Company Registration No. 07934492 (England and Wales)

Curtis Banks Group PLC

Annual Report and Consolidated Financial Statements
For the year ended 31 December 2022

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Curtis Banks Group PLC
Strategic Report
For The Year Ended 31 December 2022

Financial Highlights

- Group revenue increased by 7.6% to £68.1m (2021: £63.3m)
    - Pension administration fee income steadied at £45.3m (2021: £45.1m)
    - Interest income associated with pension administration increased to £15.1m (2021: £8.3m)
    - FinTech revenue decreased to £7.7m (2021: £9.9m)
- Group adjusted operating margin[1] of 24.1% (2021: 23.5%[1])
    - Pension administration adjusted operating margin of 25.5% (2021: 23.9%)
    - FinTech adjusted operating margin of 15.4% (2021: 21.9%), reflecting one-off lower key client activity
- Adjusted profit before tax[1] increased by 10.0% to £15.4m (2021: £14.0m[1])
- Loss before tax of £3.7m (2021: Profit before tax of £9.3m), impacted by a £11.5m goodwill impairment charge relating to Dunstan Thomas
- Adjusted diluted EPS[1] increased to 18.7p (2021: 16.9p[1])

Operational Highlights

- Total Full and Mid SIPPs increased to 56,929 (2021: 55,971), reflecting continued positive product range appeal
- Net growth in Full and Mid SIPPs of 1.7% (2021: 1.8%)
- Gross organic growth in Full and Mid SIPP plan numbers of 6.4% (2021: 7.9%)
- Attrition rate on Full and Mid SIPPs reduced to 4.7% (2021: 6.1%) reflecting initiatives taken by management to improve service levels across the Group
- Assets under Administration ("AuA") decreased by 4.3% to £35.8bn (2021: £37.4bn) due to external market movements

Key Performance Indicators	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Financial		
Revenue	£68.1m	£63.3m
Adjusted profit before tax[1]	£15.4m	£14.0m
(Loss)/Profit before tax	£(3.7m)	£9.3m
Adjusted operating margin[1]	24.1%	23.5%
Diluted (LPS)/EPS	(10.1p)	11.5p
Adjusted diluted EPS[1]	18.7p	16.9p
Operational Highlights		
Number of Full and Mid SIPPs Administered	56,929	55,971
Assets under Administration	£35.8bn	£37.4bn
Total organic new Full & Mid SIPPs	3,602	4,329
Gross organic growth in Full & Mid SIPPs	6.4%	7.9%
Attrition rate on Full & Mid SIPPs	4.7%	6.1%
Number of properties administered	8,890	9,065

[1] In addition to statutory IFRS performance measures, the Group has presented a number of non-statutory alternative performance measures ("APMs"). 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 identified in the definitions at the end of this report.

Our services and history

Curtis Banks Group PLC ("Curtis Banks" or 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 providers of self-invested pension products. As at 31 December 2022, the Group administered circa £35.8bn (2021: £37.4bn) of pension assets on behalf of circa 78,500 (2021: 80,000) active SIPP clients.

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, a FinTech provider, and Talbot and Muir, a SIPP provider. The Group currently trades under the names Curtis Banks, Suffolk Life, Dunstan Thomas and Talbot and Muir. 802 staff were employed across its head office in Bristol and regional locations in Ipswich, Portsmouth, Dundee, Nottingham and Leeds, as at the year end (2021: 828).

Our strategic objective of increased diversification saw the acquisition of Dunstan Thomas in August 2020. The acquisition was a further step forward in the Group's evolution from a solely focused SIPP and SSAS administrator to a provider of technology and complementary services for the advised retirement market, including FinTech, legal and property services.

Trading subsidiaries of the Group authorised by the Financial Conduct Authority to provide trust based SIPP products include 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 regarded as an insurance company for the purposes of regulatory and statutory reporting. Due to Suffolk Life Annuities Limited's status as an insurance company, the consolidated results for the whole Group also include Suffolk Life Annuities Limited's insurance policyholder assets, liabilities and returns.

The Executives 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. Strong, long-standing relationships with key distributors result in high levels of retention and repeat business.

The Group continues to be focussed on delivering value to both customers and shareholders and continuing to develop its client and service excellence.

Chairman's Statement

The results for the year ended 31 December 2022 demonstrate that the Group's business model is robust and capable of withstanding challenges in the macroeconomic environment. Our Full and Mid SIPP achieved a modest growth in the number of policies of 1.7% (2021: 1.8%) with underlying gross sales growth of 6.4% (2021: 7.9%). Focus on intermediary and client service has driven a 1.4% improvement in attrition rates down to 4.7% (2021: 6.1%).

Group revenues increased by 7.6% to £68.1m (2021: £63.3m) following a favourable improvement in the interest rate environment. Revenue growth was also underpinned by our fixed fee, inflation-linked pricing model which provides resilience and protection against falling markets. Despite the slight easing of inflationary pressures in recent months, we expect the steepening of the yield curve observed in 2022 to have a material favourable impact on interest income generated from pension administration services into 2023. Inflation has remained stubbornly high in early 2023, and the return to the Bank of England's target rate of 2% is unlikely to be swift. Therefore, the Bank of England is still under pressure to maintain, if not slightly increase rates, in the short term.

The FinTech segment has delivered lower than expected results in the period, with revenues down 17.8% to £9.3m, reflecting a reduction in project activity from one of its major clients and lower new business in 2022. The current year has commenced more positively in this segment and we remain optimistic over the medium term prospects.

The Group has delivered adjusted profit before tax of £15.4m (2021: £14.0m) and maintains a strong balance sheet and cash flow profile, with our regulatory capital surplus above regulatory capital requirements.

While the strength of our operating model is evident, we also recognise that there is further room for improvement in order to fully capitalise on the advantages of operating leverage, in particular in achieving efficiencies through the streamlining of our technology and administrative systems.

Post balance sheet event – Acquisition by Nucleus

On 6 January 2023, the boards of Curtis Banks Group PLC, and Nucleus Clyde Acquisition Limited ("Bidco"), a wholly-owned subsidiary of Nucleus Financial Platforms Limited ("Nucleus"), announced that they have reached agreement on the terms of a recommended cash offer by Bidco to acquire the entire issued share capital of Curtis Banks for 350 pence per share. On 27 February 2023, Curtis Banks's shareholders voted in favour of the proposed acquisition. Both parties are progressing the relevant regulatory and court approval processes and the acquisition is expected to complete, subject to these approvals, in the summer of 2023.

The aggregate fees and expenses expected to be incurred by the Group as part of the acquisition are expected to be approximately £6.2m contingent to the completion of the acquisition, the breakdown of which is published in the Scheme document available on the Curtis Banks website at www.curtisbanks.co.uk/investors/pc-communications-library.

The proposed acquisition by Nucleus is expected to deliver significant benefits for our intermediaries and customers. The combination will bring together the strengths of both organisations, providing a full spectrum of enhanced and comprehensive product offering and capabilities across pension administration and platform technology.

Chairman's Statement (continued)

Post balance sheet event - Acquisition by Nucleus (continued)

One of the key benefits is the realisation of operational efficiencies for the enlarged group from Nucleus's outsourcing arrangements with FNZ, which will facilitate best-in-class service provision for financial advisers and their customers. This is a significant opportunity for Curtis Banks to become a key part of an enlarged organisation dedicated to positive customer outcome, and to leverage our strengths and expertise from our award-winning SIPP & SSAS offering and market leading commercial property administration expertise.

The completion of the transaction will create a leading financial planning and retirement-focused adviser platform in the UK, with combined Assets Under Administration of c. £80bn. The broader product set and enhanced distribution channels will enable an extension to the current reach and to service a greater number of intermediaries and customers more effectively. For example, our existing customer base and network of adviser firms will gain access to the broad range of products and services offered by Nucleus, including ISAs, GIAs and onshore/offshore bonds.

Furthermore, the Curtis Banks back office would benefit from the use of FNZ's platform administration solutions. The enhanced scale of the combined Group will enable greater investment in technology and product and service offerings that we would not be in a position to finance or execute on a standalone basis.

