies and practices that exceed statutory requirements wherever possible.

Sponsorships and partnerships with charities and community organisations

Working with our employees we support a number of initiatives in communities important to our business. In 2021 we were pleased to support the following:

- Sea Change Sport - Through our corporate sponsorship we are proud to have partnered with Victoria Evans and her Sea Change Sport campaign in her world record attempt to be the fastest female to solo row across the Atlantic to raise funds for Women in Sport providing equal opportunities for women and girls in sport in the UK. We are delighted to confirm that on 24 March 2022 Victoria successfully completed her challenge and broke the world record by over a week arriving at her destination Port St Charles, Barbados in 40 days and 19 hours. An incredible achievement, making a real difference for women and girls in sport in the UK.

Environment, Social and Governance (ESG) (Continued)

- We continued to support three designated charities from the Mental Health & Wellbeing sector in 2021 being Lighthouse in Ipswich, the Teenage Cancer Trust in Bristol and the Dundee Wellbeing Works charity, and we will continue this support until December 2022.
- Along with raffles and other fundraising events, we held a Mental Health & Awareness week and the Group-wide Olympic Challenge which was a great success. We encouraged staff to get out, to get active and to record the miles they walked, ran, swam or cycled each week and all staff that participated received a Curtis Banks Olympic Challenge Gold medal.
- All offices regularly hold events for their chosen local charities and staff are encouraged to fundraise for other charities that may have provided them, their friends or family with support. As well as organising and funding the events, Curtis Banks also provides further support through an annual matching contribution to the relevant charity by matching employee fundraising by up to £250 per person.
- Chris Read, Chief Executive Officer of Dunstan Thomas, spearheads the charity Singing Gorilla Projects ("SGP"). SGP funds and manages community-based projects in remote parts of Uganda that improve the welfare of communities and enriches the lives of individuals. SGP builds and manages health facilities, builds schools and sponsors children to continue their education, install solar energy systems and funds water delivery programmes with water tanks and clean water filtration systems. In 2021, Chris was commissioned by Retirement Planner to write a weekly opinion piece on the thoughts of a business leader during this time. These 42 pieces have been authored as short essays into a book called '42'. Dunstan Thomas supported the publication of this book, and the sales proceeds and donations will go to SGP. We look forward to supporting SGP further in 2022 and beyond.

Curtis Banks and addressing the challenge of Climate Change

As a SIPP Provider, we take instructions from customers and financial advisers to hold assets in their pension funds. We recognise that as a financial services provider we must directly and indirectly reduce global warming and temperature rise driven by CO2 emissions.

We are doing this in three ways:

- Through managing down our own emissions as a business, using renewable energy sources to run our own business and what we can't reduce we will offset. Details of which are in the SECR report below.
- We are starting to understand how cash assets placed with deposit takers can have a more positive impact on society and the climate.
- Many of our customers hold commercial properties in their SIPPS. We are seeing strong evidence that buildings with better environmental performance demand higher rental yields, lower energy costs for the occupier and will mitigate ever tightening environmental regulations in the UK. We are currently considering how we can encourage more of this from our customers.

Environment, Social and Governance (ESG) (Continued)

Climate-related Disclosures

We recognise that our administration operations result in emissions to air and water, and the generation of waste. It is our aim and policy to do more than just comply with legislation, and we continue to reduce the environmental impacts of our business and operate in an environmentally responsible manner.

This aim applies to all of the Group's office locations, including operational management, location management and procurement. Will Self, our CEO, manages the Board's responsibility for ensuring that sufficient resources are made available to enable the business to achieve our Environmental & Sustainability objectives, targets and policy implementation. This is supported by the Chief Information Officer, who assumes the regulatory responsibility for monitoring Climate Risk exposure for Suffolk Life Annuities Limited. The Group Management Team and location site Office Management have the day to day responsibility for ensuring that the requirements of this policy are followed and that monitoring is carried out to ensure effectiveness of the objectives. All Curtis Banks employees are expected to support the aims and objectives of the Curtis Banks Environmental & Sustainability Policy.

Objectives:
The overall objectives of the policy are as follows:

- Make efficient use of natural resources by conserving energy and water, minimising waste and implementing recycling initiatives wherever possible
- Meet our duty of care requirements in relation to waste by ensuring the safe keeping, transportation and disposal of waste
- Use recycled products constructed of recycled materials whenever commercially justifiable
- Keep work transport use to a minimum and to encourage car sharing where appropriate
- Wherever possible, work with suppliers that recognise and reduce the environmental impact of their products and transportation
- Include environmental considerations during the procurement process for new services and equipment
- Ensure staff are engaged and aware of the Curtis Banks Group Environmental & Sustainability objectives and how they can support and assist in meeting these targets
- Ensure that staff are updated with Environmental information, such as Recycling initiatives and Recycling incentive
- Where possible adhere to the "waste hierarchy" through prevention, reduction, re-use and recycling
- Use the most environmentally friendly cleaning products whenever possible
- Curtis Banks Group will meet any legal energy management legislation requirements and endeavour to meet best practice guidance

Environment, Social and Governance (ESG) (Continued)

Climate-related Disclosures (continued)

Targets:
To achieve our aims, we have set ourselves the following targets:

- To weigh, monitor and record all waste that leaves our office locations. This is to include all landfill, recycled and confidential waste, batteries, fluorescent tubes, light bulbs, ink cartridges and toner, corporate clothing and IT equipment;
- To ensure air conditioning engineers complete the FGAS register and that we have access to this information, including the record of any lost fugitive gases;
- Monitor Curtis Banks' electricity and water consumption in our offices on a monthly basis; look to introduce energy efficient systems and plant and equipment such as smart sensors where practical to further reduce on-site electricity and water usage;
- Ensure that where appropriate all contractors taking waste from the site have the correct waste transfer notes/waste carrier licenses and that certification of safe destruction is issued;
- Actively promote and encourage a positive recycling ethos across the Curtis Banks Group and aim to recycle over 55% of all location waste each year;
- All plant and equipment must be inspected and fully serviced regularly in line with recommendations to ensure that it is safe and working efficiently and correctly;
- Ensure that our staff are engaged and given regular Environmental initiative updates on a quarterly basis and more frequent location specific initiatives;
- Implement carbon capture scheme to record our paper usage and offsetting with planting of trees;
- Continually review environmental innovations and where possible introduce these to further improve environmental management.

Monitoring & Reviewing:
Progress against these objectives will be monitored through:

- Annual management review of this Environmental & Sustainability policy and any associated environmental procedures and processes carried out by the location Office Management;
- Continual review of the procedures and processes carried out across the entire Curtis Banks Group, achieving a consistent approach across all business areas;
- Staff encouraged to take an active responsibility, to put forward ideas and to encourage colleagues to recycle and to report any facility faults immediately;
- Staff will be given regular Environmental updates and always have the opportunity to put forward new ideas and innovations;
- Reviewing all new legislation and best practice guidance.

Streamlined Energy and Carbon Reporting ("SECR")

Curtis Banks Group has adopted SECR for the second year in the year ended 31 December 2021. The Group has elected 2020 as its reference year and comparative data from 2020 is set against the current financial year.

Environment, Social and Governance (ESG) (Continued)

Climate-related Disclosures (continued)

Streamlined Energy and Carbon Reporting ("SECR") (continued)

Methodology

The Group has identified the areas relevant to its contribution to greenhouse gases (GHGs) as being the areas of business travel and electricity usage in office premises. On this basis, the Group has collated data relating to these areas for the full year ended 31 December 2021. The Group has used average engine size and fuel consumption in order to arrive at an imputed annual contribution to GHGs through car mileage related to business travel. Data on average GHGs per kWh has been sourced from monthly invoice records, which has then been applied against the Group's actual kWh usage in order to arrive at GHGs generated through office based operations. The imputed GHGs have then been divided by annual gross revenue in order to arrive at an intensity ratio for the Group. The data and calculations are presented in the table below:

Global greenhouse gas emissions and energy use data for the period 1 January to 31 December	**Year ended 31 December 2021**	**Year ended 31 December 2020 Restated**
Energy consumption used to calculate emissions (kWh):		
Energy consumption related to business travel		
Business travel in private vehicle (miles travelled)	46,504	13,089
Calculated total CO2 emissions related to business travel - metric tonnes	14.9	4.2
Energy consumption related to office activities		
Energy consumption used to calculate emissions (kWh)	2,216,256	906,768
Average CO2 per kwh - tonnes	0.00021233	0.000203
Calculated total CO2 emissions related to office electricity usage -	470.6	184.1
Total GHGs generated through all activities – tonnes CO2	458.5	184.3
Percentage of CO2 from office activities vs total	96.9%	97.8%
Percentage of CO2 from business travel vs total	3.1%	2.2%
Intensity ratio: Tonnes CO2e/Annual gross revenue	0.0000077	0.0000034
Intensity ratio: Tonnes CO2e/Average FTE	0.5864	0.2640
Intensity ratio: Tonnes CO2e/Customer policy	0.0061	0.0022

The relatively low GHGs generated in the year ended 31 December 2020 was due to the significant reduction in business travel and lower office usage as staff work from home for extended period of time. The significant increase of total GHGs generated in the year ended 2021 compared to the prior year is primarily driven by business activities gradually resuming to normality from the easing of COVID-19 pandemic restrictions, as well as a full year inclusion of Dunstan Thomas and Talbot and Muir figures.

Environment, Social and Governance (ESG) (Continued)

Climate-related Disclosures (continued)

Streamlined Energy and Carbon Reporting ("SECR") (continued)

Actions taken by the Group in 2021

Due to the nature of the Group's business operations, there is not a great burden of business travel in terms of carbon footprint. Per the table above, the greatest source of CO2 generation in the business relates to office based activities, primarily electricity usage in office premises. Travel related emissions as a percentage of the total equate to only 3.1% whereas CO2 generated from office based activities equates to 96.9% of the total. As referred to in the CFD section on pages 27 to 30, the Group has taken considerable and ongoing measures in order to reduce CO2 outputs relating to office activities. Further information around this is detailed on page 28. Additional specific energy efficiency actions taken across the Group are detailed below:

- Across all office locations, the Group is actively pursuing a strategy to reduce power usage of our technology equipment. We have already made a step change in our approach to reducing power consumption for our desktop computers and this remains a key part of our strategy moving forward. This not only include the switch from conventional desktop computers to more energy efficient ones, but also implementing smart processes and controls which for example turn off idle machines overnight. These changes form part of an on-going strategy to ensure that environmental impacts are considered in our technology refresh programme through consolidation, reducing packaging waste and moving to devices with a lower power consumption wherever practical;
- A working group was established in 2020 and remains active in 2021 to ensure compliance with the ESOS regulations. An external third party was appointed to help undertake the required tracking and reporting of energy usage. Display Energy Certificates for the Ipswich and Bristol office a full report for Dundee (as Display Energy Certificates do not apply in Scotland) are included in the submission to the Environment Agency and to those within the business responsible for the energy used by our buildings for consideration. Further work is planned and remains agile on ESOS in future as our understanding evolves;
- Maintenance and monitoring of a new cooling & heating system installed in 2020 which is 30% more energy efficient at our Ipswich office;
- Encouraging employees to adapt cycling to work scheme by making it available to all colleagues as well as providing secure bicycle storage at office locations.

On behalf of the board

Dan Cowland

Dan Cowland
Chief Financial Officer
31 March 2022

Board of Directors

Will Self, Chief Executive Officer

Will joined Suffolk Life in 2003 having completed his first degree in Oceanography at Southampton University. He completed his MBA from Cranfield University in 2010 and was made a director of Suffolk Life in the same year initially as Operations Director and subsequently as Product and Operations in 2012. Will became Managing Director in 2013 and during 2015 was also CCO of Cofunds, a sister company within L&G. He led the strategic review during 2015 which lead to the sale to Curtis Banks in January 2016. Will joined the group board in 2016 as Deputy CEO before becoming Group CEO in January 2019. Will was appointed to the FCA Smaller Business Practitioner Panel in October 2020 and represents the life and Pensions sector within the FCA. Will is also Vice Chair and a Trustee of East Anglia's Children's Hospice (EACH) and lives in Suffolk with his wife and two young daughters.

Dan Cowland, Chief Financial Officer

Dan is a Fellow of the ICAEW, having qualified as a Chartered Accountant with Ernst & Young in 1997. Having worked in EY's Banking and Capital Markets group, Dan moved to the WestLB owned Panmure Gordon business where he spent seven years in various finance roles, latterly as the Head of Finance. Dan performed senior finance roles at Lehman Brothers, Macquarie Bank and Shore Capital Stockbrokers before being appointed to the Board of WH Ireland plc in March 2014 as Finance Director. Dan joined Curtis Banks in July 2019 as the Group's Chief Financial Officer.

Jane Ridgley, Chief Operating Officer

Jane Ridgley joined the Board on 18 January 2019. Jane has many years' experience of working for Legal & General plc, working closely with advisers to deliver their customers' needs in a sales and operational capacity. 15 years' experience working directly with IFAs led her to take a role as Investment Development Director in 2009. She then progressed to Product Director, responsible for the design and development of workplace savings, investment and product proposition. Jane joined Suffolk Life as Operations Director in September 2013. Her role expanded to cover Human Resources in March 2016 before assuming the role of Chief Operating Officer for the Curtis Banks Group in April 2018.

Chris Macdonald, Non-Executive Chairman and Non-Executive Director

Chris was one of the founders of Brooks Macdonald Group plc where he was CEO until 2017. He is a qualified investment manager and has worked in investment management and financial services since the start of his career in 1982 and has won several investment management awards. Chris is Chairman of Catley Lakeman Ltd, a Director of Millfield and is an adviser to a number of financial services companies and is an associate of the Institute of Continuing Professional Development. Chris brings experience of involvement with an AIM listed company for many years and knowledge of the challenges and responsibilities towards all stakeholders attached to being a listed company as well as bringing financial services industry experience to the Group.

Bill Rattray, Non-Executive Director, Chairman of the Audit Committee and Chairman of the Risk & Compliance Committee

Until 2019, Bill was Chief Financial Officer of Standard Life Aberdeen plc, one of the world's largest investment companies, having previously served as Finance Director of Aberdeen Asset Management PLC since 1991. Bill is a Chartered Accountant and brings strong financial skills and extensive experience of the asset management industry, having spent significant time as an Executive Director of a FTSE 100 company Bill brings a depth of experience in dealing with shareholders and looking after their interests.

Board of Directors *(continued)*

Jules Hydleman Non-Executive Director and Chairman of the Remuneration Committee

Jules has over 16 years' experience as a Non-Executive Director and Chairman. Currently he holds Chairmanships of Equip Holdings Limited, Gro-group International Limited and Cornwall Farmers Co-operative. Previously Jules was Chairman of Innocent Drinks for 10 years from start up until eventual exit. Jules brings to the Board a 'non-industry' outlook to the activities of the Group and with a background in sales and marketing this provides valuable input. Jules also provides experience that focuses on remuneration policies based on performance and targets.

Jill Lucas Non-Executive Director and Chairman of Dunstan Thomas

Jill has spent all her career in technology. She is currently undertaking a digital transformation programme at US Healthcare system, Mass General Brigham, prior to which she carried out a similar role at at Unilever. Jill served as Chief Information Officer at both Towergate Insurance and Belron International and in her early career undertook many technology leadership roles at Reuters (now Thomson Reuters), Barclays and Sainsbury's. Jill is currently a Non-Executive Director at National Savings & Investments (NS&I) and joined the Board of Curtis Banks in January 2021. Jill is also the Chairman of Dunstan Thomas.

Directors' report

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

Business review

The principal activity of the Group continued to be that of the provision of pension administration services principally for Self-Invested Personal Pension schemes ("SIPPs") and Small Self-Administered Pension Schemes ("SSASs"). The Group is staffed by experienced professionals who all have proven track records in this sector. The Company was incorporated in England & Wales (registered no. 07934492).

An indication of likely future developments in the business, Corporate and Social Responsibility, and risk management of the Group is included in the Strategic Report. Information on financial risk management is disclosed within note 31 to the financial statements.

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 59.

A final dividend in respect of 2020 results of 6.50p per share totalling £4,337,571 was proposed and paid on 4 June 2021. An interim dividend in respect of 2021 results of 2.50p per share totalling £1,659,868 was paid on 12 November 2021. A final dividend of 6.50p per share is proposed and, if approved, will be paid to shareholders on the register at the close of business on 6 May 2022. The shares will be marked ex-dividend on 5 May 2022 and the dividend paid on 1 June 2021.

Substantial Shareholders

At 1st March 2022 the Company had been notified of the following interests representing 3% or more of its issued share capital:

	No. of Ordinary shares	Percentage Holding
Chris Banks	14,651,142	21.91%
Octopus Investments	8,081,710	12.08%
Odyssean Investment Trust	5,130,000	7.67%
Chelverton Asset Management	4,350,000	6.50%
Oryx International Growth Fund	4,225,000	6.32%
Artemis Investment Management	3,962,733	5.93%
Paul Tarran	3,408,521	5.10%
Canaccord Genuity Wealth Management	3,300,000	4.93%
Rupert Curtis	2,948,845	4.41%
Sally Curtis	2,331,413	3.49%
Unicorn Asset Management	2,030,465	3.04%

Directors' report (continued)

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Will Self
Jane Ridgley
Dan Cowland
Chris Macdonald
Bill Rattray
Jules Hydleman
Jill Lucas (appointed 19 January 2021)

Directors will seek re-election immediately following appointment at the Company's annual general meeting and annually thereafter.

Directors' indemnity

The directors had qualifying third party indemnity cover totalling £20,000,000 during the year ended 31 December 2021 and up to the date these financial statements have been approved.

Related party transactions

Details of related party transactions are given in note 35.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Going concern

The Directors have prepared the financial statements on a going concern basis, as in their opinion the Group is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels. The Directors have also considered the impact of a number of severe but plausible events that could impact the business, and the Directors believe the Group is well placed to manage these business risks successfully. The Group's detailed financial forecasts show that the Group should continue to be cash generative, maintain a surplus over its regulatory minimum capital requirements and be able to operate within the its current financing arrangements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the Financial Statements.

Directors' report (continued)

Section 172 of the Companies Act 2006

A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of a company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

Risk Management

The Group provides important products to its customers in a regulated environment. As the Group grows, its business and risk environment will become more complex. It is vital therefore that the Directors identify, evaluate, manage and mitigate the risks the Group faces, and that Directors continue to evolve their approach to risk management. For details of the Group's principal risks and uncertainties and how the Directors mitigate them please see pages 19-24.

Our People

The Group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, community and society as a whole. People are at the heart of our Group and, for our business to succeed, we need to develop them and manage their performance, while operating as efficiently as possible. We must ensure that we share common values that inform and guide our behaviour so we achieve our goals in the right way.

We are an equal opportunities employer and it is our policy to ensure that all job applicants and employees are treated fairly and on merit regardless of ethnicity, sex, marital/civil partnership status, age, disability, religious belief, pregnancy, maternity, gender reassignment or sexual orientation.

Business Relationships

The Group's strategy includes organic growth, acquisition and diversification. To achieve this the Group develops and maintains strong customer and supplier relationships. Culture, values and standards underpin how the Group creates and sustains value over the longer term and are key elements of how it maintains a reputation for high standards of business conduct. Please see the Group's corporate governance principles on page 39.

Community and Environment

The Group is committed to ensuring an environment where collaboration and growth of all staff is seen as being part of the fabric of day to day office culture. Also, the Group encourages that any action that can be taken to reduce its impact on the environment should be considered. Please see more details of this on pages 24 to 26.

Shareholders

The Board is committed to openly engaging with the Group's shareholders, as it recognises the importance of a continuing effective dialogue, whether with major institutional investors or with individual shareholders, brokers or analysts. It is important to us that shareholders understand the Group's strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered. For further details on how we engage with our shareholders please see page 43.

Directors' report (continued)

Section 172 of the Companies Act 2006 (continued)

Regulators

The Group has an open and transparent relationship with its regulators and engages with them both directly and through a broad range of industry forums and consultations. The Board encourages the engagement with, and participation in, industry associations and it is updated on legal and regulatory developments on an ongoing basis.

Board oversight

The main methods by which the Directors exercise their duties include the following:
- Board strategy days, which are held periodically, to review the Group's business model and strategy to ensure the long term sustainability of the Group and its ability to meet its stakeholder needs;
- Quarterly Board meetings are held throughout the year and additional meetings are convened on an ad-hoc basis to address time critical matters. Through the course of 2021 the Board met frequently, and as required, to manage corporate transactions and the response to the COVID-19 pandemic;
- The Board's risk management structure and procedures set out in the Chairman's Corporate Governance report considers the potential consequences of decision making over the appropriate time horizons to manage any potential risks to the Group or stakeholder groups;
- The Board carries out its direct shareholder engagement through the annual general meeting, communicating with investors including those staff holding shares in the Group.
- External assurance is obtained through external audit and the internal audits undertaken by a specialist independent firm.

Principal decision making

The Group comprises two operating segments, being pension administration and FinTech, each of which has its own governance structure in place and these are brought together by the Group's Executive Committee ("ExCo"). The Group's governance framework delegates the day-to-day operational responsibility to ExCo which, along with the other Committees forming part of the broader governance structure, has clearly defined terms of reference which are reviewed and approved on an annual basis.

The Board has a documented schedule of matters reserved specifically for its decision. These matters include the approval of the interim and year end financial statements and the review and approval of the annual budget. Other strategic matters include decision making on corporate transactions (acquisitions and disposals), material capital expenditure and significant contractual commitments.

The Board also responded to the new challenges of COVID-19 in the second year of pandemic as it evolved. The welfare of our employees has consistently been the top priority for the Group throughout the period, whilst continuing to deliver a continued level of service to our customers and introducer community.

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' report (continued)

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Dan Cowland

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Dan Cowland
Director
31 March 2022

Chairman's Corporate Governance Report

Introduction

The Board is committed to maintaining high standards of corporate governance, integrity and business ethics. *On 28 August 2018, the Board of Curtis Banks Group PLC decided to fully adopt the QCA Corporate* Governance Code (2018 edition) ("the QCA Code"). The Board believes that the QCA Code provides the right governance framework for a group of our size in which we can continue to develop our governance model to support our business.

Corporate governance principles

The corporate governance principles contained in the QCA Code are as follows:

1. Establish a strategy and business model which promote long-term value for shareholders

2. Seek to understand and meet shareholder needs and expectations

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

5. Maintain the board as a well-functioning, balanced team led by the chair

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

8. Promote a corporate culture that is based on ethical values and behaviours

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Chairman's Corporate Governance Report (continued)

Application of the QCA Code and required disclosures in our annual report or on our website

Application of the QCA Code requires us to apply the principles set out above and also to publish certain related disclosures; these can appear in our annual report, be included on our website or we can adopt a combination of the two approaches. Recommended locations for each disclosure are specified in the QCA Code and these have been followed.

As Chairman of Curtis Banks Group PLC, it is my responsibility to lead the Board in ensuring that the Group has in place good standards of corporate governance. The Board believes that the QCA Code is the most appropriate corporate governance code for the Group, given the size of our business, and will ensure the Group maintains good corporate governance practices while allowing the business to continue its entrepreneurial culture. The Board works together to ensure that these corporate governance standards are adhered to and the below sets out how they are practically implemented.

The Board

The Board comprises three Executive Directors and four Non-Executive Directors. Details of the Directors and their strengths and experience are set out on pages 31 to 32 of this Report.

All the Non-Executive Directors of the Group are considered to be independent and are as follows:

- Chris Macdonald (Chairman)
- Bill Rattray (Senior Independent Director)
- Jules Hydleman
- Jill Lucas

There are no grounds to question the independence of any of the above Non-Executive Directors. Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties. This is anticipated to be the equivalent of a minimum of one day a month on work for the Group including attendance at a minimum of four Board meetings per annum and the annual general meeting and consideration of all relevant papers before each meeting.

All of the Executive Directors are full time employees of the Group. In addition, Executive Directors are required to work such additional hours, over and above normal working hours, that are necessary for the proper performance of their duties.

All Directors are subject to either an Executive Service Agreement or a letter of appointment. The Company's articles of association ("Articles") require that each Director shall retire from office at the third annual general meeting after the annual general meeting or general meeting (as the case may be) at which they were previously appointed. The Articles further provide that any Director who retires in such circumstances shall be eligible for re-appointment by the Shareholders at the annual general meeting at which his retirement takes effect.

The Board meets formally every three months and on other occasions where specific transactions or events dictate the need. In addition, the Board has established a number of committees in order to provide corporate governance and these also meet formally on a quarterly basis. These committees are an Audit Committee, a Risk and Compliance Committee and a Remuneration Committee and comprise only the four Non-Executive Directors with Executive Directors in attendance as required. Each of the committees are governed by terms of reference that have been approved by the Board.

Chairman's Corporate Governance Report (continued)

The Board (continued)

Both Chris Macdonald and Bill Rattray have been Executive Directors of UK publicly listed companies and maintain their skill sets through those connections. In addition, Non-Executive Directors receive external training where appropriate.

Since listing on the AIM market the Company has used the service of external consultants for guidance on executive remuneration levels and share incentive packages. Consultants have also been engaged to assist in the design and documentation required for the introduction of share incentive plans for other senior managers.

The Board regularly consult and meet with both internal and external auditors to the Company at quarterly Audit Committee meetings.

Executive Directors maintain their skill set though day to day interaction with the industry and periodic training, both internal and external.

All Directors are required to undertake and record continual professional development training.

The internal advisory responsibilities of the Company Secretary are currently performed by the Chief Financial Officer for the Group.

The Chief Executive Officer currently conducts annual performance appraisals of the other Executive Directors that report to him. This is also supported by regular 1:1 meetings between the Executives. In turn, the Non-Executive Directors conduct the annual appraisal review of the Chief Executive Officer.

The Board promotes and monitors a healthy corporate culture through ensuring that the Company has proper processes and written procedures in place to achieve this. Monitoring is carried out by the Executive Board members by day to day interaction with staff at all the offices and review of all relevant minutes to identify any areas of weakness. An 'open door' policy exists for all members of staff. In normal times, Non-Executive Directors visit the offices on a regular basis, albeit this has been restricted by the Covid-19 pandemic, and have sight of management committee minutes and papers to keep fully briefed of the corporate culture and any issues that may arise.

The Board receives regular updates on matters of corporate culture in the Board packs prepared for each Board meeting and through the Executive Committee minutes, compliance and risk updates and regular presentations from the Group Heads of Departments. Board meetings are, restrictions permitting, rotated to include both the Bristol and Ipswich office locations, providing the opportunity for Non-Executive Directors to experience the working and corporate culture and to gain greater understanding of all areas of the Group's business.

Audit Committee

The primary focus of the Audit Committee is on corporate reporting, from an external perspective, and on monitoring the Group's internal control and risk management systems from an internal perspective. The Audit Committee is chaired by Bill Rattray with Chris Macdonald, Jules Hydleman and Jill Lucas as the other members. Further details on the committee's responsibilities and activities are on pages 44 to 45 of the annual report.

Chairman's Corporate Governance Report (continued)

Remuneration Committee:

The primary function of the Remuneration Committee is to determine, on behalf of the Board, the remuneration packages of the Executive Directors and the bonus and share option schemes to be offered to employees. The Remuneration Committee is chaired by Jules Hydleman with Bill Rattray, Chris Macdonald and Jill Lucas as the other members. Further details on the committee are on pages 46 to 49 of the annual report.

Risk & Compliance Committee:

The primary function of the Risk & Compliance Committee is to consider the Group's appetite for risk, to review and monitor the risk process undertaken by the Group and adherence to the risk profile and monitor procedures for identifying and controlling risk. The Risk and Compliance Committee is chaired by Bill Rattray with Chris Macdonald, Jill Lucas and Jules Hydleman as the other members. Further details on the committee's responsibilities and activities are on page 45 of the annual report.

The terms of reference for the Audit, Remuneration and Risk & Compliance Committees can be found in the "Investors" section of the Group website at www.curtisbanks.co.uk.

During the year ended 31 December 2021 there were 4 scheduled Board and committee meetings, 4 additional ad hoc board meetings and 1 additional ad hoc audit committee meeting. The attendance from the directors is set out in the table below:

Executive Directors	Board Meeting	Audit	Remuneration	Risk & Compliance
Will Self	8	5	4	4
Jane Ridgley	8	5	4	4
Dan Cowland	8	5	4	4
Non-Executive Directors				
Chris Macdonald	6	5	4	4
Bill Rattray	6	5	4	4
Jules Hydleman	6	5	4	4
Jill Lucas (appointed 19 January 2021)	5	5	4	4

Board Evaluation

The latest formal evaluation of Board effectiveness was undertaken in the second half of 2020 whereby a questionnaire was completed by each Director, followed by collective discussions of the results. No formal recommendations were made following this exercise, albeit a process to add a further independent non-executive director was in process, with Jill Lucas subsequently being appointed to the Board. It is the Board's intention to conduct a similar evaluation during 2022.

Chairman's Corporate Governance Report (continued)

Relationships with shareholders

The Group has a programme of meetings each year with institutional shareholders, potential shareholders, brokers and analysts following the release of interim and annual results. These include formal written presentations that are available on our website. These meetings allow the Executive Directors to update existing and potential shareholders on strategy and the Group's performance. Additional meetings with institutional investors and analysts are arranged from time to time during the year as requested by our brokers and investor relations representatives.

Following the formal interim and annual results presentations, the Board receive copies of feedback reports keeping them in touch with shareholder views.

Instinctif Partners provide investor public relations to the Group with Peel Hunt LLP and N+1 Singers acting as joint brokers.

Chris Macdonald, as Non-Executive Chairman, and the other Non-Executive Directors are all willing to engage with shareholders should they have a concern that is not resolved through the normal channels. The Company Secretary can also be contacted by shareholders on matters of governance and investor relations.

The Board also uses the annual general meeting to communicate with investors, including those staff holding shares or options in the Company. The meeting is ordinarily held in Bristol and attended by shareholders and professional advisers. All shareholders are given the opportunity to ask questions and raise issues; this can be done formally during the meeting or informally with the Directors after it. Computershare plc are registrars to the Company and attend the annual general meeting.

Copies of our annual report, the annual general meeting notice and the interim report are sent to all shareholders and copies can be downloaded from the Investors section of our website. They are also available on request by writing to the Company Secretary at 3 Temple Quay, Bristol, BS1 6DZ.

Other information for shareholders (and other interested parties) is also provided on the Investors section of our website, including all RNS Announcements, interim and full year results presentations to shareholders and other matters relevant to shareholders.

Compliance with legislation

The Group has documented internal policies to ensure compliance with legislation including those relating to the Bribery Act, the Modern Slavery Act, and the General Data Protection Regulations and anti-tax evasion procedures. There are also internal policies on dealing in shares of the Company to ensure compliance with Market Abuse Regulation of the AIM market.

Approved on behalf of the Board

Chris Macdonald
Chairman
31 March 2022

Corporate governance

Audit Committee Report

The Audit Committee is chaired by Bill Rattray with Chris Macdonald, Jules Hydleman and Jill Lucas as the other members.

The key duties of the Committee are:

a) To monitor the integrity of the financial statements of the Group, including its annual and half yearly reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain;

b) To keep under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems;

c) To review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;

d) Meet regularly with the external auditors, including once at the planning stage before the audit and once after the audit at the reporting stage to discuss their remit and any issues arising from the audit. In addition, the Committee will review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team. The Committee will also agree the level of audit fee.

e) Evaluation of the external auditor's qualifications, performance, objectivity and independence, including consideration of the where other audit services are provided, and recommendation of appointment of the external auditor to the annual general meeting of shareholders.

The Audit Committee has met five times during the year under review with the external auditors and internal auditors being in attendance at all of those meetings. Specific matters discussed at those meetings included:

a) Review of financial statements for the Group for the year ended 31 December 2021 and receiving the external auditors audit report thereon and considering the key accounting considerations and judgments attaching to those financial statements;

b) Consideration and approval of the plan for the interim review by the external auditor on the interim financial statements for the six month period to 30 June 2021;

c) Review of financial statements for the Group for the six month period ended 30 June 2021 and receiving the external auditors review report thereon and considering the key accounting considerations and judgments attaching to those financial statements;

d) Consideration and approval of the audit plan for the year ended 31 December 2021 and confirmation of key audit matters and areas of judgement, which include Dunstan Thomas revenue accounting policy and CGUs impairment assessments for the Group, along with accounting and disclosure requirements in relation to the acquisitions;

Corporate governance (continued)

e) Consideration of the effect of the acquisition and consolidation of Dunstan Thomas and Talbot and Muir, including the revised valuation of assets acquired;

f) Review of reports produced by Mazars in their role as internal auditors to the Group and consideration of actions to be taken on matters arising from those reports;

Risk and Compliance Committee Report

The Risk and Compliance committee is chaired by Bill Rattray with Chris Macdonald, Jules Hydleman and Jill Lucas as the other members.

The key duties of the Committee are:

a) To consider the Group's appetite for risk, in particular review and monitor the process undertaken by the Group to set and adhere to the Group's current risk profile;

b) To ensure that the Group has in place procedures and mechanisms for the identification and control of all fundamental risks including financial, legal, regulatory and operational risks;

c) In relation to proposed strategic transactions including acquisitions, disposals or joint ventures and significant new business streams, products or business partners, ensure that due diligence of the proposition has been carried out, in particular on the risk aspects and implications for the Group's risk appetite alongside the commercial and legal aspects;

d) To ensure that the Group has in place sufficient regulatory capital.

Internal control and risk management is monitored by the Committee by the review of key risk and control documentation, review of internal compliance reports and discussions with Executive Directors and Compliance staff.

The Risk and Compliance Committee has met four times during the year under review and received formal presentations from the Compliance Officer of the Group at two of the meetings.

Specific matters discussed at those meetings included:

a) Review and consideration of Compliance Reviews and Compliance Strategy reports for the Group;

b) Consideration of Risk appetite throughout the Group;

c) Consideration of the risks posed by the COVID-19 pandemic on the business

d) Review of the Group Risk Register and individual risks within each area of the business. This register summarises the key risks for the business, their likely impact and relevant mitigation actions;

e) Consideration of the appointment of an additional Non-Executive Director with a technology background

f) Review and acceptance of Own Risk and Solvency Assessments for Suffolk Life Annuities Limited.

Corporate governance (continued)

Remuneration Committee Report

The Remuneration Committee is chaired by Jules Hydleman with Bill Rattray, Chris Macdonald and Jill Lucas as the other members. The key duties of the Committee are:

a) To determine and agree with the Board the framework or broad policy for the remuneration of the Group's Chairman and the Executive Directors including pension rights and compensation payments;

b) In determining such policy, to take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of the Corporate Governance Guidelines for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance (QCA Code) and other relevant guidance;

c) To review the on-going appropriateness and relevance of the overall remuneration policies in the Group. To approve the design of, and determine targets for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes;

d) To review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors, Company Secretary and other senior executives and the performance targets to be used;

e) Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, to determine the total individual remuneration package of the Chairman, each Executive Director, the Company Secretary and other senior executives including bonuses, incentive payments and share options or other share awards;

f) To obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;

g) It is the policy of the Committee that all appointments in the Group with a remuneration package of in excess of £100,000 be reviewed and approved by the Committee. Any changes to existing employees with such packages are also reviewed and approved by the Committee.

Corporate governance (continued)

The Remuneration Committee has met four times during the year under review.

Specific matters discussed at those meetings included:

a) Annual salary reviews for all Executive Directors and senior management and approval of parameters for overall annual staff salary annual reviews;

b) Agreement of Bonus awards in respect of the year ended 31 December 2021;

c) Proposals and agreement to a further offering in 2021 to all staff of the "Save As You Earn" Share Scheme;

d) Consideration and agreement of a remuneration package for the new Non-Executive joining the Group during the year.

e) Consideration of the funding of the Employee Benefit Trust and the use of the Trust for satisfying options exercised.

f) Consideration and agreement of the Executive bonus schemes with performance targets for 2021 for Executive Directors and senior staff and approval of the parameters for the 2021 staff bonus scheme.

g) Consideration and agreement of bonus scheme for the sales and distribution team.

The Committee continues to evaluate other incentive based share option schemes for all employees and Directors and additional grants under the existing schemes.

Remuneration Policy

It is the policy of the Remuneration Committee to reward Executive Directors with packages that will retain, incentivise and motivate them. The packages are designed to be market competitive and are reviewed annually.

Current remuneration packages for Executive Directors comprise:

a) Basic salary
b) Pension contributions
c) Benefits in kind comprising principally life assurance and travel allowance
d) Performance based annual bonus
e) Award of shares under share incentive plans

Corporate governance (continued)

The performance based annual bonus scheme provides for an Executive Director to earn a maximum annual bonus equivalent to 100% of their basic annual salary. A percentage of the annual bonus entitlement is based on the financial performance of the Group against budgets approved by the Board and a percentage based on individual performance.

The Remuneration Committee has previously granted awards based under the Long Term Incentive Plan and the Company Share Option Plan. Awards are limited to a maximum of 100% of the Executive Directors salary in any one year and calculated using the market value of the shares in the Company at the date of grant.

For awards made under the Long Term Incentive Plan in 2017 and 2018, the percentage vesting of the shares depends on the performance of the fully diluted Earnings per Share ("EPS") of the Group, based on the adjusted operating profit of the Group. To fully vest the average increase of the adjusted EPS over a three year period has to average more than 8% per annum plus the annual increase in the Retail Price Index in the respective year. There is partial vesting for increases of more than 2% plus the annual increase in the Retail Price Index. After the shares vest the Executive Director is required to hold these for a minimum of two years before sale. In the event of the Director ceasing employment with the Company during the vesting period, except under such conditions as retirement or illness, the grant of shares will lapse.

Awards were made to each of the Executive Directors in September 2020 under a LTIP. No LTIP was set up in 2021. Vesting of these awards is dependent on the extent to which a basket of performance criteria are satisfied, measured over a three year period. To the extent that the performance criteria are met, 50% of the awards will vest following publication of the company's interim results to 30 June 2023, and 50% one year later. The performance criteria encompass the following categories:

- Financial – measured by reference to adjusted EPS and operating margin;
- Customer – measured by reference to organic net growth of the SIPP book;
- Internal process – by reference to appropriate quantitative operational efficiency measures; and
- Innovation and delivery of strategy – review by Remuneration Committee, with the intention that this may be supported by quantitative metrics in due course.

For reasons of commercial sensitivity, the precise performance measures will only be disclosed at the end of the performance period.

The Remuneration Committee continually reviews these elements of the Executive Remuneration packages to ensure that appropriate annual and long term incentives are in place and that management's interests are aligned with those of shareholders.

Service Agreements and Notice periods for Executive Directors.

Service Agreements for Executive Directors are terminable by either party on twelve months written notice, with the Group having the option to place the Executive on garden leave or to make a payment in lieu of notice.

The Service Agreements include restrictive covenants following the termination of employment for the period of six months as regards non-competition and solicitation of staff and customers.

Corporate governance (continued)

Director	Date of Service Agreements	Notice Period by Company	Notice Period by Director
Executive:			
Will Self	30 August 2016	12 months	12 months
Jane Ridgley	18 January 2019	12 months	12 months
Dan Cowland	8 July 2019	12 months	12 months
***Non-Executive*:**			
Chris Macdonald	2 April 2015	3 months	3 months
Bill Rattray	2 April 2015	3 months	3 months
Jules Hydleman	2 April 2015	3 months	3 months
Jill Lucas	18 January 2021	3 months	3 months

Directors' remuneration report

Directors' remuneration

Director	Basic salary and fees	Bonus	Pension contributions	Benefits	Total emoluments 2021 £	2020 £
Will Self	310,488	118,394	5,800	7,054	441,737	513,256
Jane Ridgley*	218,577	83,760	4,000	6,843	313,181	362,817
Dan Cowland**	244,639	93,579	3,995	13,254	355,467	420,356
Chris Macdonald	104,000	-	-	-	104,000	104,000
Bill Rattray	52,000	-	-	-	52,000	52,000
Jules Hydleman	52,000	-	-	-	52,000	52,000
Jill Lucas***	49,467	-	-	-	49,467	-
Total	1,031,171	295,733	13,795	27,151	1,367,852	1,504,429

*appointed 18 January 2019.
**appointed 5 September 2019.
***appointed 19 January 2021.