In summary, the proposed acquisition by Nucleus is a strategic opportunity that will enable us to expand our offering, leverage the strengths of the combined Group; and deliver enhanced value to our advisers, customers and shareholders.

The process of obtaining relevant regulatory and court approvals is currently progressing as planned and we expect to announce an update on this in the coming months.

SIPP Administration

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
SIPPs added organically	810	2,792	3,602	108	14	3,724
Conversions & reclassifications	(674)	674	-	-	-	-
SIPPs lost through attrition	(1,134)	(1,510)	(2,644)	(1,622)	(545)	(4,811)
As at 31 December 2022	20,274	36,655	56,929	16,367	5,296	78,592
Gross organic growth rate	3.8%	8.0%	6.4%	0.6%	0.2%	4.7%
Attrition rate	5.3%	4.4%	4.7%	9.1%	9.4%	6.0%

Despite the challenging macro-economic backdrop, our Full and Mid SIPP products grew organically by 6.4% on a gross basis (2021: 7.9%) reflecting continued positive momentum in our most popular products. Our Mid SIPP product experienced strong gross organic growth of 8.0% (2021: 10.7%) and net growth of 5.6% (2021: 8.5%). In combination, the Full and Mid SIPPs products increased by 1.7%, after accounting for attrition, to 56,929 (2021: 55,971), slightly below our target range of 2% - 6%. In 2022, we added 3,602 new Full and Mid SIPPs across 369 adviser firms and wealth managers, of which 179 were new relationships.

Attrition levels were lower at 4.7% (2021: 6.1%), reflecting improving service levels across the business. We continue to have an attractive and loyal client base and our average case size of c. £455k is amongst the highest in the industry with one-third of our clients having been with the Group for over 10 years.

Chairman's Statement (continued)

The Talbot and Muir business, which the Group acquired in 2020, has also demonstrated strong client retention and positive net growth of 6.0% in policies in force to 7,817 (2021: 7,374).

As at 31 December 2022, the total number of non-core SIPPs administered decreased to 21,663 (2021: 23,708), following the on-going managed reduction in these lower margin eSIPP and Third Party Administered ("TPA") products and this is expected to continue for the medium-term.

FinTech business

The segment performed below the Group's expectation in the year, with revenues of £9.3m (2021: £11.2m) due to difficulty in securing material new external revenue and a reduction in project activity from a key client. Consequently, an £11.5m impairment to the goodwill in relation to the Dunstan Thomas segment was recognised, which is discussed in more detail in note 3. The Board remains focused on improving the performance of Dunstan Thomas's third party business and the sales pipeline for FY23 remains strong with expectation of increased margins.

Dunstan Thomas continues to support the successful delivery of Curtis Banks's own technology strategy, providing internal efficiencies and enhancing our capabilities. CB Labs, established in conjunction with Dunstan Thomas's technical expertise, has delivered Chatbots, an annual allowance tool, a salary sacrifice tool, and the additional projects will further strengthen our product offerings. Dunstan Thomas is also prototyping a bank of technical concepts, including the adoption of machine learning and integration of capabilities directly on IFA platforms. As an integral part of the Group, we expect to further leverage Dunstan Thomas's expertise in FinTech to help us continue to develop our propositions for both advisers and clients. Nucleus intends to undertake a detailed review of the strategic fit of Dunstan Thomas within the Combined Group following the acquisition.

Industry backdrop

Despite the market volatility experienced in the last two years, Curtis Banks's business model has again proven to be resilient with our fixed fee approach delivering consistent revenue generation that is inflation proof. Our diverse product offering and extensive range of services enable us to respond to the evolving retirement market, which has faced greater levels of macroeconomic volatility in recent years.

The UK retail saving and investment market has experienced growth but faces headwinds due to the cost of living crisis, changing client preferences towards Environmental, social, and governance ("ESG") and responsible investing, and the uncertainty caused by the post pandemic inflationary economic environment. Individuals and households are facing affordability challenges due to ongoing inflationary pressures.

The Group is well advanced in preparation for the upcoming Consumer Duty regulations that are being introduced by the FCA. The new Consumer Duty sets higher and clearer standards of consumer protection across financial services and requires firms to put consumers at the heart of their business and focus on delivering good outcomes for customers.

Planning is underway to meet the deadlines and staff are fully engaged on all key activity. The milestones we are working towards are:

- 30 April 2023 – Completion of manufacturer reviews necessary to meet outcome rules for all Curtis Banks Group existing open products and services so that we can share with distributors to meet their obligations under the Duty and identify where changes need to be made.
- 31 July 2023 – Meeting implementation deadline for new and existing products.

Chairman's Statement (continued)

- 31 July 2024 – Meeting implementation deadline for closed products.

Toby Larkman, Chief Commercial Officer, is the Programme Sponsor and Susan McInnes, Non-Executive Director, is the Board Consumer Duty Champion.

Target Operating Model

We reported in our half year results to 30 June 2022 that despite the progress on the consolidation of our back office administration systems, and the delivery of a number of elements of the programme, the completion date of 2024 was at risk.

In light of the planned acquisition by Nucleus, we are re-evaluating our objectives roadmap while remaining committed to enhancing efficiency and accountability, regardless of the path we choose.

Dividend

We paid an interim dividend of 2.5p per share (2021: 2.5p) on 11 November 2022. In light of the Nucleus transaction, the Board has decided not to propose a final dividend.

People update

In May 2022, Chris Macdonald (Chairman) and Jules Hydleman (Non-Executive Director) retired from the Board. Christopher Mills and I joined the Board as Non-Executive Director and Chairman of the Group respectively.

In August 2022, Will Self stepped down as Chief Executive Officer and as an Executive Director of the Group Board. I would like to once again thank Will for the commitment that he showed to the business and the huge contribution that he made throughout his time with the Group.

Following Will's departure, I assumed the role of Executive Chairman while we undertook searches to find a successor. I am pleased to report that on 10 January 2023 we appointed Peter Docherty as our new Chief Executive Officer, and I reverted to the role of Non-Executive Chairman on 1 February 2023. Peter is very well positioned to lead the business with over 20 years of experience in financial services, having most recently been the Chief Executive and Managing Director of the Embark Platform during which time he led a significant increase in customers and assets under administration driven by organic growth and integration initiatives. Previous positions include the roles of Chief Executive Officer and Chief Risk Officer of Alliance Trust Savings Limited. He joins us at an exciting time as we work towards the intended completion of the acquisition by Nucleus.

In November 2022, the Board appointed Susan McInnes as a Non-Executive Director and chair of the Remuneration Committee, taking over from Jill Lucas who resigned in December 2022. The Board also appointed Alastair Clarkson in December 2022 as a Non-Executive Director and chair of the regulated subsidiary entities of the Group. Both appointments bring a broad range of experience to the Group, particularly within customer outcomes, people, risk management and finance.

On 1 May 2023, Jane Ridgley retired from Curtis Banks and stepped down as the Group's Chief Operating Officer and from her directorships of all Group companies. I would like to take this opportunity to thank Jane for her dedication, hard work and leadership which have been instrumental in helping us achieve our goals. I am truly grateful for her many years of outstanding service to the Group and I wish Jane the very best of luck as she embarks on her retirement.

Chairman's Statement (continued)

I am pleased to announce that Ross Allan replaced Jane as the Chief Operating Officer with effect from 1 May 2023. Ross brings a wealth of experience to Curtis Banks, having previously worked for abrdn and Standard Life and we are delighted to have him take on this important role with us.

I am also delighted to announce the addition of several new Executive Committee and senior management appointments within our IT, Transformational Change and Operations teams. These new hires bring a wealth of experience and expertise to the Group, and I am confident that they will play a crucial role in strengthening these key areas.

ESG

Curtis Banks offers a platform for clients to build, invest and access their pension through a variety of ways, including a wide range of investment options and flexible passing of wealth. We understand and appreciate our responsibility to our customers, as well as the ongoing commitments we have to our staff, customers, communities and the wider environment. The Group's purpose-led ESG strategy continues to recognise our delivery against these commitments, and this progress is outlined in this report. Our ESG policy (https://www.curtisbanks.co.uk/esg/) sets out our priorities and plans in implementing positive change. The Group's ESG performance is overseen at Board level by the Group's CEO, Peter Docherty.