Directors' shareholdings

As at 31 December 2021, the interest of the Directors in the issued shares of the Company, as shown in its register maintained under section 809 (2) and (3) of the Companies Act 2006 were:

Director	2021 No.	2021 %	2020 No.	2020 %
Will Self	56,661	0.08	56,661	0.08
Jane Ridgley	27,166	0.04	27,166	0.04
Dan Cowland	9,523	0.01	9,523	0.01
Chris Macdonald	22,179	0.03	22,179	0.03
Bill Rattray	47,894	0.07	47,894	0.07
Jules Hydleman	15,270	0.02	40,270	0.06

Directors' remuneration report (continued)

Directors' shareholdings (continued)

The following share options are currently held by Directors under the Long Term Incentive Plan ("LTIP"):

Director	Date of grant	Number of shares under option at 31 December 2020	Granted / (Exercised) during the year	Lapsed during the year	Number of shares under option at 31 December 2021	Exercise price	Vesting date
Will Self	05/10/2018	55,559	-	(41,669)	13,890	0p	05/10/2021
Will Self	14/09/2020	250,000	-	-	250,000	217p	14/09/2023
Will Self	14/09/2020	250,000	-	-	250,000	217p	14/09/2024
Jane Ridgley	18/09/2018	21,951	-	(16,463)	5,488	0p	18/09/2021
Jane Ridgley	14/09/2020	250,000	-	-	250,000	217p	14/09/2023
Jane Ridgley	14/09/2020	250,000	-	-	250,000	217p	14/09/2024
Dan Cowland	14/09/2020	250,000	-	-	250,000	217p	14/09/2023
Dan Cowland	14/09/2020	250,000	-	-	250,000	217p	14/09/2024
		1,577,510	-	(58,132)	1,519,378		

The following share options are currently held by Directors under the Company Share Option Plan ("CSOP"):

Director	Date of grant	Number of shares under option at 31 December 2020	Granted / (Exercised) during the year	Lapsed during the year	Number of shares under option at 31 December 2021	Exercise price	Vesting date
Will Self	14/09/2016	53,745	-	-	53,745	267p	14/03/2018
Will Self	15/12/2016	535,996	-	-	535,996	201p	15/12/2019
Will Self	26/06/2017	535,996	-	-	535,996	260p	25/03/2020
Will Self	08/04/2020	93,548	-	-	93,548	217p	08/04/2023
Will Self	27/04/2021	-	67,037	-	67,037	283p	27/04/2024
Jane Ridgley	14/09/2016	27,388	-	-	27,388	267p	14/03/2018
Jane Ridgley	08/04/2020	66,129	-	-	66,129	217p	08/04/2023
Jane Ridgley	27/04/2021	-	47,388	-	47,388	283p	27/04/2024
Dan Cowland	08/04/2020	74,193	-	-	74,193	217p	08/04/2023
Dan Cowland	27/04/2021	-	53,167	-	53,167	283p	27/04/2024
		1,386,995	167,592	-	1,554,587		

Directors' remuneration report (continued)

Directors' shareholdings (continued)

The following share options are currently held by Directors under the Executive Bonus Scheme ("EBS"):

Director	Date of grant	Number of shares under option at 31 December 2020	Granted / (Exercised) during the year	Lapsed during the year	Number of shares under option at 31 December 2021	Exercise price	Exercise date
Will Self	08/04/2020	13,271	-	-	13,271	0p	08/04/2022
Jane Ridgley	08/04/2020	8,479	-	-	8,479	0p	08/04/2022
Dan Cowland	08/04/2020	3,686	-	-	3,686	0p	08/04/2022
		25,436	-	-	25,436		

Further information about the CSOP, LTIP and EBS share option schemes are contained within note 26.

Group Remuneration

Remuneration paid to employees of the Group, including salary and benefits, are set in line with prevailing market rates and at levels to attract the speciality skills required by the Group. In addition to salary and benefits wider share ownership of the Group by staff is encouraged through share option and sharesave schemes.

....
Jules Hydleman
Chairman of the Remuneration Committee
31 March 2022

Report on the audit of the financial statements

Opinion

In our opinion, Curtis Banks Group PLC's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 December 2021; the Consolidated statement of comprehensive income, the Consolidated and Company statements of cash flows and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5 (Total comprehensive income for the year), we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Context

Curtis Banks Group PLC is primarily an administrator of self-invested pension products in the United Kingdom. In 2020 the group acquired the Talbot and Muir Group, another administrator of self-invested pension products and the Dunstan Thomas Group who is a provider of technology and complementary services in the financial services market.

Overview

Audit scope

- We have scoped the audit based on the financially significant components as set out below in the section "How we tailored the audit scope".

Key audit matters

- Revenue recognition for Dunstan Thomas (group)
- Carrying value of the Dunstan Thomas cash-generating unit (group), and investment in Dunstan Thomas Group Limited (company)

Materiality

- Overall group materiality: £610,000 (2020: £670,000) based on 5% of profit before tax and amortisation.
- Overall company materiality: £857,000 (2020: £798,000) based on 1% of net assets.
- Performance materiality: £458,000 (2020: £503,000) (group) and £642,000 (2020: £598,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

'Revenue recognition for Dunstan Thomas (group)', and 'Carrying value of the Dunstan Thomas cash-generating unit (group), and Investment in Dunstan Thomas Group Limited (company)' are new key audit matters this year. 'Impact of COVID-19', 'Accounting for the 2020 acquisitions in the consolidated Group accounts', and 'Carrying value of goodwill and client portfolios', which were key audit matters last year, are no longer included because of a reassessment of cash-generating units within the group, resulting in a reduction in the estimation uncertainty associated with the carrying values of intangible assets except for Dunstan Thomas. The 2020 acquisition accounting no longer requires significant judgement in the consolidated Group accounts for the year ended 31 December 2021. The impact of COVID-19 has been less significant in 2021 and the financial position of the group has not been significantly affected. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for Dunstan Thomas (group) Dunstan Thomas represents a separate FinTech services segment in the Group whose revenues of £10.2m differ in nature to the previous core offering of Pension administration services. A feature of the sales strategy is securing significant contracts with individual customers that can be more complex in nature and include the provision of licences, maintenance and support, and implementation services. We consider there to be an increased risk of fraud or error in the accounting for sales transactions owing to the following factors: • the greater complexity of sales arrangements with Dunstan Thomas where there is often more than one performance obligation; • the potential magnitude of individual customer arrangements; and • the pressure on results stemming from underperformance in the period. Refer to note 4 for an analysis of revenue by segment and note 2 for accounting policy on revenue recognition.	The audit procedures we have performed to address this key audit matter include target testing of significant sales entered into by Dunstan Thomas in the period. This has also been supplemented by further sampling on lower value transactions considered to have a lower level of inherent risk. As part of this testing we have: • Considered the requirements of IFRS 15 'Revenue from Contracts with Customers'; • Inspected supporting evidence including: contracts, cash receipts, internal sales guidance, and statements of work issued to customers in order to understand the obligations and services provided; and • Made enquiries of sales and operations staff to inform our understanding of the sales recognised and to assist with appropriate challenge of judgments made by finance. Based on the work performed, we concluded that revenue recognised as Fintech services was not materially misstated.
Carrying value of the Dunstan Thomas cash-generating unit (group), and investment in Dunstan Thomas Group Limited (company) (group and parent) The consolidated Group financial statements include intangible assets arising from the business acquisition of Dunstan Thomas ("DT") in 2020. The £17.1m of goodwill, and £10.0m of other intangible assets are material to the consolidated Group financial statements. These intangible	The audit procedures we have performed to address this key audit matter are as follows: • We assessed and challenged the key assumptions which Management has adopted in their impairment assessment. This included:

assets are allocated to one cash-generating unit, referred to below as 'DT'. The Company financial statements include an investment in subsidiary of £26.5m recognised at historical cost arising from the business acquisition of DT in 2020. Due to the underperformance of DT in 2021, we consider there to be a significant risk arising from the assumptions and judgements involved in performing the impairment assessment over the associated intangible assets as required by International Accounting Standard ('IAS') 36 "Impairment of assets". We consider the primary risk to be the assumptions adopted by management as part of their impairment test and determination of the value in use; most notably the growth rates assumed, and the discount rate applied to derive a net present value in relation to future cash flows. Refer to note 12 for intangible assets disclosures (Group), note 15 for investments in subsidiary disclosures (Company), and note 2 for accounting policy on intangibles and investments.	• the relevant future expected cash flows; • the revenue growth included in the Board approved plan for 2022 to 2024; • the long-term growth rate used into perpetuity; • the discount rate assumption applied to future cash flows (assessed with support from auditor's experts); and • the working capital assumptions incorporated into the value in use calculations. • We performed sensitivity analysis over the assumptions used; • We considered management's forecasting ability by comparing previous forecasts to actual past performance, inquired of the head of sales, and inspected the current sales pipeline; and • We considered the adequacy of the disclosures surrounding the degrees of uncertainty present in Management's estimate of value in use. From our work performed we consider it reasonable not to record an impairment in either the DT CGU in the consolidated financial statements, or the investment in subsidiary in the Company financial statements as at 31 December 2021, and that the disclosures appropriately reflect the requirements of IAS 36

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment, the financial significance of components, and other qualitative factors including history of misstatement through fraud or error.

For the purposes of our group scoping we have considered each separate trading entity within the group to be a separate component. We concluded that the principal trading entities, Curtis Banks Limited, Suffolk Life Pensions Limited, Suffolk Life Annuities Limited, Dunstan Thomas Holdings Limited and Talbot and Muir Limited as well as the group holding company, Curtis Banks Group PLC to be financially significant components for the group audit and as such we have performed a full scope audit of these components.

Other trading and dormant entities within the group, listed in note 14 are considered to be non-significant components. Together with additional procedures performed at a Group level on the consolidation, the result of the above scoping was that we achieved greater than 95% coverage of revenue, expenses and profit before tax.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£610,000 (2020: £670,000).	£857,000 (2020: £798,000).
How we determined it	5% of profit before tax and amortisation	1% of net assets
Rationale for benchmark applied	We have selected this benchmark, in a change to previous years, for which the benchmark selected was adjusted profit before tax, defined as profit before tax, non-recurring costs, and amortisation, because the alternative performance measure has been removed from the audited financial statements, and included within the strategic report instead for year ended 31 December 2021. Profit before tax and amortisation is considered by the engagement team to be an appropriate reflection of the performance of the Group upon which to determine what is considered material.	We consider the net assets of the Company to be an appropriate benchmark as the entity is principally a holding company and does not itself trade. Profit measures are therefore less relevant to the financial reporting for this entity.

We have applied a higher materiality of £39m (2020: £37m), based on 1% of total policyholder assets solely for the purpose of identifying and evaluating the effect of misstatements that are likely only to lead to a reclassification between line items within assets and liabilities.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £250,000 and £553,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £458,000 (2020: £503,000) for the group financial statements and £642,000 (2020: £598,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £27,700 (group audit) (2020: £31,000) and £27,700 (company audit) (2020: £31,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority and the Prudential Regulation Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue or costs, and management bias in accounting estimates specifically the carrying value of intangible assets, and carrying value of investment in subsidiary in relation to Dunstan Thomas. Audit procedures performed by the engagement team included:

- Enquiring of the Risk and Compliance functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing data regarding customer complaints, the company's register of litigation and claims and the professional indemnity notification log, in so far as they related to non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes including those of the Board and Risk Committee;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Testing those estimates most susceptible to risk of fraud, namely, impairment assessments of intangible assets, and carrying value of investment in subsidiary in relation to Dunstan Thomas as set out in more detail in the key audit matters section above.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Mark Bolton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
31 March 2022

Curtis Banks Group PLC
Consolidated statement of comprehensive income
For The Year Ended 31 December 2021

	Notes	Year ended 31 December 2021 Total £'000		Year ended 31 December 2020 - *As restated** Total £'000	
Revenue	4		63,307		53,871
Administrative expenses			(52,205)		(44,942)
Impairment on customer portfolios			-		(344)
Policyholder investment returns	21	466,811		125,231	
Non-participating investment contract expenses	21	(33,850)		(35,343)	
Changes in provisions: Non-participating investment contract liabilities		(432,961)		(89,888)	
Policyholder total			-		-
Operating profit			11,102		8,585
Finance income	9		20		83
Finance costs	8		(1,800)		(1,039)
Profit before tax			9,322		7,629
Taxation	10		(1,603)		(1,732)
Total comprehensive income for the year			7,719		5,897
Attributable to:					
Equity holders of the company			7,723		5,897
Non-controlling interests			(4)		-
			7,719		5,897
Earnings per ordinary share on net profit					
Basic (pence)	11		11.6		9.9
Diluted (pence)	11		11.5		9.7

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

*The audited results for year ended 31 December 2020 have been restated to account for measurement period adjustments arising under IFRS 3 *Business Combinations* relating to the acquisitions of the Dunstan Thomas Group and the Talbot and Muir Group that took place in H2 2020. The changes impact administrative expenses and tax only. The adjustments made to restate the 31 December 2020 comparatives, as further detailed in note 2.

Curtis Banks Group PLC
Consolidated statement of financial position
For The Year Ended 31 December 2021

Group	Notes	Group As at 31-Dec-21 £'000	Group As restated* As at 31-Dec-20 £'000
ASSETS			
Non-current assets			
Intangible assets	12	89,814	91,078
Investment property	13	1,316,468	1,208,605
Property, plant and equipment	14	8,636	7,658
Investments	15	2,224,965	2,072,317
		3,639,883	3,379,658
Current assets			
Trade and other receivables	17	27,981	26,649
Cash and cash equivalents	18	410,133	430,578
Current tax asset		957	581
		439,071	457,808
Total assets		4,078,954	**3,837,466**
LIABILITIES			
Current liabilities			
Trade and other payables	19	20,853	18,895
Deferred income		29,960	26,995
Borrowings	20	46,832	53,533
Lease liabilities		964	672
Provisions	23	453	501
Contingent consideration	33	2,467	2,375
		101,529	102,971
Non-current liabilities			
Borrowings	20	43,957	53,370
Lease liabilities		6,774	5,201
Provisions	23	178	7
Contingent consideration	33	5,199	6,537
Non-participating investment contract liabilities	21	3,836,211	3,585,307
Deferred tax liability	22	3,464	3,790
		3,895,783	3,654,212
Total liabilities		3,997,312	**3,757,183**
Net assets		**81,642**	**80,283**
Equity attributable to owners of the parent			
Issued capital	24	332	330
Share premium	25	58,087	57,799
Equity share based payments	25	2,840	2,747
Treasury shares	25	(1,382)	(741)
Retained earnings	25	21,755	20,134
		81,632	80,269
Non-controlling interest		10	14
Total equity		**81,642**	**80,283**

*The audited results for year ended 31 December 2020 have been restated to account for measurement period adjustments arising under IFRS 3 *Business Combinations relating to the acquisitions of the Dunstan Thomas Group and the Talbot and Muir Group that took place in H2 2020. The changes impact* intangible assets, trade and other receivables, contingent consideration, and deferred tax liability. The adjustments made to restate the 31 December *2020* comparatives, as further detailed in note 2.

The financial statements on pages 59 to 120 were approved by the Board of Directors and authorised for issue on 31 March 2022.

Dan Cowland

Dan Cowland
Chief Financial Officer

Company Registration No. 07934492

Curtis Banks Group PLC
Company statement of financial position
For The Year Ended 31 December 2021

Company	Notes	Company: As at 31-Dec-21 £'000	Company: As restated* As at 31-Dec-20 £'000
ASSETS			
Non-current assets			
Investments	15	109,317	109,222
		109,317	109,222
Current assets			
Trade and other receivables	17	377	32
Cash and cash equivalents	18	4,458	4,411
Current tax asset		519	244
		5,354	4,687
Total assets		114,671	113,909
LIABILITIES			
Current liabilities			
Trade and other payables	19	1,383	1,567
Borrowings	20	4,507	3,852
Contingent consideration	33	2,467	2,375
		8,357	7,794
Non-current liabilities			
Borrowings	20	15,399	19,904
Contingent consideration	33	5,199	6,537
		20,598	26,441
Total liabilities		28,955	34,235
Net assets		**85,716**	**79,674**
Equity attributable to owners of the parent			
Issued capital	24	332	330
Share premium	25	58,087	57,799
Equity share based payments	25	2,840	2,747
Retained earnings	25	24,457	18,798
Total equity		**85,716**	**79,674**

*The audited results for year ended 31 December 2020 have been restated to account for measurement period adjustments arising under IFRS 3 *Business Combinations* relating to the acquisitions of the Dunstan Thomas Group and the Talbot and Muir Group that took place in H2 2020. The changes impact intangible assets, trade and other receivables, contingent consideration, and deferred tax liability. The adjustments made to restate the 31 December 2020 comparatives, as further detailed in note 2.

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The Company's profit after tax for the year was £11,656,000 (Restated 2020: £10,895,000).

The financial statements on pages 59 to 120 were approved by the Board of Directors and authorised for issue on 31 March 2022.

Dan Cowland

Dan Cowland
Chief Financial Officer

Company Registration No. 07934492

Curtis Banks Group PLC
Consolidated statement of changes in equity
For The Year Ended 31 December 2021

Group

	Issued capital £'000	Share premium £'000	Equity share based payments £'000	Treasury shares £'000	Retained earnings* £'000	Total* £'000	Non-controlling interest £'000	Total Equity* £'000
At 1 January 2020	271	33,659	2,313	(534)	19,730	55,439	14	55,453
Total comprehensive income for the year*	-	-	-	-	5,898	5,898	-	5,898
Share based payments	-	-	434	-	-	434	-	434
Ordinary shares bought and sold by EBT	-	-	-	(207)	-	(207)	-	(207)
Ordinary shares issued	59	24,140	-	-	-	24,199	-	24,199
Deferred tax on share based payments	-	-	-	-	(345)	(345)	-	(345)
Ordinary dividends declared and paid	-	-	-	-	(5,149)	(5,149)	-	(5,149)
At 31 December 2020 - *As restated**	330	57,799	2,747	(741)	20,134	80,269	14	80,283
Total comprehensive income for the year	-	-	-	-	7,723	7,723	(4)	7,719
Share based payments	-	-	93	-	-	93	-	93
Ordinary shares bought and sold by EBT	-	-	-	(641)	-	(641)	-	(641)
Ordinary shares issued	2	288	-	-	-	290	-	290
Deferred tax on share based payments	-	-	-	-	(105)	(105)	-	(105)
Ordinary dividends declared and paid	-	-	-	-	(5,997)	(5,997)	-	(5,997)
At 31 December 2021	**332**	**58,087**	**2,840**	**(1,382)**	**21,755**	**81,632**	**10**	**81,642**

*The audited results for year ended 31 December 2020 have been restated to account for measurement period adjustments arising under IFRS 3 *Business Combinations* relating to the acquisitions of the Dunstan Thomas Group and the Talbot and Muir Group that took place in H2 2020. The adjustments made to restate the 31 December 2020 comparatives are further detailed in note 2.

Curtis Banks Group PLC
Company statement of changes in equity
For The Year Ended 31 December 2021

Company

	Issued Capital £'000s	Share Premium £'000s	Equity share based payments £'000s	Retained earnings* £'000s	Total £'000s
At 1 January 2020	271	33,659	2,313	13,052	49,295
Total comprehensive income for the year (restated)	-	-	-	11,049	10,895
Share based payments	-	-	434	-	434
Ordinary shares issued	59	24,140	-	-	24,199
Ordinary dividends declared and paid	-	-	-	(5,149)	(5,149)
Measurement period adjustment*	-	-	-	(154)	(154)
At 31 December 2020 (restated)	330	57,799	2,747	18,798	79,674
Total comprehensive income for the year	-	-	-	11,656	11,656
Share based payments	-	-	93	-	93
Ordinary shares issued	2	288	-	-	290
Ordinary dividends declared and paid	-	-	-	(5,997)	(5,997)
At 31 December 2021	**332**	**58,087**	**2,840**	**24,457**	**85,716**

*The audited results for year ended 31 December 2020 have been restated to account for measurement period adjustments arising under IFRS 3 *Business Combinations* relating to the acquisitions of the Dunstan Thomas Group and the Talbot and Muir Group that took place in H2 2020. The adjustments made to restate the 31 December 2020 comparatives are further detailed in note 2.

Curtis Banks Group PLC
Consolidated statement of cash flows
For The Year Ended 31 December 2021

	Group	
	Year ended 31 December	
		As restated*
	2021	2020
	£'000	£'000
Cash flows from operating activities		
Profit before tax	9,322	7,629
Adjustments for:		
Depreciation	1,806	1,499
Amortisation and impairments	2,934	2,088
Finance costs	1,800	697
Share based payment expense	93	434
Fair value gains on movement in contingent consideration	(1,870)	-
Fair value gains on financial investments	(213,701)	(119,957)
Additions of financial investments	(647,479)	(631,200)
Disposals of financial investments	708,532	673,037
Fair value (gains)/losses on investment properties	(120,416)	60,751
Increase in liability for investment contracts	250,904	13,403
Changes in working capital:		
Increase in trade and other receivables	(1,330)	(2,737)
Increase/(decrease) in trade and other payables	5,017	(1,105)
Taxes paid	(2,410)	(2,996)
Net cash flows (used in) / from operating activities	**(6,798)**	**1,543**
Cash flows from investing activities		
Payments for intangible assets	(1,670)	(986)
Purchase of property, plant and equipment	(270)	(591)
Purchase of investment property	(92,456)	(122,449)
Purchase and sale of shares in the Group by the EBT	(641)	(207)
Receipts from sale of investment property	105,009	118,877
Net cash flows from acquisitions	(255)	(34,484)
Net cash flows received from / (used in) in investing activities	**9,717**	**(39,840)**
Cash flows from financing activities		
Equity dividends paid	(5,997)	(5,149)
Net proceeds from issue of ordinary shares	290	24,199
Net (decrease)/increase in borrowings	(16,114)	29,595
Principal elements of lease payments	(762)	(934)
Interest paid	(781)	(383)
Net cash (used in)/received from financing activities	**(23,364)**	**47,328**
Net (decrease) / increase in cash and cash equivalents	**(20,445)**	**9,031**
Cash and cash equivalents at the beginning of the year	430,578	421,547
Cash and cash equivalents at the end of the year	**410,133**	**430,578**

*The audited results for year ended 31 December 2020 have been restated to account for measurement period adjustments arising under IFRS 3 Business Combinations relating to the acquisitions of the Dunstan Thomas Group and the Talbot and Muir Group that took place in H2 2020. The adjustments made to restate the 31 December 2020 comparatives, as further detailed in note 2.

Curtis Banks Group PLC
Company statement of cash flows
For The Year Ended 31 December 2021

	Company	
	Year ended 31 December	
	2021	2020
	£'000	£'000
Cash flows from operating activities		
Profit before tax	11,656	11,049
Adjustments for:		
Interest expense	712	514
Changes in working capital:		
Increase in trade and other receivables	(345)	(288)
Increase in trade and other payables	(1,177)	1,269
Taxes paid	(275)	-
Net cash flows received from operating activities	**10,571**	**12,544**
Cash flows from investing activities		
Investment in employee benefit trust	-	(850)
Net cash flows from acquisitions	(255)	(39,522)
Net cash flows used in investing activities	**(255)**	**(40,372)**
Cash flows from financing activities		
Equity dividends paid	(5,997)	(5,149)
Net proceeds from issue of ordinary shares	290	24,199
Net increase/(decrease) in borrowings	(3,850)	12,242
Interest paid	(712)	(383)
Net cash received from / (used in) financing activities	**(10,269)**	**30,909**
Net increase/(decrease) in cash and cash equivalents	**47**	**3,081**
Cash and cash equivalents at the beginning of the year	4,411	1,330
Cash and cash equivalents at the end of the year	**4,458**	**4,411**

1 Corporate information

Curtis Banks Group PLC ("the Company") is a public limited company incorporated in the United Kingdom and domiciled and registered in England and Wales whose shares are publicly traded on the AIM market of the London Stock Exchange PLC. The financial statements were authorised for issue in accordance with a resolution of the Directors on 31 March 2022.

2 Significant accounting policies

Basis of preparation

The financial statements comprise the financial statements of the Company and its subsidiaries ("the Group") as at 31 December each year. The nature of the Group's operations and its principal activities are set out in the Chief Executive's review.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of financial assets and financial liabilities through profit and loss where held at fair value, and are presented in pounds sterling, with all values rounded to the nearest thousand pounds except when otherwise indicated.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applicable top companies reporting under those standards.

New standards adopted by the Group

The Group has not applied any new accounting standards for the first time for the financial year commencing 1 January 2021.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, interpretations and amendments to existing standards have been published by the IASB but are yet to be endorsed by the EU or are not effective for the period presented in the financial statements and the Group has decided not to early adopt them.

Standard	**Effective date, annual period beginning on or after**
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 1 – Presentation of Financial Statements	1 January 2023

The directors anticipate that the adoption of these standards and interpretations and amendments in future years will have no material impact on the financial statements of the Group. Specifically, insurance contracts issued by the Group are not within the scope of IFRS 17.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings up to 31 December 2021.

The profits and losses of the Company and its subsidiaries are consolidated from the date of acquisition using the acquisition method of accounting.

The trading subsidiaries of Curtis Banks Group PLC as at 31 December 2021 were Curtis Banks Limited, Suffolk Life Pensions Limited, Suffolk Life Annuities Limited, Rivergate Legal Limited, Dunstan Thomas Group Limited, Digital Keystone Limited, Dunstan Thomas Holdings Limited, Dunstan Thomas Consulting Limited, Platform Action Limited, and Talbot and Muir Limited.

Suffolk Life Annuities Limited provides SIPPs through non-participating individual insurance contracts. As such, it is authorised as an insurance company and the consolidated results for the whole Group also include Suffolk Life Annuities Limited's insurance policyholder assets, liabilities and returns.

Certain trading subsidiaries of Curtis Banks Group PLC hold the entire issued share capital of several non-trading trustee companies. The financial statements of these companies have not been consolidated as they would be immaterial to the Group's position. All of these companies are bare trustee companies for the pension products administered by the trading subsidiaries of Curtis Banks Group PLC and have been dormant throughout the year and are expected to remain dormant.

2 Significant accounting policies *(continued)*

Going concern

The Group and Company are required to assess whether they have sufficient resources to continue their operations and to meet their commitments for the foreseeable future. The directors have prepared the financial statements on a going concern basis, as in their opinion the Group and Company are both able to meet their obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months from the date these financial statements have been signed based on current and expected market conditions together with current performance levels. The Company is supported by dividend income from its subsidiaries. The Directors have also considered the impact of a number of severe but plausible scenarios that could impact the business, such as the Covid-19 pandemic, and are satisfied that this opinion remains unchanged in the event of these scenarios.

In respect of shareholder reserves, excluding policyholder assets and liabilities, the Group has net current assets of £14,206k (2020 restated: £16,986k).

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights currently exercisable are taken into account. The financial statements of trading subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange of control of the acquiree, plus any costs directly attributable to the business combination. Any deferred consideration is included as part of the initial fair value, with a corresponding liability being recognised. The acquiree's identifiable assets, liabilities and contingent liabilities that meet conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Once all information is obtained about facts and circumstances that existed as of the acquisition date, or following a maximum period of 12 months after the acquisition takes place, the Group may update these provisional amounts to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

2 Significant accounting policies *(continued)*

Segment Reporting

IFRS 8 *Operating Segments* requires segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker ("CODM").

The Group considers it has two operating segments. Dunstan Thomas provides IT software development, licences and consultancy services and, collectively, these services are described in the Group's financial statements as FinTech. The remaining operations are described as pension administration, because all of these operations are conducted within the UK and all material operations are of the same nature and share the same economic characteristics including a similar customer base and nature of product and services.

Foreign Currencies

The consolidated financial statements are presented in Pounds Sterling which is the Group's functional and presentational currency. All foreign currency transactions and foreign currency balances relate to policyholder assets and liabilities.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Financial Position date and the gains or losses on translation are included in the Statement of Comprehensive income.

All foreign exchange gains or losses arising on policyholder transactions and balances have a net impact of £nil on the consolidated statement of comprehensive income due to the legal structure of policyholder assets and liabilities as further described in the accounting policy for non-participating investment contracts.

Pensions

The Group contributes to defined contribution schemes for the benefit of its employees. Contributions are charged to the consolidated statement of comprehensive income in the year they are payable.

Research and development

Research expenditure is written off to the consolidated statement of comprehensive income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over a four year period during which the Group is expected to benefit.

2 Significant accounting policies *(continued)*

Non-participating investment contracts

The Group's long term business includes unit linked Self-Invested Personal Pension policies, also referred to as the 'Policyholder Business', wholly administered by Suffolk Life Annuities Limited, a subsidiary company. The liability of the Group towards its policyholders is exactly equal to the value of policyholder assets held at all times.

Non-participating investment contract liabilities are measured at fair value by reference to the value of the underlying net asset values of the assets held to cover investment contracts at the Statement of Financial Position date.

For non-participating investment contracts, premiums are not included in the consolidated statement of comprehensive income but are reported as contributions to non-participating investment contract liabilities in the consolidated statement of financial position. Investment income in respect of non-participating investment contracts are accounted for in 'Investment return'. Investment income and investment return includes dividends, rental and interest income.

Expenses and charges in respect of non-participating investment contracts are accounted for in 'non-participating investment contract expenses'. These expenses include investment management fees and interest payable.

Claims are not included in the consolidated statement of comprehensive income but are deducted from non-participating investment contract liabilities.

Transfers out, annuity purchases and drawdowns are accounted for when the associated assets have been transferred out of the Company. Acquisition costs comprising direct and indirect costs arising from the conclusion of non-participating investment contracts are expensed on receipt of the inwards premium. There are no deferred acquisition costs.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the assets, at their fair value less transaction costs. Investments carried at fair value are measured using a fair value hierarchy, with values based on quoted bid prices where available.

Investment property held within non-participating investment contracts comprises land and buildings which are held for long term rental yields and capital growth. It is carried at fair value with movements recognised in the consolidated statement of comprehensive income.

Unquoted investments in property vehicles and direct holdings in investment property are valued by independent valuers on the basis of open market value as defined in the appraisal and valuation manual of the Royal Institute of Chartered Surveyors or by reference to the movement in a property index from the last purchase or valuation date. Valuation techniques may include discounted cash flow calculations using net current rent, and estimated and terminal values; they may also include yield methodology calculations using market rental values capitalised with a market capitalisation rate. Both of these are then further validated against market transactions to produce a final valuation.

2 Significant accounting policies *(continued)*

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of value added tax ("VAT"), returns, rebates and discounts and after eliminating sales within the Group. The Group applies the 5 step model under IFRS 15 *Revenue from Contracts with Customers* to recognition of revenue as follows:

- Step 1: Identify the contract(s) with a customer

The Group's customers are deemed to be the underlying SIPP & SSAS members regardless of whether the Group is providing services under a third party administration agreement or direct to its own customers.

The Group also provides IT software licences, implementation, maintenance & updates, development and post contract support services predominantly to businesses within the financial services sector, collectively referred to as FinTech revenue. The customer is deemed to be the named recipient of services as per the contract, rather than any subsequent downstream user of the product.

- Step 2: Identify the performance obligations in the contract

Performance obligations are understood to be the individual components of SIPP & SSAS administration as detailed on the Group's products' terms and conditions and fee schedules or any contractual obligations laid out in contracts for provision of FinTech services. Annual renewal fees are deemed to comprise multiple individual obligations. However, each of these obligations represents a continuous service over the same annual period and can therefore be viewed collectively as one obligation for the purpose of revenue recognition. Obligations under set up fees and transaction fees are deemed to be short term in nature (three months or less).

Contracts for the provision of FinTech services individually detail the performance obligations and trigger events for progress and any other payments. These vary according to the contract as FinTech solutions are bespoke to the customer. Typically, a software licence contract is made up of three performance obligations: licence and maintenance, implementation and post contract support. A fourth obligation then exists when an Application Programming Interface ('API') is acquired.

- Step 3: Determine the transaction price

The transaction price is deemed to be that shown in the Group's products' terms and conditions and fee schedules against each individual fee item which includes interest turn on customer funds. Transaction prices for individual components of the annual renewal fee are not separable as the combined set of obligations represents a continuous service over the same annual period.

Contracted fees relating to provision of FinTech services are as per each individual contract. This is normally made up of implementation fee billed on time and expense incurred, and a combined licence fee that covers licence, maintenance, support and API (if applicable).

- Step 4: Allocate the transaction price to the performance obligations in the contract

The result of judgements made in Step 2 and Step 3 mean that transaction prices are allocated in substance to fee items included in the Group's product's terms and conditions and fee schedules, as these also wholly reflect the individual performance obligations.

2 Significant accounting policies *(continued)*

Revenue recognition (continued)

The same applies in relation to FinTech contracts, the price and performance obligations being detailed in the individual contract along with timing of both service delivery and payments. When API is acquired as part of the contract, 50% of contract revenue (excl. implementation) is allocated to the performance obligation.

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Set up and initial transaction fees, as well as ad hoc transaction fees are recognised as the work is completed and performance obligations satisfied, net of VAT.

Annual renewal fees are invoiced in advance and recognised, net of VAT, evenly over the year to which they relate, and held as deferred income at the year end where the annual fee period spans multiple accounting periods.

Fees which are received in arrears, including certain property annual fees and property acquisition fees, are accrued over the period in which services are provided and performance obligations are satisfied.

Any interest received in excess of that payable to customers is retained by the Group and is included within revenue. Interest income receivable by the Group is recognised as it accrues.

The timing of satisfaction of performance obligations under contracts with SIPP & SSAS members does not bear any relevance to the typical timing of payment for such services. The typical timing of payment is on or after the related fee invoice is issued.

Policyholder revenue comprises investment income and investment gains and losses on non-participating investment contracts. Investment income includes dividends, rental and interest income. Dividends and distributions from collective investment schemes are recognised on the date on which shares are quoted ex-dividend. Interest and rental income is recognised on an accruals basis.

Investment gains and losses in the consolidated statement of comprehensive income comprise realised and unrealised gains and losses. Realised gains and losses are calculated as the difference between the net sale proceeds and the original cost or, if previously re-valued, the valuation at the last statement of financial position date. Unrealised gains and losses on investments are calculated as the difference between the current valuation and the original cost or, if previously re-valued, the valuation at the last statement of financial position date.

All brought forward deferred income in relation to the pension administration operating segment is recognised in the current year as there are no performance obligations spanning a period of more than twelve months.

Revenue relating to FinTech is recognised in line with satisfaction of contractual performance obligations over time (for the provision of software licence, maintenance and post contract support) on a straight-line basis throughout the contract period and at a point in time for revenue associated with the API performance obligation. Revenue relating to implementation and IT consultancy services are billed according to standard rate cards on a time and expense basis. Therefore, they are recognised as and when measurable progress is made and at full when the specific engagement is completed.

The Group generates certain revenue from the arrangement of property insurance for properties held within SIPPs and SSASs administered by the Group. Revenue earned this way is recognised using an input method such that 80% is recognised at arrangement and renewal of the insurance policy, and 20% is spread over the insurance policy term.

2 Significant accounting policies *(continued)*

Intangible assets – Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Intangible assets – Customer Portfolios

Customer portfolios are included in the statement of financial position at cost to the Group less accumulated amortisation and provisions for impairment and wholly comprise SIPPs acquired.

Customer portfolios are amortised on a straight line basis over their estimated useful life of 20 years based upon long term historic average customer attrition rates experienced by the Group and other factors that indicate this longevity such as the SIPPs themselves being utilised throughout retirement, and often passed down to dependents in the event of a death.

The carrying value of customer portfolios is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount. The carrying value of customer portfolios is also reviewed for impairment annually at each reporting date.

Intangible assets – Computer Software

Computer software is included in the statement of financial position at cost to the Group less accumulated amortisation and provisions for impairment. The carrying value of computer software is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount. The carrying value of computer software is also reviewed for impairment annually at each reporting date. Computer software is amortised on a straight line basis over its estimated useful life of between 4 and 5 years.

Intangible assets – Internally generated software

Internally generated software represents the principal software products owned and licensed by Dunstan Thomas and is being amortised over a period of 10 years.

Intangible assets – Brand

Brand comprises the value of the Dunstan Thomas brand form the acquisition of Dunstan Thomas during the year ended 31 December 2020 and is being amortised over 10 years.

Administrative expenses

Administrative expenses represent those arising as a result of the Group's operations and include depreciation. All amounts are recognised on an accruals basis.

2 Significant accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment are included in the statement of financial position at cost to the Group less accumulated depreciation and provisions for impairment.

The carrying value of property, plant and equipment is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount.

Property, plant and equipment is depreciated on a straight line basis at rates sufficient to write off the cost less estimated residual values of individual assets over their estimated useful lives. The depreciation rates for the principal categories of assets are as follows:

Computer equipment	25%	straight line
Office equipment, fixtures & fittings	25%	straight line
Right of use assets	Expected underlying office lease length of between 1 and 12 years	

On initial recognition, right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Any restoration costs expected

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2 Significant accounting policies *(continued)*

Investments

Non-current asset investments excluding those held under non-participating investment contracts are stated at cost less provision for diminution in value.

Financial assets

Financial assets held under non-participating investment contracts are categorized either as fair value through profit and loss, or recorded and subsequently measured at amortised cost. The classification depends on the purposes for which these assets were acquired. Management takes decisions concerning the classification of its financial assets at initial recognition and reviews such classification for reliability at each reporting date.

The Group classifies its financial assets at amortised cost where the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. Other financial assets are classified as fair value through profit or loss. The Group has no financial assets at fair value through other comprehensive income.

Amounts recorded and measured at amortised cost include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Group's financial assets comprise "non-current asset investments", "investment property", "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

Trade receivables

Trade receivables are recorded and subsequently measured at amortised cost in accordance with IFRS 9 *Financial Instruments.*

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared characteristics and overall credit quality. A provision for impairment of trade receivables is established when there is evidence that the Group might not be able to collect all amounts due according to the original terms of the receivables. The movement in the provision is recognised in the consolidated statement of comprehensive income.

The expected loss rates for each grouping are based on historic actual recovery rates achieved for such groupings over the last 12 months, modified for factors such as existing market conditions, days past due or forward looking estimates, where supported by existing reliable evidence.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, short term deposits with credit institutions, cash equivalents and bank overdrafts.

Cash at bank and in hand, and deposits with credit institutions, are classified and measured at amortised cost. Cash equivalents are classified as fair value through profit loss.

2 Significant accounting policies *(continued)*

Financial liabilities – Trade and other payables

Trade and other payables are recognised and initially measured at cost, due to their short term nature, and subsequently measured at amortised cost. All of the Group's trade payables are non-interest bearing.

Financial liabilities - Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less attributable transaction costs. After initial recognition interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Current and deferred income tax

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount 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 statement of financial position liability method. Deferred tax liabilities are 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 which affects neither the tax profit nor the accounting profit.

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 is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled. Deferred tax is charged or credited in the profit or loss, except when it relates to items credited or charged in other comprehensive income directly to equity, in which case the deferred tax is also dealt with in other comprehensive income.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

2 Significant accounting policies *(continued)*

Leases

Leases of property, plant and equipment are assessed as to whether a right-of-use relationship exists and are classified as property, plant and equipment when this criteria is satisfied. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Interest and finance costs associated with lease liabilities on right-of-use assets are expensed to the consolidated statement of comprehensive income within total finance costs.

Assets and liabilities arising from a lease where a right-of-use relation exists are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, less any lease incentive payments receivable, and include amounts following lease extension options where there is reasonable certainty of extension. There are no other types of payments or variable amounts included. Lease payments are allocated between principal and finance cost. The finance cost is charge to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Lease payments are discounted using the interest rate implicit in the lease where possible. However, this cannot currently be readily determined for any of the leases that the Group holds in respect of right-of-use assets. The Group therefore uses an incremental borrowing rate similar to what it would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

The Group has no short-term leases or low value assets that may be considered as short term leases. All of the Group's leases where a right-of-use relationship exists relate to commercial property assets. The Group has no other classes of right-of-use assets such as equipment or vehicles.