Outlook

We expect revenue and profit margins to continue to improve in 2023 as interest on deposit balances benefit from a higher yield curve, alongside improvement in our FinTech segment which has been a key focus over H2 2022, and underlying stability in our pension administration fees.

The management team are also heavily focused on facilitating the proposed acquisition by Nucleus, however remain very mindful of the potential for delays or the unlikely event which causes the acquisition not to proceed. As such, we are investing substantial time and effort into delivering service improvements for clients and advisers, paying particular attention to incoming regulatory requirements, such as Consumer Duty. We are also strengthening the leadership team to accommodate expected integration activity with Nucleus and to ensure we maximise the potential of the core SIPP business (Full and Mid SIPPs), deliver systems improvements, and continue to maintain robust levels of service to our clients and advisers.

Section 172

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

David Barral
Chairman
4 May 2023

Chief Financial Officer's Review

Results

Group financial performance for the year ended 31 December 2022 resulted in an adjusted profit before tax of £15.4m (2021: £14.0m), generating an adjusted operating margin of 24.1% (2021: 23.5%). By segment, the pension administration activity achieved an improved adjusted operating margin of 25.5% (2021: 23.9%); while the FinTech segment's adjusted operating margin decreased to 15.4% (2021: 21.9%). Adjusted diluted EPS increased to 18.7p (2021: 16.9p), while diluted EPS on a statutory basis reduced to a loss per share of 10.1p (2021: profit per share of 11.5p).

On a statutory basis, the loss before tax of £3.7m (2021: profit before tax of £9.3m) was materially driven by an impairment charge of £11.5m against the value of goodwill relating to the acquisition of Dunstan Thomas. As at 30 June 2022, goodwill associated with the acquisition of Dunstan Thomas was impaired by £9.8m due to expectations that the business segment's financial performance would fall materially short of expectations over the year. This created uncertainty over the forecast future cash flows, which was used to conduct the goodwill impairment assessment. It has subsequently been identified that in the assessment as at 30 June 2022 certain assumptions used in the discount rate were not reflective of risks specific to the CGU, and that a post-tax rate had been used rather than a pre-tax rate as required. Had these factors been reflected in the impairment assessment at 30 June 2022, the impairment would have been £11.5m which is the total impairment charge that has now been booked during the year ended 31 December 2022. There would have been no impact of these items on the financial statements for the prior year to 31 December 2021. For more detailed information on the goodwill impairment assessment, please refer to note 3 to the financial statements.

An additional driver of the loss before tax is the value of adjusting items recognised during the year. These included a previously disclosed incentive arrangement for the Chairman of the Group of £2.0m, and redundancy & restructuring costs of £2.7m, which included costs relating to Will Self's departure as CEO of the Group.

The challenging conditions of 2022 have been reflected in net growth in own Full and Mid SIPP plan numbers of 1.7%, this being slightly below our target range. The Group's financial performance has benefitted from an improvement in interest income, delivered by the yield curve steepening sharply, and also from a slight reduction in the level of regulatory costs incurred. In a challenging market place, organic sales remained robust, albeit lower than 2021, and attrition in Full & Mid SIPPs reduced compared to 2021.

The Group reports certain Alternative Performance Measures ("APMs") which we believe provide greater clarity to stakeholders over the Group's underlying performance and better enables stakeholders 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 are presented further below.

Adjusting items are classified as such when the nature and quantum of the income or expense item 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, office relocations and restructuring activities.

Chief Financial Officer's Review (continued)

A full reconciliation between the APMs and the statutory measures is disclosed below for 2022 and prior year comparatives:

£'000	Year ended 31 December 2022	Year ended 31 December 2021
Revenue	**68,063**	**63,307**
Adjusted operating cost	(51,639)	(48,402)
Adjusted operating profit	**16,424**	**14,905**
Adjusted operating margin	**24.1%**	**23.5%**
Finance income	134	20
Interest expense	(1,196)	(921)
Adjusted profit before tax	**15,362**	**14,004**
Adjusting items:		
Dunstan Thomas acquisition costs	-	(70)
Talbot and Muir acquisition costs	-	(63)
Other M&A related income/(costs)	359	(1,401)
Movement on contingent consideration relating to acquisitions	1,123	1,870
Discount unwind on contingent consideration	(499)	(879)
Redundancy & restructuring costs	(2,665)	(626)
In-specie contributions	-	76
Centralisation of pension administration system	(273)	(322)
Treasury solution implementation	-	(45)
Data cleansing provision	63	(288)
Costs relating to the proposed acquisition by Nucleus	(579)	-
Chairman's incentive – cash settled share based payment	(2,000)	-
Adjusting items	**(4,471)**	**(1,748)**
Impairment of Goodwill	(11,545)	-
Intangible asset amortisation	(3,086)	(2,934)
IFRS (Loss)/Profit before tax	**(3,740)**	**9,322**
Taxation	(2,973)	(1,603)
IFRS (Loss)/Profit after tax	**(6,713)**	**7,719**
Adjusted EPS		
Basic	18.7p	17.1p
Diluted	18.7p	16.9p

Chief Financial Officer's Review (continued)

Revenue

Revenue of £68.1m for 2022 was 7.6% higher than the comparable period (2021: £63.3m), driven by an increase in interest income. The Group saw a material reduction in Fintech revenue from Dunstan Thomas, along with a slight reduction in transactional SIPP fee volumes. In addition, the Group continued to progress its managed reduction in non-core eSIPP and TPA products. Despite this reduction, inflationary rises in fees levied, along with slight net growth in Full and Mid SIPPs and a robust fixed fee model, saw overall pension administration income remain stable year on year.

Fee revenue from SIPPs and SSASs remains the predominant source of income for the Group with a strong emphasis on recurring annual fee income. In 2022, fee income represented 67% of the total income and 91% of this fee income is recurring (2021: 88%). Interest income saw a £6.8m increase on the prior period comparative whilst the Fintech revenue contribution from Dunstan Thomas fell by £2.2m.

SIPP fees are based on a recurring fixed monetary annual fee and a menu of additional fixed fees depending on the services provided to the SIPPs. The annual fees for the Curtis Banks Full and Mid SIPP products were amended as at 1 February 2021 and at the same time we made a clear commitment to our clients as to how we will share interest revenue with them and therefore remove any discretion. All of the fees that are applied to our SIPP products are subject to contractual annual inflationary rises linked to the measurement of Average Weekly Earnings ("AWE"). AWE applied from 1 January 2022 was 7.1%.

SIPP fees are not correlated to movements in the value of underlying assets within the SIPP and as a result the recurring fee income of the Group is not directly affected by the volatility in financial markets. This is a key differential that sets us apart from most of our competitors and provides an attractive product in terms of competitive fees for higher value SIPPs. As the value of a SIPP increases our product becomes increasingly affordable from a basis points perspective, and vice versa.

Client deposits remained relatively stable across the period and as at 31 December 2022 the Group held £1.004bn (2021: £1.027bn) of client deposits across a range of UK-based, PRA regulated banking counterparties and managed the cash in line with its established Treasury Framework. As at the reporting date, the Group is paying 1.72% to clients on cash held within their SIPPs and this is expected to increase from 1 July 2023 as the Bank of England continues to keep base rates under review, with the expectation of a consequent improvement in deposit rates available.

Revenues generated by Dunstan Thomas were down £2.2m, largely due to a reduction of project income from a key client and the current economic climate. The combined performance over the last 3 years has resulted in a reduction of £1.9m to the total related contingent consideration expected to be payable over the earn out period and a corresponding credit to the consolidated statement of comprehensive income. The remaining earn out for the acquisition of Talbot and Muir was settled post year end and the remaining earn out for the acquisition of Dunstan Thomas is expected to be paid before 30 June 2023.

Chief Financial Officer's Review (continued)

Expenses

The year ended 31 December 2022 saw administrative expenses, excluding amortisation of intangibles, goodwill impairment and adjusting items, increase to £51.6m (2021: £48.4m).