All other leases are classified as operating leases. Rentals payable under operating leases, net of lease incentives, are charged to the consolidated statement of comprehensive income on a straight-line basis over the year of the lease.

A right-of-use asset exists and a corresponding lease liability exists in respect of non-participating investment contract assets which relate entirely to ground rent on policyholder leasehold investment property. Consequently the Group has opted not to recognise right-of-use assets and lease liabilities in relation to these leases as the impact from recognition in the consolidated financial statements is minimal.

Contingent consideration

Where the Group has entered into certain acquisition agreements that provide for contingent consideration to be paid management estimates the net present value of contingent consideration payable by utilising a future discounted cash flow model. Management then continue to review the agreement and monitor the financial and other targets to be met to maintain an accurate estimate of the fair value of any amounts payable. Subsequent changes to the fair value of contingent consideration are recognised in accordance with IFRS 9 in the Statement of Comprehensive Income.

2 Significant accounting policies *(continued)*

Share based payments

Curtis Banks Group PLC operates several share schemes under which certain employees of the Group receive part of their remuneration for the financial year in the form of options to purchase shares in Curtis Banks Group PLC.

These schemes are accounted for as equity-settled share-based payment transactions in accordance with IFRS 2.

The share options granted become exercisable at varying future dates. If certain conditions are met, following the vesting period, employees and third parties will be eligible to exercise their option at an exercise price determined on the date the share options are granted.

The fair value of share options is determined at the date of grant. This fair value is calculated by applying the Black Scholes model. The model utilises inputs for the risk free rate, expected volatility in share price, dividend yield and the current share price at fair value, which are factors determined on the date the share options are granted.

The share based payment charge to the consolidated statement of comprehensive income is calculated based on the Group's estimate of the number of options that will eventually vest.

The resulting staff costs under the share schemes are recognised pro rata in the consolidated statement of comprehensive income to reflect the services rendered as consideration during the vesting period.

Prior year restatements

IFRS 3 measurement period adjustment

The audited results for year ended 31 December 2020 have been restated to account for measurement period adjustments arising under IFRS 3 *Business Combinations* relating to the acquisitions of the Dunstan Thomas Group and the Talbot and Muir Group that took place in H2 2020.

In order to finalise the fair values attributed to assets and liabilities acquired from the Dunstan Thomas acquisition an independent expert valuation was undertaken, the results of which were pending when the 2020 annual report was approved. The valuation helped to better identify and reflect the different components of intangible assets acquired, as principally reflected in the change of cost allocated to each intangible asset category within note 12 to these financial statements as a measurement period adjustment, compared to that reported in the original financial statements for the year ended 31 December 2020.

The results of the independent valuation also helped to inform a more accurate estimate of the relevant discount factor that ought to be applied to future expectations of cash flows arising on intangible assets and contingent consideration payable. Consequently, the fair value attributed to assets and liabilities acquired from the Talbot and Muir acquisition has also been restated as a measurement period adjustment.

2 Significant accounting policies *(continued)*

The impact of these adjustments on previously reported figures is summarised in the two tables below:

Consolidated statement of financial position	Originally reported as at 31 December 2020 £'000	As restated as at 31 December 2020 £'000	Movement £'000
Intangible assets	91,166	91,078	(88)
Trade and other receivables	26,913	26,649	(264)
Contingent consideration due <1 year	(2,516)	(2,375)	141
Contingent consideration due >1 year	(5,657)	(6,537)	(880)
Deferred tax liability	(5,013)	(3,790)	1,223
Retained earnings	(20,002)	(20,134)	(132)
			-

Company statement of financial position	Originally reported as at 31 December 2020 £'000	As restated as at 31 December 2020 £'000	Movement £'000
Investments	108,373	109,222	849
Trade and other receivables	296	32	(264)
Contingent consideration due <1 year	(2,516)	(2,375)	141
Contingent consideration due >1 year	(5,657)	(6,537)	(880)
Retained earnings	(18,952)	(18,798)	154
			-

Consolidated statement of comprehensive income	Originally reported for the year ended 31 December 2020 £'000	As restated for the year ended 31 December 2020 £'000	Movement £'000
Amortisation	(2,098)	(1,744)	354
Finance costs	(188)	(342)	(154)
Tax	(1,664)	(1,732)	(68)
Total comprehensive income for the year			132

3 Critical accounting judgements and key sources of estimation uncertainty

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

In preparing the financial statements the Group has selected and applied various accounting policies which are described in the notes to the financial statements. In order to apply these accounting policies the Group has made estimates and judgements concerning the future. There are no critical judgements in the application of accounting policies. The key sources of estimation uncertainty are disclosed below:

Impairment assessment on the Cash Generating Units

The Group has historically reviewed and tested customer portfolios and goodwill for impairment on an individual basis twice a year. This has allowed the Group to closely monitor the performance of different respective books of business acquired, including product by product attrition rates and fees, and had provided additional information to feed into price per SIPP considerations for potential acquisitions.

During the year ended 31 December 2021, the Group has progressed significantly towards its desired Target Operating Model. This includes (but is not limited to) centralisation of commercial property administration and the alignment of product fees and T&Cs of substantially all products. Consequently, products and customers are increasingly administered collectively by the operational functions, cash inflows are no longer distinct from each other and cash outflows cannot be segregated by customer portfolios on a portfolio by portfolio basis as was the case previously. Management has determined during the year ended 31 December 2021 that new cash generating units ('CGUs') are defined such that they are closely aligned to the Groups of subsidiaries and their distinct cash flows, namely Curtis Banks ('CB'), Suffolk Life ('SL'), Dunstan Thomas ('DT') and Talbot & Muir ('T&M'). There is goodwill associated with the latter three CGUs that is not amortised, and therefore these amounts are subject to annual impairment assessment. The Curtis Banks CGU will be assessed for impairment if indicators of impairment are identified. The definition of the CGUs is the judgement applied.

Impairment assessments are performed by comparing the carrying amount of the goodwill and intangible assets or investment associated with the CGU, with the recoverable amount. Recoverable amount is assessed through value in use which comprises an estimation of future cash flows expected to arise from each CGU, discounted to their present value using a pre-tax discount rate. The following key assumptions are applied:

- FY22 budget and FY23 & FY24 forecast by CGU approved by the Board;
- Pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset (12.95% for CB, SL and T&M; 12.75% for DT);
- Terminal growth rate of 2.2%, being the long term inflation expectation in the UK;
- Movement in net working capital, forecasted as a Group and allocated to each CGU by weighted operating profit excluding adjusting items and amortisation.

The goodwill impairment assessment performed resulted in headroom in each of the relevant CGU:

£'m	**Suffolk Life**	**Talbot & Muir**	**Dunstan Thomas**
Value in use	93.7	27.8	29.7
Goodwill	28.9	9.8	17.1
Non-current asset	8.2	9.4	10.0
Headroom	**56.6**	**8.6**	**2.6**

No impairment of goodwill associated with the CGUs has been identified as at 31 December 2021.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Sensitivity analysis was performed on the following stress scenarios and the negative impact on headroom is calculated as follows:

£'m	Suffolk Life	Talbot & Muir	Dunstan Thomas
1% increase in discount rate	(8.0)	(2.4)	(2.5)
1% decrease in terminal growth rate	(6.6)	(2.0)	(2.1)
10% reduction in operating profit	(8.3)	(2.5)	(3.1)

Amongst the CGUs, Dunstan Thomas is most susceptible to the stress scenarios. In the context of assessing the CGUs for impairment purposes, 9% growth in adjusted operating profit over the next 3 years is assumed for Dunstan Thomas. This CGU is also sensitive to changes in net working capital. For example, if the forecasted improvement in working capital attached to the main growth scenario does not materialise, the headroom reduces to nil in Dunstan Thomas.

In addition, we have also performed impairment assessments on investment in subsidiaries by leveraging the same discounted cash flow model which are summarised below:

£'m	Curtis Banks	Suffolk Life	Talbot & Muir	Dunstan Thomas
Value in use	58.9	93.7	27.8	29.7
Investment by Curtis Banks Group Plc	12.3	46.8	22.1	26.5
Headroom	**46.6**	**46.9**	**5.7**	**3.2**

No impairment of investment in subsidiaries was identified.

IFRS 9 impairment

Trade and other receivables are impaired based on the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables. The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history of shared credit risk characteristics, days past due, existing market conditions as well as forward looking estimates at the end of each reporting period. The loss rates are considered the key source of estimation uncertainty because the impact of a change in these could result in a material change in the expected credit loss. Details of the key assumptions and estimates are disclosed in note 31 to the financial statements.

Contingent consideration payable on acquisitions

The Group has entered into certain acquisition agreements that provide for contingent consideration to be paid. A financial instrument is recognised for all amounts management anticipates will be paid under the relevant acquisition agreement. This requires management to make an estimate of the expected future cash flows from the acquired business using forecasts that cover the contingent consideration period, and determine a suitable discount rate for the calculation of the present value of any contingent consideration payments.

A material change to the carrying value might occur if the acquired businesses achieve significantly more or less than their target earnings. The key assumption used in determining the value of these provisions is the forecast financial performance as applied in the terms of the contingent consideration arrangement. A 10% increase or reduction in achievement of forecast contingent consideration targets would increase or reduce the value of contingent consideration payable required by £0.8m (2020: £0.8m), which in turn would reduce or increase profit before tax.

4 Revenue

Revenue is wholly derived from activities undertaken within the United Kingdom and comprises the following categories:

	Year ended 31 December	
	2021	2020
	£'000	£'000
Pension administration fees	45,091	36,856
FinTech services	9,900	4,793
Pension administration interest income	8,316	12,222
	63,307	53,871

5 Total comprehensive income for the year

Total comprehensive income for the year is arrived at after charging:

	Year ended 31 December	
	2021	2020
	£'000	£'000
Amortisation and impairment of intangible assets	2,933	2,442
Depreciation of property, plant and equipment	1,806	1,499
Auditors' remuneration:		
- audit of the company and consolidated financial statements	227	177
- audit of the financial statements of the subsidiaries	397	314
- audit related assurance services	40	37

6 Operating segment reporting

The following tables present revenue and profit information regarding the Group's operating segments for the two years ended 31 December 2021 and 31 December 2020 respectively.

Year ended 31 December 2021	Pension Administration £'000	FinTech £'000	Consolidation adjustments £'000	Consolidated £'000
Revenue				
External customers	53,407	9,900	-	63,307
Internal customers	-	1,349	(1,349)	-
	53,407	11,249	(1,349)	63,307
Administrative expenses				
External customers	43,866	8,339	-	52,205
Internal customers	813	390	(1,203)	-
	44,679	8,729	(1,203)	52,205
Operating profit	8,728	2,520	(146)	11,102

Year ended 31 December 2020	Pension Administration £'000	FinTech £'000	Consolidation adjustments £'000	Consolidated £'000
Revenue				
External customers	49,078	4,793	-	53,871
Internal customers	-	485	(485)	-
	49,078	5,278	(485)	53,871
Administrative expenses				
External customers	42,231	3,055	-	45,286
Internal customers	-	485	(485)	-
	42,231	3,540	(485)	45,286
Operating profit	6,847	1,738	-	8,585

Corporate costs

The Group's operating segments are managed together as one business. Accordingly, certain corporate costs such as finance income and expenses, gains and losses on the disposal of assets, taxes, intangible assets and certain other assets and liabilities are not allocated to individual segments as they are managed on a group basis. Segment operating profit or loss reflects the measure of segment performance reviewed by the Board of Directors (the Chief Operating Decision Maker).

6 Operating segment reporting (continued)

The following table presents a split of assets and liabilities of the Group's operating segments for the year ended 31 December 2021.

Corporate assets and liabilities are not allocated to individual operating segments as they are managed on a group basis. Policyholder assets and liabilities are not allocated to individual operating segments as all investment returns associated with these are due back to policyholders under non-participating investment contracts, alongside non-participating investment contract expenses and changes in provisions for non-participating investment contract liabilities, such that the impact on shareholder assets and liabilities, and profit or loss, is nil.

Year ended 31 December 2021	Pension Administration £'000	FinTech £'000	Corporate £'000	Policyholder £'000	Consolidated £'000
Total assets	65,960	9,508	70,853	3,932,633	4,078,954
Total liabilities	32,793	3,113	28,773	3,932,633	3,997,312

7 Directors and employees

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	25,189	21,317
Social security costs	2,644	2,301
Other pension costs	2,327	2,015
Share-based incentive awards	364	434
	30,524	26,067

The monthly average number of employees during the year was:	2021 Number	2020 Number
Directors	7	6
Administration	821	692
	828	698

Details of emoluments paid to the directors and key management personnel of the Group are as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Total emoluments paid to:		
Directors		
Wages and salaries	1,354	1,487
Social security costs	162	220
Post-employment costs	14	20
Share-based incentive awards	80	202
Other key management personnel		
Wages and salaries	1,005	908
Compensation for loss of office	62	-
Social security costs	129	136
Post-employment costs	69	60
Share-based incentive awards	2	80
	2,877	3,113
Emoluments of highest paid director:		
Wages and salaries	429	508
Pension contribution	6	7
	435	515

Short term employee benefits include wages and salaries. Long term employee benefits include share-based incentive awards.

8 Finance costs

	Year ended 31 December	
	2021	2020
	£'000	£'000
Interest payable on bank loans	702	523
Interest and finance costs on lease liabilities	209	174
Other interest expense	10	-
Total interest expense	**921**	**697**
Unwind of discount on contingent consideration relating to:		
Acquisition of Dunstan Thomas	364	131
Acquisition of Talbot and Muir	515	57
Total finance costs	**1,800**	**885**

9 Finance income

	Year ended 31 December	
	2021	2020
	£'000	£'000
Interest income	20	83

10 Taxation

	Year ended 31 December	
	2021	2020
	£'000	£'000
Domestic current year tax		
UK Corporation tax	1,996	1,542
Deferred tax		
Origination and reversal of temporary differences	(393)	122
	1,603	1,664
Factors affecting the tax charge for the year		
Profit before tax	9,322	7,429
Profit before tax multiplied by standard rate of UK Corporation tax of 19% (2020: 19%)	1,771	1,412
Effects of:		
Adjustment to prior year	121	117
Non-deductible expenses	93	177
Other tax adjustments	(382)	(42)
	(168)	252
Total tax charge	1,603	1,664

11 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Changes in income or expense that would result from the conversion of the dilutive potential ordinary shares are deemed to be trivial, and therefore no separate diluted net profit is presented.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2021 £'000	As restated* 2020 £'000
Net profit available to equity holders of the Company	7,723	5,897
	Number	**Number**
Weighted average number of ordinary shares:		
Issued ordinary shares at start of the year	66,414,312	54,142,346
Effect of shares issued during the year	333,781	5,859,094
Effect of shares held by employee benefit trust	(316,688)	(296,835)
Basic weighted average number of shares	66,431,405	59,704,605
Effect of dilutive options	510,602	886,707
Diluted weighted average number of shares	66,942,007	60,591,312
	Pence	**Pence**
Earnings per share:		
Basic	11.6	9.9
Diluted	11.5	9.7

*The audited results for year ended 31 December 2020 have been restated to account for measurement period adjustments arising under IFRS 3 Business Combinations relating to the acquisitions of the Dunstan Thomas Group and the Talbot and Muir Group that took place in H2 2020. The adjustments made to restate the 31 December 2020 comparatives, as further detailed in note 2.

12 Intangible assets

Group

	Goodwill £'000	Brand £'000s	Customer Portfolios £'000	Computer Software £'000	Internally Generated Software £'000	Total £'000
Cost						
At 1 January 2020	28,903	-	18,866	2,177	-	49,946
Arising on acquisitions*	26,829	1,595	14,939	-	5,390	48,753
Additions	-	-	-	606	380	986
At 31 December 2020	55,732	1,595	33,805	2,783	5,770	99,685
Arising on acquisitions	-	-	-	-	-	-
Additions	-	-	-	492	1,178	1,670
At 31 December 2021	55,732	1,595	33,805	3,275	6,948	101,355
Amortisation and Impairment						
At 1 January 2020	-	-	5,320	1,199	-	6,519
Charge for the year*	-	66	1,190	248	240	1,744
Impairment	-	-	344	-	-	344
At 31 December 2020	-	66	6,854	1,447	240	8,607
Charge for the year	-	160	1,878	264	632	2,934
At 31 December 2021	-	226	8,732	1,711	872	11,541
Net book value						
At 1 January 2020	28,903	-	13,546	978	-	43,427
At 31 December 2020 – *As restated**	55,732	1,529	26,951	1,336	5,530	91,078
At 31 December 2021	55,732	1,369	25,073	1,564	6,076	89,814

*As restated to account for measurement period adjustments arising under IFRS 3 Business Combinations relating to the acquisitions of the Dunstan Thomas Group and the Talbot and Muir Group that took place in H2 2020. The adjustments made to restate the 31 December 2020 comparatives are further detailed in note 2.

12 Intangible assets *(continued)*

Goodwill

Goodwill totalling £28,903,000 arose on the acquisition of Suffolk Life Group Limited and its subsidiaries on 25 May 2016. Goodwill totalling £17,075,000 arose on the acquisition of Dunstan Thomas Group Limited and its subsidiaries on 3 August 2020. Goodwill totalling £9,754,000 arose on the acquisition of Talbot and Muir Limited and its subsidiaries on 30 October 2020.

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired. The recoverable amount of goodwill has been determined based on value-in-use calculations using a discount rate appropriate to the risk profile of the asset. These calculations use operating cash flow projections based on financial budget & forecast approved by management covering a three year period, assuming business then continues onwards after this period at a steady rate for the purpose of the analysis. No impairment was identified and sensitivity analysis was performed as disclosed in note 3.

Customer Portfolios

Represent individual customer portfolios acquired through business combinations and accounted for under the acquisition method. The directors consider that there is no impairment to assets as at the year-end (2020: £344,000). The customer portfolios are being amortised over a period of 20 years.

The brought forward balance relates to the purchase by Curtis Banks Limited, a subsidiary company, of the trade and assets of Montpelier Pension Administration Services Limited on 13 May 2011, the full SIPP business of Alliance Trust Savings Limited on 18 January 2013, the full SIPP business and certain assets of Pointon York SIPP Solutions Limited on 31 October 2014, the full SIPP business of Rathbones Pension & Advisory Services Limited on 31 December 2014, a book of full SIPPs from Friends Life PLC (now Aviva PLC) on 13 March 2015 and a book of SIPPs from Hargreave Hale Limited on 10 December 2018.

The brought forward balance also includes the purchase by Suffolk Life Pensions Limited, a subsidiary company, of the trade and assets of European Pensions Management Limited on 14 July 2016, and books of SIPPs purchased from Pointon York SIPP Solutions Limited on 9 November 2012, Pearson Jones PLC on 30 April 2013, and Origen Investment Services Limited on 22 May 2013.

Lastly, the brought forward balance includes customer portfolios fair valued at £11,229,000 which arose on acquisition of Talbot and Muir Limited and its subsidiaries on 30 October 2020.

Computer Software

Computer software comprises costs that meet the recognition criteria under IAS 38 as Intangible Assets. General small computer software costs are amortised over their useful economic life of four years on a straight-line basis. Computer software costs for significant projects are amortised over an estimated UEL on a project by project basis.

Internally Generated Software

Internally generated software represents the value of principal software products owned and licensed by Dunstan Thomas. The asset includes both value arising on acquisition of Dunstan Thomas during the year ended 31 December 2020, and further development of the asset since. Internally generated software is being amortised over a period of 10 years.

12 Intangible assets *(continued)*

Brand

Brand comprises the value of the Dunstan Thomas brand, which was obtained following acquisition of Dunstan Thomas during the year ended 31 December 2020. Dunstan Thomas has been established in the UK for over 30 years and has a strong market presence. The Group operates Dunstan Thomas as an independent brand. The value of the brand was assessed at acquisition and is being amortised over 10 years.

Research and development

The amount of research and development expenditure recognised as an expense is nil (2020: nil).

13 Investment Property

Assets held at fair value

Group

	Year ended 31 December	
	2021	**2020**
	£'000	**£'000**
Fair value		
At 1 January	1,208,605	1,265,784
Additions	92,456	122,449
Disposals	(105,009)	(118,877)
Fair value gains / (losses)	120,416	(60,751)
At 31 December	1,316,468	1,208,605

All investment properties have been valued at the year-end by reference to most recent professional valuations and this is further adjusted by applying the corresponding property index available. Investment properties held to cover the linked policyholder business are included in non-participating investment contract liabilities.

Rental income from investment property is disclosed in note 21(b) to the financial statements.

14 Property, plant and equipment

Assets held at cost

Group

	Right of use assets	Computer equipment	Office equipment, fixtures & fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2020	5,285	5,083	1,626	11,994
Arising from acquisitions	1,904	292	468	2,664
Additions	-	570	21	591
At 31 December 2020	7,189	5,945	2,115	15,249
Additions	2,627	265	5	2,897
Disposals	(579)	-	(81)	(660)
At 31 December 2021	9,237	6,210	2,039	17,486
Depreciation				
At 1 January 2020	695	3,842	1,262	5,799
Arising from acquisitions	-	180	113	293
Charge for the year	763	547	189	1,499
At 31 December 2020	1,458	4,569	1,564	7,591
Arising from acquisitions	-	(14)	14	-
Charge for the year	944	611	251	1,806
Disposals	(469)	-	(78)	(547)
At 31 December 2021	1,933	5,166	1,751	8,850
Carrying value				
At 1 January 2020	4,590	1,241	364	6,195
At 31 December 2020	5,731	1,376	551	7,658
At 31 December 2021	7,304	1,044	288	8,636

The total cash outflow for leases was £0.9m (2020: £0.9m).

15 Investments

Financial assets at fair value through profit or loss

Total fair value as at 31 December 2021	**Group**	
	2021	**2020**
	£'000	**£'000**
Fair value		
Equity and other variable-yield securities	2,184,067	2,015,190
Debt securities and other fixed-income securities	40,898	57,127
Total shares and securities	2,224,965	2,072,317
At cost	1,693,768	1,641,683

Movement in the year on total shares and securities	**Group**	
	2021	**2020**
	£'000	**£'000**
At beginning of the year	2,072,317	1,994,197
Additions	647,479	631,200
Disposals	(708,532)	(673,037)
Unrealised gains	213,701	119,957
At end of the year	2,224,965	2,072,317

The Group values all investments in line with its accounting policy.

15 Investments (continued)

Assets held at cost

	Company £'000
Cost	
At 1 January 2020	59,396
Additions – equity share based payment costs	434
Additions – acquisition of Dunstan Thomas	25,848
Additions – acquisition of Talbot and Muir	21,845
Additions – investment in employee benefit trust	850
At 31 December 2020	108,373
Additions – equity share based payment costs	93
Additions – investment in employee benefit trust	851
At 31 December 2021	109,317
Net book value	
At 1 January 2020	59,396
At 31 December 2020	108,373
At 31 December 2021	109,317

Details of the investments are as follows:

Name of entity	Registered Office Address Indicator	Principal activity	Country of Incorporation	% of Ordinary Shares held by parent Company	% of Ordinary Shares held by Group
Curtis Banks Limited	(A)	Provision of pension administration services	England and Wales	100.00	100.00
Suffolk Life Group Limited	(B)	Holding company	England and Wales	100.00	100.00
Suffolk Life Pensions Limited	(B)	Provision of pension administration services	England and Wales	-	100.00
Suffolk Life Annuities Limited	(B)	Provision of pension administration services	England and Wales	-	100.00
CB 2019 Limited	(A)	Non-trading	England and Wales	-	90.00
Rivergate Legal Limited	(A)	Provision of legal services	England and Wales	100.00	100.00
Templemead Property Solutions Limited	(A)	Provision of property valuation services	England and Wales	100.00	100.00
Dunstan Thomas Group Limited	(D)	Holding company	England and Wales	100.00	100.00
Digital Keystone Limited	(D)	Provision of IT products	England and Wales	-	100.00
Dunstan Thomas Holdings Limited	(D)	Provision of IT product	England and Wales	-	100.00
Dunstan Thomas Consulting	(D)	Provision of IT product	England and Wales	-	100.00
Platform Action Limited	(D)	Provision of IT product	England and Wales	-	100.00
Talbot and Muir Limited	(E)	Provision of pension	England and Wales	100.00	100.00
The Pension Partnership Limited	(E)	Non-trading	England and Wales	-	100.00
MYSIPP Trustees Limited	(E)	Dormant	England and Wales	-	100.00
The Ward Mitchell Trustees	(E)	Dormant	England and Wales	-	100.00
Oval Trustees Limited	(E)	Dormant	England and Wales	-	100.00
SAM Trustees Limited	(E)	Dormant	England and Wales	-	100.00
T M Trustees Limited	(E)	Dormant	England and Wales	-	100.00
MYSIPP Trustees (Property)	(E)	Dormant	England and Wales	-	100.00

Curtis Banks Group PLC
Notes to the financial statements
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15 Investments (continued)

Name of entity	Registered Office Address Indicator	Principal activity	Country of Incorporation	% of Ordinary Shares held by parent Company	% of Ordinary Shares held by Group
TPP Nominees Limited	(E)	Dormant	England and	-	100.00
MYSSAS Trustees Limited	(E)	Dormant	England and	-	100.00
Colston Trustees Limited	(A)	Dormant	England and	-	100.00
Montpelier Pension Trustees Limited	(A)	Dormant	England and	-	100.00
Tower Pension Trustees Limited	(A)	Dormant	England and	-	100.00
SPS Trustees Limited	(A)	Dormant	England and	-	100.00
Crescent Trustees Limited	(A)	Dormant	England and	-	100.00
Tower Pension (S-B) Trustees Limited	(C)	Dormant	Scotland	-	100.00
Bridgewater Pension Trustees Limited	(A)	Non-trading	England and	-	100.00
Temple Quay Pension Trustees	(A)	Dormant	England and	-	100.00
Suffolk Life Trustees Limited	(B)	Non-trading	England and	-	100.00
Suffolk Life (Spartan Estate) Limited	(B)	Dormant	England and	-	100.00
SLA Property Company Limited	(B)	Dormant	England and	-	100.00
EPPL P1056 Limited	(B)	Dormant	England and	-	100.00
Tower Pension (S-B) Trustees Limited	(C)	Dormant	Scotland	-	100.00

The following entities are all dormant, registered at (F), incorporated in England and Wales and 100% of ordinary shares held by the group:

Pensions Partnership SIPP Trustees Limited	CH Property Trustee MOXON & TAYLOR Ltd	CH Property Trustee FIN Ltd
Pensions Partnership SSAS Trustees Limited	CH Property Trustee MULLARKEY (2) Ltd	CH Property Trustee FOX Ltd
C H Property Trustee CORISANDE Ltd	CH Property Trustee MULLARKEY Ltd	CH Property Trustee GARETH BROOKES LTD
C H Property Trustee Salter Ltd	CH Property Trustee MURRAY Ltd	CH Property Trustee GARY GARDNER Ltd
CH Property Trustee A Lyons Ltd	CH Property Trustee O'ROURKE Ltd	CH Property Trustee GERALDINE BROOKES LTD
CH Property Trustee AHMED Ltd	CH Property Trustee PADDEY Ltd	CH Property Trustee GLOVER Ltd
CH Property Trustee AIZLEWOOD & CASSON LTD	CH Property Trustee PATRICK McCUTCHEON Ltd	CH Property Trustee GREAVES Ltd
CH Property Trustee AK TRUST Ltd	CH Property Trustee PDL Ltd	CH Property Trustee GRIFFITHS Ltd
CH Property Trustee AKENSIDE Ltd	CH Property Trustee PEAKER Ltd	CH Property Trustee HAGUE Ltd
CH Property Trustee AYERS HODGES Ltd	CH Property Trustee PERKINS Ltd	CH Property Trustee HAGUE No2 Ltd
CH Property Trustee BAKER Ltd	CH Property Trustee PICKFORD Ltd	CH Property Trustee HAMER Ltd
CH Property Trustee BANDS CAPITAL Ltd	CH Property Trustee PIDDINGTON Ltd	CH Property Trustee HANSFORD Ltd
CH Property Trustee BAYLISS Ltd	CH Property Trustee PREMIER Ltd	CH Property Trustee HAWTHORNE Ltd
CH Property Trustee BINNS & LA TROBE Ltd	CH Property Trustee PRICE Limited	CH Property Trustee HEASMAN Ltd
CH Property Trustee BROOKES Ltd	CH Property Trustee PURNELL Ltd	CH Property Trustee HENDERSON Ltd
CH Property Trustee BROOKES NO2 LTD	CH Property Trustee QUALITYCOURSE Ltd	CH Property Trustee HORNIMAN Ltd
CH Property Trustee BURRAGE Ltd	CH Property Trustee QUINN Ltd	CH Property Trustee HOWE Ltd
CH Property Trustee BURT Ltd	CH Property Trustee RAYSON & WALTON Ltd	CH Property Trustee HURLEY Ltd
CH Property Trustee BUTT Ltd	CH Property Trustee REEVES Ltd	CH Property Trustee HUTCHINSON Ltd
CH Property Trustee C WHEWELL Ltd	CH Property Trustee REID Ltd	CH Property Trustee HUTTON Ltd
CH Property Trustee CAM Ltd	CH Property Trustee RHODES Ltd	CH Property Trustee IFA Ltd
CH Property Trustee CATE HARVEY Ltd	CH Property Trustee RIDDELL Limited	CH Property Trustee JARVIS LTD
CH Property Trustee CAULFIELD Ltd	CH Property Trustee ROBINSON Ltd	CH Property Trustee JOHN PARNELL Ltd

15 Investments (continued)

CH Property Trustee CHARLES NIXON Ltd	CH Property Trustee RODDICK LTD	CH Property Trustee JOHNSEN Ltd
CH Property Trustee COMBER Ltd	CH Property Trustee ROGERSON Ltd	CH Property Trustee KABIR Ltd
CH Property Trustee COX Ltd	CH Property Trustee SAFTRONICS LTD	CH Property Trustee KEARNEY LTD
CH Property Trustee CRONIN Ltd	CH Property Trustee SELLARS Ltd	CH Property Trustee KEITH EDWARD LTD
CH Property Trustee DANIELS Ltd	CH Property Trustee SHEPHERD Ltd	CH Property Trustee KENNEDY &WILLIAMS LTD
CH Property Trustee DAVMAC Ltd	CH Property Trustee SHORT Ltd	CH Property Trustee KENNY Ltd
CH Property Trustee DEENS & HEGARTY Ltd	CH Property Trustee SOUTHILL Ltd	CH Property Trustee KERR Ltd
CH Property Trustee DEIBEL Ltd	CH Property Trustee SPENCE Ltd	CH Property Trustee KERRIGAN Ltd
CH Property Trustee DICKINSON Ltd	CH Property Trustee SPRINGFIELD (NO.2) Ltd	CH Property Trustee KNAGGS Ltd
CH Property Trustee DIXO0002 Ltd	CH Property Trustee SPRINGFIELD Ltd	CH Property Trustee LAWRENCE Ltd
CH Property Trustee DIXON 2 Ltd	CH Property Trustee STEPHENSON Ltd	CH Property Trustee LEE Ltd
CH Property Trustee DREAMCRAFT Ltd	CH Property Trustee SUCHET Ltd	CH Property Trustee MACBEAN & PALMER Ltd
CH Property Trustee DUXBURY Ltd	CH Property Trustee SWIFT Ltd	CH Property Trustee MACEY & ROBERTS LTD
CH Property Trustee EDMONDSON-HANNON Ltd	CH Property Trustee T DAVIES Ltd	CH Property Trustee MACEY LIMITED
CH Property Trustee ELLIOTT Ltd	CH Property Trustee TEESSIDE Ltd	CH Property Trustee MANSION HOUSE (NO.2) Ltd
CH Property Trustee ELLIOTT No 2 Ltd	CH Property Trustee WESTWOOD Ltd	CH Property Trustee MANSION HOUSE Ltd
CH Property Trustee ENA SHAW Ltd	CH Property Trustee WHARTON Ltd	CH Property Trustee MANTEL Ltd
CH Property Trustee ENRIGHT& CUNNINGHAM Ltd	CH Property Trustee WHITEHEAD Ltd	CH Property Trustee MCCARTHY Ltd
CH Property Trustee EVANS & WALTON Ltd	CH Property Trustee WOOD FAMILY LTD	CH Property Trustee MCNEIL Ltd
CH Property Trustee FORSTER Ltd	CH Property Trustee THORNE LTD	CH Property Trustee MEWES Ltd
CH Property Trustee FALCON LTD	PDJD LTD	CH Property Trustee MNS Limited
CH Property Trustee FASTSOURCE LTD	Pensions Partnership EFRBS Trustees Limited	CH Property Trustee MNS No 2 Limited
CH Property Trustee FERROUS HOUSE Ltd	Pensions Partnership SIPP Trustees No 2 Ltd	CH Property Trustee MOVE Ltd

The registered office address indicator included in the table above reflects the following current registered offices for each company:

- **(A)** 3 Temple Quay, Temple Back East, Bristol, BS1 6DZ
- **(B)** 153 Princes Street, Ipswich, Suffolk, IP1 1QJ
- **(C)** Suite 3, West Port House, 144 West Marketgait, Dundee, DD1 1NJ
- **(D)** Building 3000 Lakeside North Harbour, Portsmouth, PO6 3EN
- **(E)** 55 Maid Marian Way Nottingham NG1 6GE
- **(F)** 33 Park Square West, Leeds, LS1 2PF

In the opinion of the directors, the aggregate value of the Group's investment in subsidiary undertakings is not less than the amount included in the statement of financial position. All subsidiaries, other than Curtis Banks Limited, Suffolk Life Pensions Limited, Suffolk Life Annuities Limited and Talbot and Muir Limited are exempt from audit under the requirements of s479A of the Companies Act 2006.

16 Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflects the Group's view of market assumptions in the absence of observable market information. The Group utilises techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair values measured using valuation techniques for any input for the asset or liability significant to the measurement that is not based on observable market data (unobservable inputs).

The following table presents the Group's financial investments and investment property by IFRS 13 hierarchy levels:

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
As at 31 December 2021				
Equity and other variable-yield securities	2,184,067	2,152,883	24,726	6,458
Debt securities and other fixed-income securities	40,898	23,026	16,483	1,389
Cash equivalents	1,386	-	1,386	-
Investment property	1,316,468	-	-	1,316,468
Total financial investments and investment property	3,542,819	2,175,909	42,595	1,324,315

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
As at 31 December 2020				
Equity and other variable-yield securities	2,015,190	1,975,187	27,655	12,348
Debt securities and other fixed-income securities	57,127	34,034	21,348	1,745
Cash equivalents	551	-	551	-
Investment property	1,208,605	-	-	1,208,605
Total financial investments and investment property	3,281,473	2,009,221	49,554	1,222,698

There have been no significant transfers between level 1, level 2 and level 3 in 2021 or 2020.

Level 3 assets where internal models are used comprise property and unquoted investments, the latter including investments in private equity, property vehicles and suspended securities.

16 Fair value hierarchy (continued)

In many situations, inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In these situations, the Group determines the level in which the fair value falls based upon the lowest level input that is significant to the determination of the fair value. As a result, both observable and unobservable inputs may be used in the determination of fair values that the Group has classified within level 3.

The Group determines the fair values of certain financial assets and liabilities based on quoted market prices, where available. The Group also determines fair value based on estimated future cash flows discounted at the appropriate current market rate. As appropriate, fair values reflect adjustments for counterparty credit quality, the Group's credit standing, liquidity and risk margins on unobservable inputs.

Where quoted market prices are not available, fair value estimates are made at a point in time, based on relevant market data, as well as the best information about the individual financial instrument. Illiquid market conditions have resulted in inactive markets for certain of the Group's financial instruments. As a result, there is generally no or limited observable market data for these assets and liabilities. Fair value estimates for financial instruments deemed to be in an illiquid market are based on judgements regarding current economic conditions, liquidity discounts, currency, credit and interest rate risks, loss experience and other factors. These fair values are estimates and involve considerable uncertainty and variability as a result of the inputs selected and may differ significantly from the values that would have been used had a ready market existed, and the differences could be material. As a result, such calculated fair value estimates may not be realisable in an immediate sale or settlement of the instrument. In addition, changes in the underlying assumptions used in the fair value measurement technique could significantly affect these fair value estimates.

All level 3 investments relate to policyholder assets and movements in the value of such assets do not impact on shareholder reserves.

16 Fair value hierarchy (continued)

Level 3 Investments	**Equity and other variable-yield securities 2021 £'000**	**Debt securities and other fixed income securities 2021 £'000**	**Investment Property 2021 £'000**
Fair value			
At 1 January 2021	12,348	1,745	1,208,605
Net (losses)/gains for the year recognised in profit and loss	(7,593)	(1,079)	120,416
Purchases/Additions	-	-	92,456
Disposals	-	-	(105,009)
Transfers into level 3	4,230	941	-
Transfers out of level 3	(2,527)	(218)	-
At 31 December 2021	6,458	1,389	1,316,468

Level 3 Investments	**Equity and other variable-yield securities 2020 £'000**	**Debt securities and other fixed income securities 2020 £'000**	**Investment Property 2020 £'000**
Fair value			
At 1 January 2020	10,486	7,497	1,265,784
Net (losses)/gains for the year recognised in profit and loss	(6,702)	(7,486)	(60,751)
Purchases/Additions	-	-	122,449
Disposals	-	-	(118,877)
Transfers into level 3	9,268	1,734	-
Transfers out of level 3	(704)	-	-
At 31 December 2020	12,348	1,745	1,208,605

Transfers out of level 3 relate to assets held for which observable inputs subsequently became available. Transfers into level 3 relate to assets formerly categorised as level 1 or level 2 assets where observable inputs are no longer available. This is principally due to assets becoming illiquid meaning that observable inputs are no longer available.

16 Fair value hierarchy (continued)

Fair values of financial instruments are, in certain circumstances, measured using valuation techniques that incorporate inputs and assumptions that are not evidenced by prices from observable current market transactions in the same instrument and are not based on observable market data. The following table shows the level 3 financial instruments carried at fair value as at the balance sheet date, the valuation basis, main assumptions used in the valuation of these instruments and reasonably possible increases or decreases in fair value based on reasonably possible alternative assumptions. A factor of 5% has been used as the reasonably possible alternative assumption.

As at 31 December 2021				Reasonably possible alternative assumptions	
Assets	**Valuation Basis / Technique**	**Main inputs and assumptions**	**Current fair value 2021 £'000**	**Increase in fair value 2021 £'000**	**Decrease in fair value 2021 £'000**
Suspended securities	*Note 1*	Estimated recoverable amount	6,315	316	(316)
Unquoted securities	*Note 1*	Price earning multiple	1,532	77	(77)
Investment property	*Note 2*	Third party property index	1,316,468	65,823	(65,823)
			1,324,315	66,216	(66,216)

As at 31 December 2020				Reasonably possible alternative assumptions	
Assets	**Valuation Basis / Technique**	**Main assumptions**	**Current fair value 2020 £'000**	**Increase in fair value 2020 £'000**	**Decrease in fair value 2020 £'000**
Suspended securities	*Note 1*	Estimated recoverable amount	10,665	533	(533)
Unquoted securities	*Note 1*	Price earning multiple	3,428	170	(170)
Investment property	*Note 2*	Third party property index	1,208,605	60,430	(60,430)
			1,222,698	61,133	(61,133)

1. Values are based on estimate of market price. Sources used in deriving these estimates include the last traded price between a buyer and a seller, brokers providing a matched bargain facility or a company's audited financial statements, if available.
2. Valued using professional specialist property third party indexation data and indexation from the last valuation.

16 Fair value hierarchy (continued)

Any changes in value of assets held within non-participating investment contracts are offset by an equal and opposite change in investment contract liabilities.