Staff costs increased to £34.6m (2021: £30.5m), which include adjusting items of £2.0m charge for the chairman's incentive, expected to be payable on completion of the transaction with Nucleus, and a substantial proportion of the £2.7m redundancy and restructuring costs disclosed. Overall staff costs have not changed materially year on year, with annual pay increases offset by a decrease in headcount. These costs continue to be protected to a large extent by the contractual inflationary increases applied to our SIPP and SSAS products.

Overall headcount stood at 801 as at 31 December 2022 compared to 828 as at 31 December 2021.

Non-staff costs in aggregate grew to £20.9m from £15.3m in 2021, driven by higher professional fees and an increase in compensation costs. This was a result of a small number of individual high value financial detriment cases and despite a decrease in the overall level of complaint volumes.

The Group continues to take steps to improve its adjusted operating margin through a combination of revenue enhancements, cost saving measures and operational efficiency improvements.

Adjusting Items

Adjusting items for the year were a net expense of £4.5m (2021: net expense of £1.7m) and include redundancy and restructuring costs, an incentive scheme arranged for the Chairman, and costs associated with the proposed Nucleus transaction.

<u>Acquisition related items</u>

A net credit of £0.4m has been recognised in the period as other M&A related costs which relates to contingency fees no longer payable on a potential corporate transaction which did not subsequently proceed.

<u>Movement in contingent consideration and discount unwind</u>

The movements in contingent consideration payable (a £1.1m reduction) and the discount unwind (£0.5m expense) are related to the acquisitions of Dunstan Thomas and Talbot and Muir. The contingent considerations are dependent on the business performance post-acquisition. The underperformance in Dunstan Thomas during the year has contributed to the reduction in the liability.

As at the reporting date, the final consideration relating to the Talbot and Muir acquisition has been fully settled, and the settlement was materially in line with that estimated at the balance sheet date.

The final consideration relating to the Dunstan Thomas acquisition is expected to be concluded imminently.

Chief Financial Officer's Review (continued)

Redundancy and restructuring costs

In the year ended 31 December 2022, the Group incurred restructure costs of £0.6m relating to the physical closure of the Dundee office location and the transition of all Dundee-based colleagues to remote working arrangements (2021: £nil). The Group also incurred senior executive restructure costs of £2.0m (2021: £0.6m) of which £1m relates to the former CEO's departure.

Centralisation of pension administration system

The Group has made progress in implementing its strategy to transition its entire SIPP administration onto a single administration platform. During the year, the upgrade of the current Navision platform, which supports the majority of the Group's SIPPs, to the Navision Business Central platform progressed and was subsequently completed in January 2023. Following the announcement of the Nucleus acquisition in January 2023, there is uncertainty around the future application of Navision, and this remains under review pending the outcome of the proposed transaction. The net book value of the intangible assets capitalised in relation to this is £1.5m as at 31 December 2022.

Data cleansing provision

As part of the consolidation and integration exercise undertaken in 2018, a review of data records relating to commercial properties held within SIPPs administered by the Group was undertaken and data cleansing provision was recorded as a result. In 2022, management have reassessed the potential liability and released a portion of the previously recorded provision, resulting in a net credit of £0.1m.

Proposed acquisition by Nucleus

External advice supporting the negotiation and due diligence process in relation to the proposed acquisition by Nucleus resulted in costs of £0.6m, primarily consisting of professional fees and legal fees.

Chairman incentive

In October 2022, an incentive scheme was announced for the Group's Chairman, David Barral. This incentive has been accounted for as a cash-settled share-based payment transaction. Although the proposed acquisition by Nucleus was not announced until January 2023, i.e. after the end of the reporting period (and is still yet to complete and therefore has not yet been paid), management determined that it was appropriate to record the estimated incentive payment, an amount of £2.0m, in the year end financial statements, as it represented the best available estimate of the rewards expected to vest as at 31 December 2022, in accordance with the relevant International Financial Reporting Standard (IFRS 2 Share –based payment). The £2.0m value is based on the acquisition price of 350p per share and the term of the incentive agreement. If the transaction is successful, the amount is payable upon Completion.

Amortisation of intangible assets

Amortisation of the Group's intangible assets represented a charge of £3,086k (2021: £2,934k) for the year.

Chief Financial Officer's Review (continued)

Goodwill impairment

As mentioned in the Results section above, goodwill associated with the acquisition of Dunstan Thomas was impaired by £11.5m due to expectations at half year 2022 reporting that the business segment's financial performance would fall materially short of expectations over the year and an update to the discount rate assumptions at year end. For more detailed information on the goodwill impairment assessment, please refer to note 3 to the financial statements.

Accounting methodology

During the year, Dunstan Thomas restructured their commercial model of software licensing and related services. This was done in order to ensure consistency in standard licensing practices, better management of business risk, and to respond more effectively to changing customer needs. As a result, new template customer agreements have been created and are now being used for the majority of new software license contracts.

Alongside this change, a formal accounting methodology assessment was conducted with the support of third party specialists, which concluded that revenue recognition under IFRS 15 (Revenue from contracts with customers) for certain new contracts would be different to the existing accounting methodology. Specifically, revenue associated with the license performance obligation itself will be recognised separately from that associated with the service, and recognised at a point in time when the license is delivered to the customer, instead of on a straight-line basis over the contract period.

Cash flows

Shareholder cash balances at period end were £23.9m compared to £31.9m at the end of December 2021.

Net cash inflows from shareholder operating activities for the period were £9.2m (2021: £13.5m). The reduction was due to exceptional cash inflows in the prior year from the cash attributable to the additional working capital introduced from Dunstan Thomas and Talbot and Muir on their respective acquisitions, and a reduction in profits generated in the period.

Net cash outflows from investing activities for the period were £5.8m (2021: £2.8m) which is largely attributable to the deferred consideration paid on the Talbot and Muir acquisition, of £2.7m, and the addition of intangible assets of £2.2m (2021: £1.7m) which relate primarily to product development activity within Dunstan Thomas and computer software.

Net cash outflows from financing activities were £11.4m. These represent a marginal increase from prior year (£11.3m), with the increase coming from higher interest payments and the absence of shares being issued in the year (2021: £0.3m).

Chief Financial Officer's Review (continued)

Suffolk Life Annuities

Part of the Group, 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 policies are non-participating contracts, the client 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. An illustrative balance sheet as at 31 December 2022 showing the financial position of the Group excluding the policyholder assets and liabilities is included as supplementary 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 2022, the EBT held 332,591 shares in Curtis Banks Group PLC (2021: 488,296). 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 (2021: four) regulated subsidiary companies submit regular returns to the FCA and the PRA relating to their capital resources. As at 31 December 2022, the total regulatory capital requirement across the Group was £15.6m (2021: £15.1m) and the Group had an aggregate surplus of £6.9m (2021: 17.0m). The reduction in surplus was primarily driven by a timing differences relating to accrued interest receivable over 90 days which increased substantially over H2 2022 following the higher interest rate environment. All subsidiaries complied with their regulatory requirements throughout the year. In addition to this, it is the Group's internal policy for regulated companies within the Group to hold at least 130% of their required regulatory capital and to take corrective action should regulatory capital dip below this level.

One of the Group's FCA regulated entities dipped below the 130% internal policy for a short period due to a timing difference in recognising interest income for regulatory purposes. The audits of all regulated subsidiary results for 2022 have been completed as of the date of this report and consequently coverage has now returned above 130%, in line with the Group's internal policy.

Three (2021: 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 regulated entity, Suffolk Life Annuities Limited ("SLA"), being an insurance company, is subject to Solvency II rules and its capital requirement is determined by the Standard Formula as set out in the Solvency II directives. The regulatory solvency position (the ratio of the Company's own funds to the biting requirement) of SLA was 216% as at 31 December 2022 (2021: 319%). 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 statement of Financial Position as at 31 December 2022 reflects shareholder net assets decreasing from £81.6m at 31 December 2021 to £69.4m as at 31 December 2022 primarily as a result of the £11.5m impairment charge taken during the current period.

As at 31 December 2022 the Group had net shareholder cash (after debt) of £7.7m (2021: £12.0m).

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. We have benefited from the interest income increase as a result of the rising interest rate environment in the year and expect this to increase materially during 2023.

The proposed Nucleus transaction is expected to unlock significant new opportunities for the Group. With the investment, the combined business aims to further enhance business infrastructure to drive greater efficiency and offer even better services and products to our customers and advisors.