The fair value of cash equivalents, trade receivables and trade payables approximate to their carrying values due to their short-term nature.

The fair value of contingent consideration payable is split between creditors due within one year and creditors due in more than one year. The total amount payable relates to acquisitions by the Group of Dunstan Thomas and Talbot and Muir during the year ended 31 December 2020. Contingent consideration payable is wholly classified as Level 3 for fair value measurement under IFRS 13.

17 Trade and other receivables

	Group As at 31 December		Company As at 31 December	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade receivables	16,830	17,496	-	-
Prepayments and accrued income	9,116	7,150	29	17
Amounts owed by group undertakings	-	-	305	-
Other receivables	2,035	2,003	43	279
	27,981	26,649	377	264

All trade receivables were non-interest bearing and receivable under normal commercial terms. The directors consider that the carrying value of trade and other receivables approximates to their fair value. All trade receivables from pension administration segment are fees due from SIPPs and SSASs or due from policyholders in relation to their investments. These fees are collected from the assets of the respective schemes of which the Group has control. If there are no assets in the scheme, payment of the fees is the responsibility of the member who set the scheme up. As such, all debts should be recoverable over time. Trade receivables from the Fintech segment are primarily made up of licence and IT consultancy fees which are collected from the customers directly. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Details about the Group's impairment policies and the calculation of loss allowance are provided in note 31 to the financial statements.

18 Cash and cash equivalents

As at 31 December 2021 and 2020 cash and cash equivalents were as follows:

	Group As at 31 December		Company As at 31 December	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	31,891	32,509	4,458	4,411
Deposits with credit institutions	376,856	397,518	-	-
Cash equivalents	1,386	551	-	-
Cash and cash equivalents	410,133	430,578	4,458	4,411

The Group considers potential expected credit losses on cash and cash equivalents to be insignificant.

19 Trade and other payables

	Group As at 31 December		Company As at 31 December	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade payables	8,880	8,172	57	29
Taxes and social security costs	2,775	2,880	5	51
Amounts owed to group undertakings	-	-	-	1,347
Other payables	983	246	-	-
Accruals	8,215	7,597	1,321	140
	20,853	18,895	1,383	1,567

Trade payables are non-interest bearing and are normally settled on 30 day terms.

20 Borrowings

	Group		Company	
	As at 31 December		As at 31 December	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Current				
Bank loans	46,832	53,533	4,507	3,852
	46,832	53,533	4,507	3,852
Non-current				
Bank loans	43,957	53,370	15,399	19,904
	43,957	53,370	15,399	19,904
Total borrowings	90,789	106,903	19,906	23,756

Bank borrowings

The bank borrowings are repayable as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Within 1 year	46,832	53,533	4,507	3,852
Between 1 year and 5 years	34,928	42,531	15,399	19,904
After more than 5 years	9,029	10,839	-	-
	90,789	106,903	19,906	23,756

Bank borrowings of the Company are repayable between January 2021 and July 2025 and bear average coupons of 2.25% plus LIBOR per annum. After 31 December 2021, LIBOR will generally not be available, the reference rate used to calculate interest will be replaced by the Sterling Overnight Index Average (SONIA) compounded in arrear plus a credit adjustment spread. The changes are not intended to increase the interest rate compared to that under LIBOR, and the frequency, number and timing of interest payments remain the same.

Total borrowings of the Group include liabilities of £70,883,000 (2020: £83,147,000) secured by legal charge over certain properties held within non-participating investment contracts, and liabilities of £19,906,000 (2020: £23,756,000) secured on the shares of Curtis Banks Limited, Suffolk Life Pensions Limited, Suffolk Life Annuities Limited, and Dunstan Thomas Group Limited.

The company's undiscounted borrowing repayable is £4,477k within one year and £16,836k over one year.

21 Non-participating investment contract liabilities

All amounts within this note relate to the Group only. There are no non-participating investment contract liabilities within the Company.

(a) *Analysis of investment contract liabilities*

Investment contract liability provisions for linked liabilities arising in connection with the above policies are detailed below. There is no reinsurance amount (2020: £nil). For each linked SIPP the Group provides, there is a separate internal fund. Where the Group provides a Trustee Investment Plan or Group Managed Fund, there are a number of separate internal funds.

Movement in non-participating investment contract liabilities	**2021 £'000**	**2020 £'000**
As at 1 January	3,585,307	3,571,904
Reserves in respect of new business	226,312	180,513
Amounts paid on surrenders and maturities during the year	(408,369)	(256,998)
Investment income	466,811	125,231
Expenses	(33,850)	(35,343)
As at 31 December	3,836,211	3,585,307

These relate to:

	2021 £'000	**2020 £'000**
Self-Invested Personal Pensions	2,683,775	2,554,264
Group Managed Funds – Trustee Investment Plans	45,557	55,583
Group Managed Funds	43,761	55,306
Trustee Investment Plans	1,063,118	920,154
As at 31 December	3,836,211	3,585,307

Assets held to cover non-participating investment contracts are detailed under separate notes to the financial statements.

(b) Investment contract liabilities – investment income

	2021 £'000	**2020 £'000**
Rents receivable	69,365	75,931
Interest receivable	2,440	2,715
Investment and other income	29,252	27,526
Realised gains/(losses) on investments	30,802	(40,093)
Unrealised gains on investments	334,952	59,152
	466,811	125,231

21 Non-participating investment contract liabilities *(continued)*

(c) Investment contract liabilities – expenses

	2021 £'000	2020 £'000
Investment management fees	11,482	10,010
Adviser fees	633	610
Management charges – administration	7,231	6,859
Bank fees and charges	73	300
Professional fees and sundries	11,602	11,150
Bad debts	1,299	4,104
Interest payable on bank loans and overdrafts	1,530	2,310
	33,850	35,343

(d) Reserves in respect of new business

	2021 £'000	2020 £'000
Gross premiums		
Periodic premiums relating to Self-Invested Personal Pensions	1,600	1,700
Single premiums relating to Self-Invested Personal Pensions	157,012	120,837
Single premiums relating to Group Managed Funds – TIPs	4,049	3,851
Single premiums relating to Group Managed Funds	848	1,212
Single premiums relating to Trustee Investment Plans	62,803	52,913
	226,312	180,513

(e) Amounts paid on surrenders and maturities during the year

	2021 £'000	2020 £'000
Gross claims paid		
Lump sums on death	12,906	16,910
Lump sums on pensions vesting	19,462	12,010
Income withdrawals	33,266	31,090
Annuities purchased	314	122
Transfers out	327,238	183,705
Surrenders of managed funds – Trustee Investment Plans	15,183	13,161
	408,369	256,998

22 Deferred tax liability

As a result of the taxation position set out in note 11, a deferred tax liability has arisen as follows:

		Group
		As restated*
	2021	**2020**
	£'000	**£'000**
Brought forward liability/(asset)	3,790	(911)
Net change in temporary differences on equity share based payments	100	568
Net change in temporary differences on plant and equipment	(113)	77
Net change in temporary differences on intangible assets	(313)	4,056
Carried forward liability	3,464	3,790

The deferred tax liability with respect to temporary differences is analysed as follows:

		Group
		As at 31 December
		As restated*
	2021	**2020**
	£'000	**£'000**
Temporary differences on equity share based payments	(169)	(269)
Temporary differences on plant and equipment	(110)	3
Temporary differences on intangible assets	3,743	4,056
	3,464	3,790

*The audited results for year ended 31 December 2020 have been restated to account for measurement period adjustments arising under IFRS 3 Business Combinations relating to the acquisitions of the Dunstan Thomas Group and the Talbot and Muir Group that took place in H2 2020. The adjustments made to restate the 31 December 2020 comparatives are further detailed in note 2.

The deferred tax liability assumes a future corporation tax rate of 19% will be applicable to the Group.

23 Provisions

				As at 31 December
Provisions	**Other provision £'000**	**Restructuring provision £'000**	**In-specie contributions provision £'000**	**Group Total £'000**
Balance as at 1 January 2020	246	307	-	553
Amounts provided	53	-	402	455
Amounts arising on acquisitions	7	-	-	7
Amounts utilised	(292)	(170)	-	(462)
Amounts released as unutilised	(7)	(38)		(45)
Balance as at 31 December 2020	7	99	402	508
Amounts provided	211	93	11	315
Amounts utilised	-	(99)	-	(99)
Amounts released as unutilised	-	-	(93)	(93)
Balance as at 31 December 2021	218	93	320	631

23 Provisions *(continued)*

Other provision

As part of the consolidation and integration exercise undertaken during the year ended 31 December 2018 management initiated a review of data records relating to commercial properties held within SIPPs administered by the Group. A provision of £500,000 was made for the estimated costs of completing this exercise.

By 31 December 2019, the Group had completed its review enabling identification of the total number of cases potentially requiring remediation, and as of 31 December 2020, the vast majority of cases had been settled. There were no material variances to the original estimate of future remaining direct costs the Group expected to potentially bear.

A contingent liability was also recorded in respect of possible remediation that might be required depending on the outcome of the review. The estimate of these possible costs at 31 December 2019 was £1,400,000. Having largely completed the review during 2021, management have been able to quantify the expected remediation costs and provision of £211,000 has been made to the remaining costs as at 31 December 2021.

Restructuring provision

During the year ended 31 December 2019, the Group progressed its strategy to deliver its Target Operating Model by deciding to centralise commercial property administration within one office location. Redundancy costs associated with this decision, relating to the year ended 31 December 2019, are included as amounts introduced to the restructuring provision for that year. A further £93,000 provision in 2021 has been made to reflect the updated estimate of the impact from the restructuring activities.

In-specie contributions provision

As previously reported, the Group has been in correspondence with HMRC regarding processes and documentation in respect of in specie contributions. HMRC have alleged that incorrect procedures were followed and is seeking to reclaim tax reliefs granted and interest thereon. This is an industry wide issue affecting other SIPP operators and has been challenged by the sector as a whole. Following a favourable ruling for HMRC in a case affecting another SIPP operator, and having taken further legal advice, the Directors now consider it more likely than not that some cost associated with this issue will be incurred by the Group.

The total exposure for affected customers is estimated at £1.1m inclusive of interest. However, in recognition of the possibility that some customers may have insufficient assets to settle their share of the cost, the Group has recognised a provision of £0.4m as at 31 December 2020. In 2021, this has been revised to £0.3m based on updated information.

24 Issued capital

	Group & Company	
	2021	2020
	£'000	£'000
Allotted, called up and fully paid		
Ordinary shares of 0.5p each	332	330
	332	330
	Number	**Number**
Number of Ordinary shares		
Brought forward	66,414,312	54,142,346
Issued during the year	465,000	12,271,966
Carried forward	66,879,312	66,414,312

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The ordinary shares rank equally for voting purposes. On a show of hands each member shall have one vote and on a poll each member shall have one vote per share held. Each ordinary share ranks equally for any dividend declared and rank equally for any distribution made on a winding up.

25 Reserves

Share premium

This reserve was created on admission to trading on the Alternative Investment Market ("AIM") and arises on the difference between the placing price and the par value of Ordinary shares issued. Expenses directly relating to the issue of new shares in the Company onto the AIM market have been deducted from the share premium account.

Equity share based payments

This reserve arises from share options granted by the Group to certain employees of the Group. Further details are disclosed in note 26.

Retained earnings

Retained earnings comprise the cumulative realised gains and losses of the Group from each of the individual combined entities.

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The Company's profit after tax for the year was £9,162,000 (20: £11,049,000).

25 Reserves (continued)

Treasury shares

The Group has established an employee benefit trust ("EBT") in order to acquire ordinary shares in the Company to satisfy awards under the Group's share based payment schemes. At 31 December 2021, the EBT held 448,296 ordinary shares in the Company, acquired for a total consideration of £1,209,091 with a market value of £1,192,467 (2020: 261,276 ordinary shares acquired for a total consideration of £681,490 with a market value of £600,935). They are classified as treasury shares in the Consolidated Statement of Financial Position, their cost being deducted from equity.

26 Equity share based payments

The weighted average exercise price for all options outstanding at 31 December 2021 was 227.29p (2020: 197.08p).

The weighted average exercise price for all options exercised during the year ended 31 December 2021 was 90.18p (2020: 79.04p).

The weighted average remaining contractual life of all unexercised share options as at 31 December 2021 was 6 years and 5 months (2020: 6 years and 7 months).

The total charge to the Consolidated Statement of Comprehensive Income arising from equity-settled share-based payment transactions for the year ended 31 December 2021 was £93,000 (year ended 31 December 2020: £434,000). The total increase in equity arising from equity-settled share-based payment transactions for the year ended 31 December 2021 was £93,000 (year ended 31 December 2020: £434,000).

26 Equity share based payments (continued)

The following table sets out each of the Group's equity share based payments in operation during the year ended 31 December 2021:

Scheme	Date of grant	Number of shares under option at 1 January 2021	Granted	Exercised	Lapsed	Number of shares under option at 31 December 2021	Exercise price	Latest Exercise Date
EMI15	08/04/15	465,000	-	(465,000)	-	-	62.54p	08/04/25
SS17	30/05/17	250,662	-	(122,257)	(128,405)	-	213.60p	01/02/21
SS18	21/05/18	69,363	-	(5,168)	(53,554)	10,641	268.80p	01/02/22
SS19	21/05/19	138,217	-	-	(25,581)	112,636	244.80p	01/02/23
SS20	19/05/20	567,341	-	(234)	(84,333)	482,774	212.80p	01/02/24
SS21	15/06/21	-	331,468	-	(12,162)	319,306	226.40p	01/02/25
CSOP16A	14/09/16	171,616	-	-	-	171,616	267.00p	14/09/26
CSOP16B	15/12/16	535,996	-	-	-	535,996	201.00p	15/12/26
CSOP17	26/06/17	535,996	-	-	-	535,996	260.00p	25/06/27
CSOP20	08/04/20	391,757	-	-	(46,432)	345,325	217.00p	08/04/30
CSOP21	27/04/21	-	427,125	-	-	427,125	283.00p	27/04/31
LTIP17	26/10/17	5,869	-	(5,869)	-	-	0p	26/10/27
LTIP18A	18/09/18	154,603	-	(29,451)	(119,664)	5,488	0p	18/09/28
LTIP18B	05/10/18	55,559	-	-	(41,669)	13,890	0p	05/10/28
LTIP20A	14/09/20	750,000	-	-	-	750,000	217.00p	14/09/30
LTIP20B	14/09/20	750,000	-	-	-	750,000	217.00p	14/09/30
EBS20	08/04/20	25,436	-	-	-	25,436	0p	08/04/30
		4,867,415	758,593	(627,979)	(511,800)	4,486,229		

Of the total 4,486,229 shares under option as at 31 December 2021, 1,280,214 were exercisable.

EMI15

The Group set up an EMI scheme during the year ended 31 December 2014 by which certain employees and key management personnel of Curtis Banks Limited were able to subscribe to ordinary shares in the Company. As at the year end 31 December 2020, one member of key management personnel of the Group held options under the EMI.

SS16, SS17, SS18, SS19, SS20 & SS21

The Group operates a Save As You Earn ("SAYE") share option scheme under which almost all employees of the Group are eligible to subscribe to ordinary shares in the Company following a 3 year contribution and vesting period. Grants under the SAYE are expected to be provided to eligible employees annually.

26 Equity share based payments (continued)

CSOP16A, CSOP16B, CSOP17, CSOP20 & CSOP21

During the year ended 31 December 2016, the Group set up a Company Share Option Plan ("CSOP") share option scheme under which certain key management of the Group are able to subscribe to ordinary shares in the Company. As at the year ended 31 December 2021, five key management personnel of the Group held options under the CSOP. The CSOP is a performance based option grant.

LTIP17, LTIP18A, LTIP18B, LTIP20A & LTIP20B

The Group operates a performance based Long Term Incentive Plan ("LTIP") under which executive directors and certain key management of the Group are able to subscribe to ordinary shares in the Company. As at the year ended 31 December 2021, five key management personnel of the Group held options granted under the LTIP in 2017 and 2018.

Vesting of LTIP awards is subject to satisfaction of performance criteria as described in the Corporate Governance Report on page 48.

EBS20

The Group operates an executive bonus scheme through which a proportion of annual bonus amounts over a certain threshold for certain executives are provided as share options providing those individuals with the ability to subscribe to ordinary shares in the Company. As at the year ended 31 December 2021, only certain executive directors of the Group held options under the EBS, as disclosed in the Directors' Remuneration Report.

26 Equity share based payments (continued)

Share based payment expenses – all schemes

The fair values of all options at the date of grant were determined by using the Black Scholes model. Expected volatility was based upon historical information about the Group's share price, measured using the standard deviation of its monthly share prices over the last three years (where data is available) and comparisons against similar entities at the date of grant. The Company first listed on the Alternative Investment Market ("AIM") in May 2015 and consequently less than three years of data has been available for use in measuring the expected volatility of certain grants shown below. The model includes separate vesting periods for each proportion of options based on their exercise dates. The fair values derived and model inputs for each grant are reflected in the table below:

Scheme	Date of grant	Option vesting period	Fair value per option granted	Share price on grant date	Risk free rate of interest	Expected volatility	Dividend yield
EMI15	08/04/15	3 years	5.64p	62.54p	0.50%	24.00%	0.00%
SS17	30/05/17	3 years	99.77p	282.50p	0.25%	44.29%	1.50%
SS18	21/05/18	3 years	84.09p	316.00p	0.50%	37.39%	1.98%
SS19	21/05/19	3 years	79.37p	308.00p	0.75%	33.05%	2.60%
SS20	19/05/20	3 years	60.43p	271.00p	0.10%	29.60%	3.32%
SS21	15/06/21	3 years	63.57p	275.00p	0.10%	34.10%	3.27%
CSOP16A	14/09/16	1.5 years	45.58p	267.00p	0.25%	39.01%	1.00%
CSOP16B	15/12/16	3 years	52.42p	201.00p	0.25%	42.95%	1.00%
CSOP17	26/06/17	3 years	63.54p	260.00p	0.25%	43.41%	1.50%
CSOP20	08/04/20	3 years	31.82p	217.00p	0.10%	32.82%	4.15%
CSOP21	27/04/21	3 years	48.80p	283.00p	0.10%	34.89%	3.18%
LTIP17	26/10/17	3 years	289.25p	310.00p	0.25%	46.66%	1.50%
LTIP18A	18/09/18	3 years	262.35p	287.00p	0.75%	36.05%	2.18%
LTIP18B	05/10/18	3 years	265.09p	290.00p	0.75%	35.98%	2.18%
LTIP20A	14/09/20	3 years	31.17p	215.00p	0.10%	33.09%	4.19%
LTIP20B	14/09/20	4 years	33.78p	215.00p	0.10%	33.09%	4.19%
EBS20	08/04/20	2 years	194.80p	217.00p	0.10%	32.82%	4.15%

27 Non-controlling interests

The non-controlling interests reflect the relevant amounts of the trading results and net assets attributable to the non-controlling shareholders in CB 2019 Limited (see note 15).

	As at 31 December 2021 £'000	2020 £'000
Share of net assets brought forward and carried forward	10	14

28 Financial commitments

The Group holds investment properties on behalf of non-participating investment contracts which generate income by leasing these to tenants under operating leases.

At the statement of financial position date, the Group had contracted with vendors to purchase investment properties or develop existing investment properties to pay the following future payments:

	As at 31 December	
	2021	**2020**
Attributable to non-participating investment contracts	**£'000**	**£'000**
Authorised and contracted commitments not provided for in respect of investment property acquisition and development, payable after 31 December:	2,192	2,041

At the statement of financial position date, the Group had contracted with tenants to receive the following future minimum lease payments on behalf of non-participating investment contracts:

	As at 31 December	
	2021	**2020**
Attributable to non-participating investment contracts	**£'000**	**£'000**
Future aggregate minimum lease receivables under non-cancellable operating leases:		
Within 1 year	71,719	70,324
Within 2 – 5 years	133,337	128,114
After more than 5 years	82,306	82,941
	287,362	281,379

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	As at 31 December	
	2021	**2020**
Attributable to shareholder reserves	**£'000**	**£'000**
Intangible assets	-	-

29 Pension costs – defined contribution

	Year to 31 December	
	2021	**2020**
	£'000	**£'000**
Contributions payable by the Group for the year	2,327	2,015

30 Dividends

	Year to 31 December	
	2021	**2020**
	£'000	**£'000**
Ordinary dividend declared and paid	5,997	5,149
	5,997	5,149

A final dividend in respect of the year ended 31 December 2020 of 6.5p per share was proposed by reference to audited distributable reserves as at 31 December 2020 and was paid on 4 June 2021.

An interim dividend in respect of the year ended 31 December 2021 of 2.5p per share was declared by reference to audited distributable reserves as at 31 December 2020 and paid on 12 November 2021.

31 Financial risk management

The main risks arising from financial instruments are interest rate risk, credit risk, and liquidity risk. Each of these risks is discussed in detail below. There is deemed to be minimal concentration risk present due to revenue generation being spread over a high volume of individual customers. All risk management included in this note is in relation to shareholder assets and liabilities, as there is no credit risk, interest risk or liquidity risk on the policyholder assets and liabilities attributable to shareholder reserves.

The Group monitors financial risks on a consolidated basis, with its financial risk management based upon sound economic objectives and good corporate practice. No hedging transactions have taken place during the years presented. Financial assets principally comprise trade and other receivables, cash and short-term deposits, which arise directly from its operations. Financial liabilities principally comprise trade and other payables, deferred consideration and borrowings.

31 Financial risk management *(continued)*

Interest rate risk

Interest rate risk is the risk that the Group will sustain losses from adverse movements in interest bearing assets. There is an exposure to interest rates on shareholder owned banking deposits held in the ordinary course of business. The value of financial instruments on the Group's consolidated statement of financial position exposed to interest rate risk was £31,891k (2020: £32,126k) comprising cash and short-term deposits. This exposure is monitored to ensure that the Group is maximising its interest earning potential within accepted liquidity and credit constraints. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are also made for varying periods of between one day and 30 days depending on the immediate cash requirements of the Group and earn interest at the respective term deposit rates.

The Group had external borrowings attributable to shareholders at the year-end of £19,906k (2020: £23,756k). The interest rates attached to borrowings held include a floating rate based on the London Interbank Offered Rate ("LIBOR"). There is an exposure on external borrowings therefore to interest rate risk.

The following table demonstrates the sensitivity to a 100bps (1%) change in interest rates on actual borrowings, with all other variables held constant, on the Group's profit before tax.

	Increase / decrease in basis points	Effect on profit before tax £'000
2021		
£ Sterling	+100	(282)
£ Sterling	-100	282
2020		
£ Sterling	+100	(238)
£ Sterling	-100	238

In addition, a source of revenue is based on the value of customer cash under administration. The Group has an indirect exposure to interest rate risk on these cash balances held for customers. The Group manages this risk through a central treasury function which monitors customer cash and interest rate movement on a monthly basis.

Credit risk

The Group trades only with third parties it recognises as being creditworthy. In addition, receivable balances are monitored continually.

The maximum credit risk exposure of the Group's financial instruments in the event of other parties failing to perform their obligations is considered to be equal to the carrying amount of such financial instruments, excluding policyholder assets and liabilities within non-participating investment contracts included within the consolidated statement of financial position. Given the nature of the Group's operations, it does not have significant concentration of credit risk in respect of shareholder trade receivables, with exposure spread over a large number of customers.

31 Financial risk management *(continued)*

Credit risk (continued)

All of the banks currently used by the Group have long-term credit ratings of at least BBB+ (Fitch). This results in the Group retaining the ability to further mitigate the counterparty risk on its own behalf and that of its customers. The directors continue to monitor the strength of the banks used by the Group.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss rate is determined by reference to the underlying level of liquidity in each of the Group's customers' SIPPs because customers' fees are normally settled directly from their SIPP cash holdings. A lower level of liquidity in the SIPP, or indeed illiquidity, indicates reduced credit quality in the related trade receivable balance.

The Group's credit quality ratings as at 31 December 2021 in respect of shareholder trade receivables are set out below:

	IFRS 9 loss rate %	Trade receivables gross carrying amount £'000	Loss allowance £'000	Net trade receivables £'000
Good quality	0.00 - 10.00	5,326	(125)	5,201
Satisfactory quality	10.01 - 30.00	1,903	(518)	1,384
Low quality	30.01 - 99.99	1,675	(1,174)	502
No expected recovery	100.00	-	-	-
		8,904	(1,817)	7,087

The Group's credit quality ratings as at 31 December 2020 in respect of shareholder trade receivables are set out below:

	IFRS 9 loss rate %	Trade receivables gross carrying amount £'000	Loss allowance £'000	Net trade receivables £'000
Good quality	0.00 - 10.00	5,422	(144)	5,278
Satisfactory quality	10.01 - 30.00	1,855	(339)	1,516
Low quality	30.01 - 99.99	1,535	(1,111)	424
No expected recovery	100.00	30	(30)	-
		8,842	(1,624)	7,218

The Group's approach to managing credit risk is based on its credit quality ratings, where a set of policies and procedures are in place to recover fee debt based on individual SIPP liquidity. This underlying level of liquidity in each of the Group's customers' SIPPs is mostly driven by the customers' use of the SIPP and what they choose to invest in.

31 Financial risk management *(continued)*

Credit risk (continued)

The terms and conditions attached to the Group's SIPP products include a requirement to maintain a minimum cash balance from which the Group normally draws fees when due. Where cash is not immediately available, assets from the SIPP are disinvested in order to settle fees. We also request fees direct from customers where necessary.

Trade receivables of £16,830,000 at 31 December 2021 (2020: £17,496,000) includes £10,573,000 (2020: £10,278,000) of policyholder receivables under non-participating investment contracts. Since there is a direct link between the investments and obligations for non-participating investment contracts, these policyholder receivables have not been included in the credit quality rating analysis since the Group is not directly exposed to the risks from these contracts.

The Group continually assesses historical recovery data to help determine how the underlying level of liquidity in the SIPPs fits into each of the credit quality ratings. Future historical data available may lead to changes in the estimated categorisation of trade receivables gross carrying amounts and associated loss allowance.

The Group regularly categorises its trade receivables to help determine underlying changes in the level of liquidity of the SIPP which then drives changes in the estimated loss allowance associated with the trade receivables balance.

Where trade and other receivables have been outstanding for more than six years, amounts are deemed to have no reasonable expectation of recovery and are written off.

Changes in macroeconomic factors may impact the Group's customers' use of the SIPP and cause the level of liquidity in the SIPP to increase or decrease. A 10% increase or decrease in loss rates estimated at the year-end would have the following impact:

Year ended 31 December 2021	**Increase / (decrease) in loss rates**	**Effect on profit before tax £'000**
Loss rate	10%	(731)
Loss rate	(10%)	489

Year ended 31 December 2020	**Increase / (decrease) in loss rates**	**Effect on profit before tax £'000**
Loss rate	10%	(726)
Loss rate	(10%)	402

The Group charges fixed fees for its services reducing its exposure to changes in macroeconomic factors which may otherwise impact a percentage basis point fee charging model.

31 Financial risk management (continued)

Liquidity risk
This is the risk that the Group may be unable to meet its liabilities as and when they fall due. The Group monitors its risk to a shortage of funds by considering the maturity of its financial assets (e.g. trade receivables, other financial assets) and projected cash flows from operations. As part of these projections, the Group also monitors anticipated capital expenditure and the expected timing of settlement of financial liabilities. The Group is a highly cash generative business and maintains sufficient cash to fund its foreseeable trading requirements.

Details on the maturity of the Group's borrowings are disclosed in note 20 and details on the maturity of the Group's lease liabilities are as reflected in the consolidated statement of financial position. The undiscounted value of lease liabilities due <1 year is £1,122k. The undiscounted value of lease liabilities due >1 year is £7,446k. Maturity analysis relating to other financial liabilities including trade and other payables and deferred consideration is as disclosed in the consolidated statement of financial position.

32 Capital management

Certain subsidiaries of the Group are supervised in the UK by the Financial Conduct Authority ("FCA") and, following the acquisition of Suffolk Life Annuities Limited during the year ended 31 December 2016, the Prudential Regulation Authority ("PRA"). The Group manages its capital through continuous review of the capital requirements of its regulated subsidiaries, which are monitored by the Group's management and reported monthly to the Board. The Group's objectives when managing capital are:

- To comply with the regulatory capital requirements set by the FCA and the PRA
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital of the Group as at 31 December 2021 was £81.6m (2020 restated: £80.3m). The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. The Group's regulated subsidiary companies submit regular returns to the FCA and the PRA relating to their capital resources. The regulated subsidiaries are limited in the distributions that can be paid up to the Group by each of their individual capital resource requirements. Group internal policy is for regulated companies within the Group to hold at least 130% of their required regulatory capital.

Under the terms of the major shareholder borrowing facilities, the Group is required to comply with the following financial covenants:

- Cash flow cover – a measure of the Group's liquidity
- Interest cover – a measure of the Group's ability to meet interest repayments
- Leverage – a measure of the Group's overall net cash position

The Group has complied with these covenants throughout the current and prior reporting period.

33 Contingent consideration

The Group and Company has entered into certain acquisition agreements that provide for contingent consideration to be paid. These agreements and the basis of calculation of the net present value of the contingent consideration are summarised below. While it is not possible to determine the exact amount of contingent consideration (as this will depend on the performance of the acquired businesses during the period), *the Group estimates the fair value of the remaining contingent consideration payable is £7.7m (2020: £8.2m).*

On 3 August 2020 the Group acquired Dunstan Thomas for total maximum consideration of up to £27.5m, comprising initial consideration of £21.9m in cash plus contingent consideration of up to £5.6m payable in cash after three years post completion date if certain financial targets based on growth in earnings before interest, tax, depreciation and amortisation are met. The Group estimates the fair value of the remaining contingent consideration at 31 December 2021 to be £3.2m (2020: £4.1m) using forecasts approved by the Board covering the contingent consideration period.

On 30 October 2020 the Group acquired Talbot and Muir for total maximum consideration of up to £25.25m, comprising initial consideration of £18.0m in cash plus contingent consideration of up to £7.25m payable in cash over a two year period post completion if certain financial targets based on growth in earnings before interest, tax, depreciation and amortisation are met. The Group estimates the fair value of the remaining contingent consideration at 31 December 2021 to be £4.5m (2020: £4.1m) using forecasts approved by the Board covering the contingent consideration period.

34 Off Balance Sheet Cash

The Group administers cash held in SIPP bank accounts on behalf of its SIPP customers. Given the nature of these customer balances, neither the funds nor an offsetting liability are included in the financial statements. Off balance sheet cash held in SIPP bank accounts as at 31 December 2021 totalled £899m (2020: £992m).

35 Related parties

At the year end, Curtis Banks Group PLC was due £304,593 from Curtis Banks Limited (2020: owed £344,340 to Curtis Banks Limited). The movement in the current year relates to share issue proceeds Curtis Banks Limited received on behalf of Curtis Banks Group PLC of £290,811 (2020: £nil) and payments to settle intercompany amounts owed of £601,584 (2020: £nil), offset by expenses paid by Curtis Banks Limited on behalf of Curtis Banks Group PLC amounting to £243,462 (2020: £176,747).

During the year ended 31 December 2021, Suffolk Life Group Limited paid dividends totalling £6,550,000 to Curtis Banks Group PLC (2020: £7,800,000). During the year ended 31 December 2021, Curtis Banks Limited paid dividends totalling £3,700,000 to Curtis Banks Group PLC (2020: £6,000,000).

During the year ended 31 December 2021, Dunstan Thomas Group paid dividends totalling £1,668,071 to Curtis Banks Group PLC (2020: nil). During the year ended 31 December 2021, Talbot & Muir Limited paid dividends totalling £1,750,000 to Curtis Banks Group PLC (2020: nil).

During the year ended 31 December 2019, Curtis Banks Group PLC provided an unsecured loan of £20,000 to Rivergate Legal Limited, a subsidiary of the Group, to assist with set up costs. The loan was repaid during the year ended 31 December 2020.

35 Related parties (continued)

During the year ended 31 December 2021, the Group paid £nil (2020: £45,833) gross emoluments to Chris Banks, a significant shareholder of Curtis Banks Group PLC.

During the year ended 31 December 2018 Curtis Banks Group PLC provided an unsecured loan of £50,000 to Templemead Property Solutions Limited, a subsidiary of the Group, to assist with set up costs. The loan was written off as irrecoverable during the year ended 31 December 2020.

During the year ended 31 December 2020, as agreed and arranged under the sale and purchase agreement of Dunstan Thomas, Dunstan Thomas Group Limited settled demerger amounts totalling £1,002,648 to the vendors for the sale on behalf of Curtis Banks Group PLC. This amount was settled in the year to 31 December 2021 and consequently, at the year end Curtis Banks Group PLC owed £nil to Dunstan Thomas Group Limited (2020: £1,002,648).

Staff costs in relation to directors and key management personnel of the Group are disclosedss in note 7.

36 Control

There is no one ultimate controlling party.

Curtis Banks Group PLC
Company information
For The Year Ended 31 December 2021

Directors
Will Self – Chief Executive Officer
Dan Cowland – Chief Financial Officer
Jane Ridgley – Chief Operating Officer
Chris Macdonald – Non-Executive Chairman
Bill Rattray – Non-Executive Director
Jules Hydleman – Non-Executive Director
Jill Lucas – Non-Executive Director

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Joint Broker
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EC2N 2AX

Independent Auditors
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Solicitors
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Merchants House North
Wapping Road
Bristol
BS1 4RW

Registrars
Computershare PLC
The Pavilions
Bridgewater Road
Bristol
BS13 8AE

Adjusted diluted EPS
This is calculated by taking adjusted profit before tax for the financial period, deducting an effective tax rate of 19% (2020: 19%), and dividing the total by the diluted weighted average number of shares in issue.

Adjusted operating margin
This is calculated by taking operating profit for the financial period and adding back amortisation and adjusting items, then dividing this total by revenue for the financial period.

Adjusted profit before tax
This is calculated by taking profit before tax for the financial period and adding back amortisation and adjusting items.

AUA
Assets Under Administration

Brexit
The exit of the United Kingdom from the European Union

Full SIPP
A pension that facilitates the full range of investment solutions. This can encompass anything that is permitted within a Mid SIPP, plus others such as commercial property, directly-held investments, specialist investments such as unlisted shares and unregulated collectives, multiple cash deposit accounts, physical gold, National Savings & Investments, or structured products.

Mid SIPP
A pension that facilitates the use of one (or more) streamlined investment solution. For example, a discretionary fund manager, or a fund platform/supermarket, or a stockbroker account, and a cash deposit account if required.

Net shareholder cash (after debt)
This is calculated by taking shareholder only amounts as split within the illustrative condensed consolidated statement of financial position provided in the supplementary unaudited information for cash and cash equivalents, and deducting borrowings.

Curtis Banks Group PLC
Supplementary unaudited information
For The Year Ended 31 December 2021

Unaudited IFRS Consolidated Statement of Financial Position as at 31 December 2021 split between insurance policy holders and the Group's shareholders

	2021 £'000	2021 £'000	2021 £'000	As restated* 2020 £'000
ASSETS	**Group Total**	**Policyholder**	**Shareholder**	**Shareholder**
Non-current assets				
Intangible assets	89,814	-	89,814	91,078
Investment property	1,316,468	1,316,468	-	-
Property, plant and equipment	8,636	-	8,636	7,658
Investments	2,224,965	2,224,965	-	-
	3,639,883	3,541,433	98,450	98,736
Current assets				
Trade and other receivables	27,981	12,837	15,144	14,406
Cash and cash equivalents	410,133	378,241	31,892	32,509
Current tax asset	957	122	835	359
	439,071	391,200	47,871	47,274
Total assets	4,078,954	3,932,633	146,321	146,010
LIABILITIES				
Current liabilities				
Trade and other payables	20,853	11,398	9,455	8,269
Deferred income	29,960	14,141	15,819	14,619
Borrowings	46,832	42,325	4,507	3,852
Lease liabilities	964	-	964	672
Provisions	453	-	453	501
Contingent consideration	2,467	-	2,467	2,375
	101,529	67,864	33,665	30,288
Non-current liabilities				
Borrowings	43,957	28,558	15,399	19,904
Lease liabilities	6,774	-	6,774	5,201
Provisions	178	-	178	7
Contingent consideration	5,199	-	5,199	6,537
Non-participating investment contract liabilities	3,836,211	3,836,211	-	-
Deferred tax liability	3,464	-	3,464	3,790
	3,895,783	3,864,769	31,014	35,439
Total liabilities	3,997,312	3,932,633	64,679	65,727
Net assets	**81,642**	**-**	**81,642**	**80,283**
Equity attributable to owners of the parent				
Issued capital	332	-	332	330
Share premium	58,087	-	58,087	57,799
Equity share based payments	2,840	-	2,840	2,747
Treasury shares	(1,382)	-	(1,382)	(741)
Retained earnings	21,755	-	21,755	20,134
	81,632	-	81,632	80,269
Non-controlling interest	10	-	10	14
Total equity	**81,642**	**-**	**81,642**	**80,283**

Curtis Banks Group PLC
Supplementary unaudited information
For The Year Ended 31 December 2021 (continued)

Unaudited IFRS Consolidated Statement of Cash Flows as at 31 December 2021 split between insurance policy holders and the Group's shareholders

	2021 £'000 Group Total	2021 £'000 Policyholder	2021 £'000 Shareholder	As restated* 2020 £'000 Shareholder
Cash flows from operating activities				
Profit before tax	9,322	-	9,322	7,429
Adjustments for:				
Depreciation	1,806	-	1,806	1,499
Amortisation and impairments	2,934	-	2,934	2,088
Finance costs	1,800	-	1,800	885
Share based payment expense	93	-	93	434
Fair value gains on movement in contingent consideration	(1,870)	-	(1,870)	-
Fair value gains on financial investments	(213,701)	(213,701)	-	-
Additions of financial investments	(647,479)	(647,479)	-	-
Disposals of financial investments	708,532	708,532	-	-
Fair value losses on investment properties	(120,416)	(120,416)	-	-
Increase in liability for investment contracts	250,904	250,904	-	-
Changes in working capital:				
Increase in trade and other receivables	(1,330)	(593)	(737)	(1,523)
Increase/(Decrease) in trade and other payables	5,017	2,386	2,631	(477)
Taxes (paid) / refunded	(2,410)	100	(2,510)	(2,996)
Net cash flows from operating activities	**(6,798)**	**(20,267)**	**13,469**	**7,539**
Cash flows from investing activities				
Payments for intangible assets	(1,670)	-	(1,670)	(986)
Purchase of property, plant & equipment	(270)	-	(270)	(591)
Purchase of investment property	(92,456)	(92,456)	-	-
Purchase and sale of shares in the Group by the EBT	(641)	-	(641)	(207)
Receipts from sale of investment property	105,009	105,009	-	42
Net cash flows from acquisitions	(255)	-	(255)	(34,484)
Net cash flows from investing activities	**9,717**	**12,553**	**(2,836)**	**(36,226)**
Cash flows from financing activities				
Equity dividends paid	(5,997)	-	(5,997)	(5,149)
Net proceeds from issue of ordinary shares	290	-	290	24,199
Net increase/(decrease) in borrowings	(16,114)	(12,114)	(4,000)	12,235
Principal element of lease payments	(762)	-	(762)	(934)
Interest paid	(781)	-	(781)	(383)
Net cash flows from financing activities	**(23,364)**	**(12,114)**	**(11,250)**	**29,968**
Net increase in cash and cash equivalents	**(20,445)**	**(19,828)**	**(617)**	**1,281**
Cash and cash equivalents at the beginning of the year	430,578	398,069	32,509	31,228
Cash and cash equivalents at the end of the year	**410,133**	**378,241**	**31,892**	**32,509**

*The audited results for year ended 31 December 2020 have been restated to account for measurement period adjustments arising under IFRS 3 *Business Combinations* relating to the acquisitions of the Dunstan Thomas Group and the Talbot and Muir Group that took place in H2 2020. The adjustments made to restate the 31 December 2020 comparatives, as further detailed in note 2.