Dan Cowland

Dan Cowland
Chief Financial Officer
4 May 2023

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 Governance Committee Framework is in place in the Group, which provides 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 reviewed and updated by the Board at each meeting. The risk register sits alongside the dedicated risk monitoring activity and the operational risk 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 desired target threshold.

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 Group is also in the process of a proposed takeover by the Nucleus Group, subject to regulatory approvals. There exists a risk that senior management attention is not focussed on the prevailing key risks to the Group. This risk is largely mitigated by the recruitment of a number of additional Senior Managers across the group to provide additional oversight, guidance and support to existing Senior Managers and other employees.

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.
- Integration requirements divert management time and focus away from day to day business activities, leading to an inability to service the business effectively.
- 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 oversee 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. Appropriate warranties and indemnities are obtained in relation to commercial activities and certain client activities where it is deemed commercially appropriate to do so. Robust insurance cover is arranged to cover past events in businesses that have been 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
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. Counterparty Credit Risk

The Group operates a pooled bank account structure for the transactional accounts associated with the pension arrangements of clients. These monies are held with institutions approved by the Curtis Banks Group Asset and Liability Committee (GALCO) in line with the Curtis Banks Group Treasury Framework, and only after undergoing a thorough due diligence process, both at outset and annually. The insolvency of a banking partner may lead to the loss of access to these deposits.

Mitigation
To mitigate the risk of a disruption to deposit access, the criteria for the type of accounts utilised has been set based on the results of scenario based analysis. A key term within the Group Treasury Framework ensures that appropriate instant-access reserves are held, and only investment grade banking partners are used to further mitigate some credit risk.

4. 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.

Principal Risks and Uncertainties (continued)

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.

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 its senior leadership team to ensure that there is an open and cooperative culture that attracts and retains staff. The Group was also 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.

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. Business continuity is assured by thorough full back up of data and comprehensive data recovery procedures being in place, and the Group Operational Resilience self-assessment cycle provides comfort that areas of weakness are identified and addressed.

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 & Customer Outcomes 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.

Principal Risks and Uncertainties (continued)

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, IT, finance 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 & Customer Outcomes 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.

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 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 NSI fails or suffers a significant decrease in value.

Principal Risks and Uncertainties (continued)

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 and their relevant experience with such investments. The Group has a clearly defined schedule 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 both the client and 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 potential 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.

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), which came 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.

ESG Strategy – Promoting Fairness for Current and Future Generations

The Group is pleased to have published its inaugural ESG Policy in 2022. Following an independent materiality assessment of the Group, we identified a number of opportunities to make a difference in addressing important issues to society, the economy and the environment.

Key initiatives delivered in 2022 include:

- Continued our partnership with The Intergenerational Foundation through sponsoring their report on how the savings squeeze affects young people, and how policy makers could consider younger generations more when it comes to pensions. They also conducted an independent review of our flagship Your Future SIPP product which supports our work around the upcoming Consumer Duty regulations;
- Engaged with our deposit taking counterparties to better understand the use of the cash which is placed with them;
- Undertook further analysis of our Commercial Property holdings in pensions to understand the future climate risk and proactively engaged with clients to improve energy efficiency of our commercial property book to meet upcoming regulatory changes relating to Minimum Energy Efficiency Standards;
- Delivery of unconscious bias in software training in our Dunstan Thomas business;
- Initial ESG KPIs have been defined and work is underway to identify how we can capture and report the relevant data.

Plans for 2023:

- Further discussions with deposit takers to establish how cash funds are being deployed and how these funds may be used to make a positive environmental impact.
- Unconscious bias - We continue seek proactive opportunities for training within the Group to ensure that all processes and procedures are undertaken impartially.
- Consider a new strategy to reduce the environmental impact of our commercial property portfolio.
- ESG Data centre for the Group all in one place (i.e. adviser, customer, employee satisfaction, carbon, and financials).
- Implement new teams in the business to conduct charity and environmental activities across the Group.

We have established board level accountability for the Group's ESG performance, overseen by CEO, Peter Docherty. Progresses on activities are reported at monthly Executive Committee meetings with regular updates alongside the formal annual reporting cycle.

Environmental, 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 2022 we are pleased to highlight a number of achievements

- We published our Gender Pay gap report, our median pay gap reduced from 13.4% in 2020/2021 to 4.0% in 2022. We are transparent in our reporting and are pleased with the progress we continue to make;
- 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;
- 76% of our employees received an out of cycle salary increase in September 2022 to enable them to better cope financially, especially in this period where there is significant emphasis on cost of living. This was in addition to an annual increase in January 2022;
- We introduced a flexible benefits platform, Flex+, for all employees. This enables our employees to add to their benefits to suit their lifestyle such as gaining free mortgage advice, discounted gym membership, life cover for their partners / spouses, etc;
- In collaboration with our mortgage advice provider, one tree is planted for every new mortgage taken out, two for every re-mortgage;
- We invested £150,000 in Learning & Development of our employees;
- Our employees continued to support their communities through volunteering and charitable donations. In total, we volunteered over 320 hours, raised £19,273 in 2022 for charities and supported employees with £3,794 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 23 for further details on this policy.

Staff initiatives and interaction

- Management engages closely with employees to determine their needs and initiatives are implemented where these benefit the majority of employees. Feedback from staff is encouraged 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 employees 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 employees 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;
- We introduced a new employee benefit platform, with a variety of benefits from private health care, to electric car rental and charitable giving.

Environmental, Social and Governance (ESG) (continued)

Wellbeing

We launched our Wellbeing initiative, focusing on the four key pillars of Physical Wellbeing, Mental Wellbeing, Social Wellbeing and Financial Wellbeing. Through the Wellbeing initiative, we are proud that we have been able to support our employees in a number of ways, including:

- Free sanitary products in all sites in the male, female and gender neutral toilets;
- A number of financial wellbeing webinars for employees to learn how to better manage their personal financial situation;
- Courtesy of Mind, we trained our managers in "The Essentials", which is a part of Mind's Mental Health Toolkit, thus enabling our managers to spot the signs of a deterioration in mental health earlier to bring about intervention sooner;
- The National Autistic Society delivered "Understanding autism in the workplace" training which can provide strategies for both managers and employees;
- Opening up a Wellbeing Room in our Ipswich site, providing a safe and private space for our employees that need time on their own, perhaps to manage a panic attack, administer medication or pray.

In 2023, our Wellbeing initiative will focus on one topic per month, not only linking to key "international" days but also to continue to draw attention to issues that were once considered taboo such as the menopause, neurodiversity and loneliness.

Staff Training

Employees are actively encouraged to train and develop through both structured and 'on the job' training. Employees 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.

We were also delighted to launch the first strand of our management training, investing £48,000 in training in Conflict Management, Managing Remotely and Coaching and Feedback. In 2023 we are rolling out Resilience and Change training and also Interview Skills training and continue to look at other ways to continue to support all of our employees.

In addition to this, we shall continue with our new starter inductions, our customer service training (which we are in the process of enhancing) and also in supporting Consumer Duty to ensure that not only are all the concepts known and understood, but also fully embedded in 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.

Environmental, Social and Governance (ESG) (continued)

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 2022 we were pleased to support the following:

- We continued to support three designated charities from the Mental Health & Wellbeing sector in 2022 being Lighthouse in Ipswich, the Teenage Cancer Trust in Bristol and the Dundee Wellbeing Works charity. Talbot and Muir continued their longstanding relationship with Barnardo's. Dunstan Thomas continued to support Singing Gorilla Projects, funding and managing community-based projects in remote parts of Uganda that improve the welfare of communities and enriches the lives of individuals;
- All offices regularly hold events for their chosen local charities and employees 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;
- As part of the new employee benefit platform, employees are able to "Give As You Earn" to a chosen charity, or participate in a programme called 'Pennies from Heaven' where they can round up their monthly salary to the nearest pound, and donate this balance to charity We have forged a strong connection with a local high school in Ipswich, supporting Year 13 children as they prepare to make the transition from education to the workplace. This continues in 2023 as we support them in interview skills workshops, CV writing, seeking employment etc. Jaynie Vincent, our Group People Officer, has also accepted the role as Enterprise Advisor to the school. We would hope to replicate this amongst our other sites.

Environmental, Social and Governance (ESG) (continued)

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 CO^2 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. We request information from deposit takers as to how our deposits are being held and information about their own ESG policies;
- Many of our customers hold commercial properties in their SIPPS. We are proactively engaging with these customers to ensure compliance with evolving Minimum Energy Efficiency Standards.

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. Peter Docherty, 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;

Environmental, Social and Governance (ESG) (continued)

- 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.

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. This is current practice in our Ipswich location and we plan to extend this to other locations across the Group in 2023;
- 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. The introduction of a specific Environmental Matters Group team will continue to build on our existing initiatives;
- Implement carbon capture scheme to record our paper usage and offsetting with planting of trees. This is current practice in our Bristol and Ipswich offices, with work ongoing to consider the viability of introducing this in all office locations;
- 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.

Environmental, Social and Governance (ESG) (Continued)

Streamlined Energy and Carbon Reporting ("SECR")

Curtis Banks Group has adopted SECR for the third year in the year ended 31 December 2022. Comparative data from 2021 is set against the current financial year.

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 2022. 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 when more detailed data was not available. 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. More precise data had been made available for this year which contributed to lower electricity usage figures. 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 2022**	**Year ended 31 December 2021**
Energy consumption used to calculate emissions (kWh):		
Energy consumption related to business travel		
Business travel in private vehicle (miles travelled)	83,376	46,504
Calculated total CO^2 emissions related to business travel - metric tonnes	26.7	14.9
Energy consumption related to office activities		
Energy consumption used to calculate emissions (kWh)	950,053	2,216,256
Average CO^2 per kwh - tonnes	0.00019338	0.00021233
Calculated total CO^2 emissions related to office electricity usage -	183.7	470.6
Total GHGs generated through all activities – tonnes CO^2	210.4	458.5
Percentage of CO^2 from office activities vs total	87.3%	96.9%
Percentage of CO^2 from business travel vs total	12.7%	3.1%
Intensity ratio: Tonnes CO^2e/Annual gross revenue	0.0000031	0.0000077
Intensity ratio: Tonnes CO^2e/Average FTE	0.2627	0.5864
Intensity ratio: Tonnes CO^2e/Customer policy	0.0027	0.0061

Environmental, Social and Governance (ESG) (Continued)

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

Actions taken by the Group in 2022 & 2023 to date

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 CO^2 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 12.7% whereas CO^2 generated from office based activities equates to 87.3% of the total. As referred to in the CFD section on pages 25 to 27, the Group has taken considerable and ongoing measures in order to reduce CO^2 outputs relating to office activities. Additional specific energy efficiency actions taken across the Group are detailed below:

- Across all office locations, the Group continues to pursue 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 established in 2020 remains active in 2022 to ensure compliance with the ESOS regulations. An external third party was appointed over the last two years on an as needed basis 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;
- Maintenance and monitoring of a new cooling & heating system installed in 2020 which is 30% more energy efficient at our Ipswich office than before;
- 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.
- In Q1 2023, we have further improved the structure of the Environmental, Social, Health & Governance team ("ESHG") which is sponsored by our Chief People Officer, Jaynie Vincent. This includes the establishment of the Group Environmental Matters Team that actively supports and carries out positive environmental initiatives across the Group.

On behalf of the board

Dan Cowland
Director
4 May 2023

Board of Directors

David Barral, Non-Executive Chairman

David brings a wealth of experience to the Curtis Banks Group following an extensive executive and Non-Executive career in financial services spanning 40 years. His current portfolio includes Non-Executive director Chair of Rowanmoor Group and Non-Executive director of The Pensions Superfund. Previous Non-Executive roles have included chair of Embark, senior independent director of LV Group, Non-Executive director of LV General Insurance, independent customer champion at Quilter and chair of Virgin Wines. He is a former CEO of Aviva UK and Ireland Life, Aviva's largest business unit, achieving profit of £1bn. He has previously chaired the ABI Retirement and Savings Committee and was a member of the Financial Services Authority Retail Distribution Review Taskforce. David brings a mix of strategic leadership, transformation and operational experience with a strong focus on value creation, performance, customers and risk and governance.

Peter Docherty, Chief Executive Officer

Peter joined Curtis Banks on 10 January 2023 with an impressive track record in leadership, transformation, operations and delivering results. At his previous role as Managing Director at Embark Investment Services Limited, Peter led the development of the Embark Platform business which was acquired by Lloyds Banking Group in January 2022. Peter has also held multiple roles at Alliance Trust Savings Limited including CEO and was Chief Risk Officer with Scottish Friendly Assurance.

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.

Bill Rattray, Non-Executive Director, Chairman of the Audit Committee and the Risk & Customer Outcomes 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)

Alastair Clarkson, Non-Executive Director and Chairman of the FCA and PRA regulated entities of the Group

Alastair has over 30 years' experience in the life insurance industry, and has held a number of senior roles at Standard Life, specialising in financial risk and capital management and the independent review and challenge of strategy. As well as chairing Curtis Banks' regulated subsidiaries and being a member of our Risk and Customer Outcomes and our Audit Committees, Alastair is currently on the Boards of Forester Life and Mediolanum International Life and is a member of the Financial Reporting Council Actuarial Tribunal Panel. He is a qualified actuary and Chartered Enterprise Risk Actuary, and has previously sat on the Council of the Faculty of Actuaries and been a chair of the Life Board of the Institute and Faculty of Actuaries.

Susan McInnes, Non-Executive Director, Chair of the Remuneration Committee

Susan brings a wealth of financial services operational experience to Curtis Banks with a strong focus on customers, people and risk. Susan spent over 10 years with the Phoenix Group where she held a number of senior roles including Customer Director, and Group Chief Risk officer before being appointed as Chief Executive of Standard Life Assurance. Susan chairs our Remuneration Committee and is a member of our Risk and Customer Outcomes Committee.

Christopher Mills, Non-Executive Director

Christopher is Chief Executive Officer and principal shareholder of Harwood Capital Management since 2011. He founded JO Hambro Capital Management with Jamie Hambro in 1993, acting as Chief Investment Officer, and Harwood Wealth with Alan Durant in 2013 until their respective sales in 2011 and 2020. He is CEO of North Atlantic Smaller Companies Investment Trust ("NASCIT") which he has managed since 1982 and Executive Director of Oryx International Growth Fund which he has managed since 1995. He has sat on the Board of over 100 companies during his career including most recently Augean, MJ Gleeson, SureServe, Frenkel Topping and is currently Chairman of EKF Diagnostics and Renalytix AI. He was awarded a scholarship to go to university by Samuel Montagu and has a BA in Business Studies.

Directors' report

The Directors present their annual report and audited consolidated financial statements for the year ended 31 December 2022.

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 30 to the financial statements.

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 58.

A final dividend in respect of 2021 results of 6.5p per share totalling £4,321,059 was proposed and paid on 1 June 2022. An interim dividend in respect of 2022 results of 2.5p per share totalling £1,663,419 was paid on 11 November 2022. In light of the Nucleus transaction, the Board has decided not to propose a final dividend.

Substantial Shareholders

At 31st March 2023, the Company had been notified of the following interests representing 3% or more of its issued share capital, as published on the company website:

	No. of Ordinary shares	Percentage Holding
Christopher Banks	14,651,142	21.91%
Oryx International Growth Fund	4,225,000	6.32%
Paul Tarran	3,408,521	5.10%
Canaccord Genuity Wealth Management	3,300,000	4.93%
Rupert Curtis	2,948,845	4.41%
GWM Asset Management	2,790,346	4.17%
JP Morgan Securities	2,457,662	3.67%
Artemis Investment Management*	2,456,915	3.67%
Sally Curtis	2,331,413	3.49%
Goldman Sachs	2,213,470	3.31%
Barclays Capital	1,829,648	2.74%

*Artemis Investment Management's holding decreased to below 3% on 17 April 2023.

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:

David Barral	(appointed 26 May 2022)
Peter Docherty	(appointed 10 January 2023)
Dan Cowland	
Bill Rattray	
Susan McInnes	(appointed 21 November 2022)
Alastair Clarkson	(appointed 21 December 2022)
Christopher Mills	(appointed 26 May 2022)
Jane Ridgley	(resigned 1 May 2023)
Jill Lucas	(resigned 9 December 2022)
Christopher Macdonald	(resigned 26 May 2022)
Jules Hydleman	(resigned 26 May 2022)
Will Self	(resigned 6 October 2022)

Directors will seek re-election immediately following appointment at the Company's annual general meeting and annually thereafter. The next Annual General Meeting will be held on 20 June 2023.

Directors' indemnity

The directors had qualifying third party indemnity cover totalling £20,000,000 during the year ended 31 December 2022 and up to the date these financial statements have been approved.

Related party transactions

Details of related party transactions are given in note 34.

Independent Auditors

Subject to the acquisition by Nucleus, the company may change the audit arrangement to align with that of Nucleus and result in the replacement of the current auditors, PricewaterhouseCoopers LLP.

Post balance sheet events

On 6 January 2023, the boards of Curtis Banks Group PLC, and Nucleus Clyde Acquisition Limited ("Bidco"), a wholly-owned subsidiary of Nucleus Financial Platforms Limited ("Nucleus"), announced that they have reached agreement on the terms of a recommended cash acquisition by Bidco of the entire issued share capital of Curtis Banks for 350 pence per share. On 27 February 2023, Curtis Banks's shareholders voted in favour of the acquisition. Both parties are progressing the relevant regulatory and court approval processes and the acquisition is expected to complete, subject to these approvals, towards the summer of 2023.

More details of the Nucleus acquisition has been disclosed in page 3 of the Chairman's Statement.

Directors' report (continued)

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.

Material uncertainty in relation to going concern

As set out in the post balance sheet events disclosure, the Group is the subject of an all cash offer from Nucleus Financial Platform Limited ("Nucleus") that, if successful, is expected to complete over the course of the summer in 2023. The Directors note the intentions of Nucleus as set out in the Scheme circular, however while they do not have any reason to believe that Nucleus would not continue to support the Group or would materially change their activities in the next 12 months, they are not party to the detailed intentions of the acquirer. Although this does not change the Directors' conclusion as to the appropriateness of preparing the financial statements of the Group on a going concern basis, it is considered to create a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

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 16-20.

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.

Directors' report (continued)

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 37.

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 25 to 28.

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 41.

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 2022 the Board met frequently, and as required to manage corporate transactions;
- 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 internal audits undertaken by a specialist independent firm.

Directors' report (continued)

Section 172 of the Companies Act 2006 (continued)

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.

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
4 May 2023

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

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.

It is the Chairman's 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 the Chairman, three Executive Directors and four Non-Executive Directors. Details of the Directors and their strengths and experience are set out on pages 29 to 30 of this Report.

All the Non-Executive Directors of the Group, apart from David Barral and Christopher Mills, are considered to be independent and are as follows:

- David Barral (Chairman)
- Bill Rattray (Senior Independent Director)
- Alastair Clarkson
- Susan McInnes
- Christopher Mills

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 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 Customer Outcomes 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.

Corporate Governance Report (continued)

The Board (continued)

Both David Barral 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 who 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. Non-Executive Directors 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.

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 Alastair Clarkson and Susan McInnes as the other members. David Barral and Christopher Mills are also invited to attend the meetings. Further details on the Committee's responsibilities and activities are on pages 42 to 43 of the annual report.

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 Susan McInnes with Bill Rattray as the other member. Jill Lucas was chair of the Committee until her resignation. David Barral and Christopher Mills are also invited to attend the meetings. David was not in attendance during the Committee meetings when the Chairman's incentive was discussed. Further details on the Committee are on pages 44 to 45 of the annual report.

Risk & Customer Outcomes Committee (Previously Risk & Compliance Committee):

The primary function of the Risk & Customer Outcomes Committee is to consider the Group's appetite for risk, to review and monitor the risk process undertaken by the Group, to adhere to the risk profile and monitor procedures for identifying and controlling risk, and to review the adequacy and effectiveness of the Company's Consumer Duty report. The Committee is chaired by Bill Rattray with Alastair Clarkson and Susan McInnes as the other members. David Barral and Christopher Mills are also invited to attend the meetings. Further details on the Committee's responsibilities and activities are on page 43 of the annual report.

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

During the year ended 31 December 2022 there were 4 scheduled Board and committee meetings (with the exception of 3 scheduled Audit Committee meetings instead of 4), 12 additional ad hoc Board meetings, 1 additional ad hoc Audit Committee meeting, 5 additional Remuneration Committee meetings and no additional ad hoc Risk & Customer Outcomes Committee meetings. The attendance from the directors is set out in the table below:

Executive Directors	Board Meeting	Audit	Remuneration	Risk & Customer Outcomes
Will Self (resigned 6 October 2022)	6	1	2	2
Jane Ridgley (resigned 1 May 2023)	15	4	3	4
Dan Cowland	16	4	5	4
Peter Docherty (appointed 10 January 2023)	-	-	-	-
Non-Executive Directors				
David Barral	12	3	5	2
Bill Rattray	16	4	9	4
Alastair Clarkson (appointed 21 December 2022)	-	-	-	-
Susan McInnes (appointed 21 November 2022)	2	1	1	1
Christopher Mills (appointed 26 May 2022)	9	1	1	1
Chris Macdonald (resigned 26 May 2022)	2	1	1	1
Jules Hydleman (resigned 26 May 2022)	2	1	1	1
Jill Lucas (resigned 9 December 2022)	9	4	9	3

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. In light of the Board changes and impending Nucleus transaction, the previously intended Board evaluation exercise in 2022 was postponed.

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 Singers Capital Markets acting as joint brokers.

David Barral, 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.

Corporate governance report (continued)

Audit Committee Report

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 approve the schedule of work to be undertaken by the Group's internal auditors, Mazars, and consider the reports and findings, together with management's responses;

d) 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;

e) 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.

f) 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 4 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) Review of financial statements for the Group for the six month period ended 30 June 2022 and receiving the external auditors review report thereon and considering the key accounting considerations and judgments attaching to those financial statements;

c) Consideration and approval of the audit plan for the year ended 31 December 2022 and confirmation of key audit matters and areas of judgement, which include CGUs impairment assessments for the Dunstan Thomas Cash-Generating Unit, going concern assessments for the Group, key accounting policies and critical accounting judgements applied (e.g. contingent consideration), risk of fraud/error in DT revenue recognition and mandatory risks required by the auditing standards on risk of fraud in revenue recognition and risk of management override of controls;

Corporate governance report (continued)

d) Consideration of the effect of the acquisition and consolidation of Dunstan Thomas and Talbot and Muir, including the contingent considerations that are due to be settled in H1 2023;

e) 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 Customer Outcomes Committee Report

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.

e) To review quarterly Consumer Duty report and assess the Group's ongoing monitoring and actions; ensure good outcomes for consumers remains central to the Group and consistent with the Consumer Duty.

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 Customer Outcomes 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) 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;

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

Corporate governance report (continued)

Remuneration Committee Report

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 QCA 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 report (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 2022;

c) Proposals and agreement to a further offering in 2022 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, including the Chairman's incentive plan;

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 2022 for Executive Directors and senior staff and approval of the parameters for the 2022 staff bonus scheme.

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

h) Consideration and agreement of termination arrangements for the former CEO and remuneration packages for the interim CEO.

i) Consideration and agreement of one-off cost of living payments to employees.

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 report (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 ("LTIP") and the Company Share Option Plan ("CSOP"). 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. 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.

One LTIP was set up in 2022 for selected members of the senior leadership team. Vesting of these awards is dependent on the growth in adjusted diluted earnings per share exceeding the growth in the Consumer Price Index for the three financial years ending 31 December 2022, 2023 and 2024.

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.

Corporate governance report (continued)

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.

Director	Date of Appointment	Notice Period by Company	Notice Period by Director
Executive:			
Peter Docherty	10 January 2023	12 months	12 months
Dan Cowland	8 July 2019	12 months	12 months
Non-Executive:			
David Barral	26 May 2022	12 months	12 months
Bill Rattray	2 April 2015	3 months	3 months
Christopher Mills	26 May 2022	3 months	3 months
Susan McInnes	21 November 2022	3 months	3 months
Alastair Clarkson	21 December 2022	3 months	3 months

Approved on behalf of the Board

Gemma Millard
Company Secretary
4 May 2023

Directors' remuneration report (audited)

Director	Basic salary and fees	Bonus	Pension contributions	Benefits	Chairman's incentive	Termination benefits	Total emoluments 2022 £	2021 £
David Barral[1]	105,673	-	-	-	2,000,000*	-	2,105,673	-
Jane Ridgley[8]	222,728	146,370	4,000	6,863	-	-	379,961	313,181
Dan Cowland	255,684	164,220	4,000	12,914	-	-	436,818	355,467
Peter Docherty[4]	-	-	-	-	-	-	-	-
Bill Rattray	52,000	-	-	-	-	-	52,000	52,000
Jill Lucas[5]	49,067	-	-	-	-	-	49,067	49,467
Christopher Mills[1]	31,133	-	-	-	-	-	31,133	-
Will Self[2]	189,337	-	200	10,662	-	953,876	1,154,075	441,737
Chris Macdonald[3]	42,133	-	-	-	-	26,000	68,133	104,000
Jules Hydleman[3]	21,667	-	-	-	-	26,000	47,667	52,000
Susan McInnes[6]	8,667	-	-	-	-	-	8,667	-
Alastair Clarkson[7]	2,000	-	-	-	-	-	2,000	-
Total	980,089	310,590	8,200	30,439	2,000,000	1,005,876	4,335,194	1,367,852

*chairman's incentive of £2.0m was recorded at the year end to reflect the ongoing Nucleus acquisition, this is a cash-settled share-based payment.

[1] appointed 26 May 2022. The remuneration above has been paid in respect of the Executive Chairman tenure during the year.
[2] resigned 6 October 2022.
[3] resigned 26 May 2022.
[4] appointed 10 January 2023.
[5] resigned 9 December 2022
[6] appointed 21 November 2022
[7] appointed 21 December 2022
[8] resigned 1 May 2023

Directors' shareholdings

As at 31 December 2022, the interest of the directors and former 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:

	2022		2021	
Director	**No.**	**%**	**No.**	**%**
Will Self	-	-	56,661	0.08
Jane Ridgley	33,974	0.05	27,166	0.04
Dan Cowland	11,320	0.02	9,523	0.01
Chris Macdonald	-	-	22,179	0.03
Bill Rattray	47,894	0.07	47,894	0.07
Jules Hydleman	-	-	15,270	0.02

Directors' remuneration report (audited) (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 1 January 2022	Granted / (Exercised) during the year	Lapsed during the year	Number of shares under option at 31 December 2022	Exercise price	Vesting date
Will Self	05/10/2018	13,890	(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	5,488	(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
		1,519,378	(19,378)	(500,000)	1,000,000		

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 1 January 2022	Granted / (Exercised) during the year	Lapsed during the year	Number of shares under option at 31 December 2022	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
		1,554,587	-	(1,286,322)	268,265		

Directors' remuneration (audited) (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 1 January 2022	Granted / (Exercised) during the year	Lapsed during the year	Number of shares under option at 31 December 2022	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 25.

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.

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David Barral
Chairman
4 May 2023

Independent auditors' report to the members of Curtis Banks Group PLC

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 2022 and of the group's loss 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 as applied in accordance with the provisions of the Companies Act 2006; 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 2022; 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 listed 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 to the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's and the company's ability to continue as a going concern. On 6th January 2023, the board of Curtis Banks Group PLC, announced they had agreed terms of a recommended all cash offer to be made by Nucleus Clyde Acquisition Limited for the entire issued and to be issued share capital of Curtis Banks Group PLC. The offer was approved by Curtis Banks Group PLC shareholders on 27th February 2023 and is now subject only to regulatory approval which is expected within the next 12 months such that Curtis Banks Group PLC and all subsidiaries will therefore be under new ownership. While the directors do not have any reason to believe that the acquirer will not continue to support the company or materially change its activities in the next 12 months, they do not have full visibility over the future intentions of the acquirer. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

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

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and evaluating the Directors' going concern assessment which reflects conditions up to the point of the approval of the Annual Report;
- Performing look-back procedures on management's previous assessments to determine the reasonableness and accuracy of the forecasts and assumptions used;
- Assessing the reasonableness of the severe but plausible going concern stress scenarios presented by management and concluding these were modelled appropriately and reflective of possible stresses; and
- Assessing the adequacy of management's disclosures in the financial statements and relevant "other information" and checking consistency with the financial statements and our knowledge based on our audit.

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

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 which 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

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

Materiality

- Overall group materiality: £600,000 (2021: £610,000) based on 5% of profit before tax, impairment, chairman incentive arrangement and amortisation.
- Overall company materiality: £570,000 (2021: £857,000) based on 1% of net assets (restricted to 95% of overall group materiality as noted below).
- Performance materiality: £450,000 (2021: £458,000) (group) and £428,000 (2021: £642,000) (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.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Revenue recognition for Dunstan Thomas (group), which was a key audit matter last year, is no longer included because of an immaterial level of new non-standard contracts entered into during the year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Carrying value of the Dunstan Thomas cash-generating unit (group), and investment in Dunstan Thomas Group Limited (company) *(Refer to Note 2 Significant accounting policies, Note 3 Critical accounting judgements and key sources of estimation uncertainty, Note 11 Intangible assets (group), and Note 14 Investments (company))* The consolidated 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 brought forward on 1 January 2022 are material to the consolidated financial statements. These intangible assets are allocated to one cash-generating unit, referred to below as 'DT'. The company financial statements include an investment in subsidiary brought forward on 1 January 2022 of £26.5m recognised at historical cost arising from the business acquisition of DT in 2020. Due to the underperformance of DT in 2022, and a corresponding downwards revision in future expectations of performance, management has recognised an impairment charge in 2022 of £11.5m against the carrying value of goodwill in the consolidated financial statements, and an impairment of £11.7m against the carrying value of the investment in this subsidiary in the company financial statements. We consider there to be a significant risk arising from the assumptions and judgements involved in performing the impairment assessment 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 the impairment test and determination of the value in use; most notably the growth rates assumed for revenue, anticipated margins, and the discount rate applied to derive a net present value in relation to future cash flows.	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 the impairment assessment. This included: o the relevant future expected cash flows; o the revenue growth included in the Board approved plan for 2023 to 2024; o the long-term growth rate used into perpetuity; o the discount rate assumption applied to future cash flows (assessed with support from auditor's experts); and o 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, and performance year to date in 2023; 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 and the evidence obtained, we consider the impairment recorded to be appropriate, 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.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

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	£600,000 (2021: £610,000).	£570,000 (2021: £857,000).
How we determined it	5% of profit before tax, impairment, chairman incentive arrangement and amortisation	1% of net assets (restricted to 95% of overall group materiality as noted below).
Rationale for benchmark applied	We have selected this benchmark, in a change to previous years for which the benchmark selected was profit before tax and amortisation. Our materiality benchmark has been changed to add back the Chairman incentive liability and impairment charge recognised during the year. We have used a separate materiality for the Chairman's incentive charge and impairment of goodwill as these are highly material one-off transactions and are likely to be of specific interest to the users of the financial statements.	Ordinarily we would apply a benchmark of 1% of net assets for the determination of the company materiality. However, we have restricted our materiality for the company to the lower figure of 95% of group materiality as the company represents a significant component of the group.

We have applied a higher materiality of £35m (2020: £39m), 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 £110,000 and £570,000. 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% (2021: 75%) of overall materiality, amounting to £450,000 (2021: £458,000) for the group financial statements and £428,000 (2021: £642,000) 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 £30,000 (group audit) (2021: £27,700) and £29,000 (company audit) (2021: £27,700) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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 2022 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.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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 in respect of the financial statements, 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 law and UK regulatory principles, such as those imposed 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 the carrying value of the investment in 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 and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Lee Clarke

Lee Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 May 2023

Curtis Banks Group PLC
Consolidated statement of comprehensive income
For The Year Ended 31 December 2022

	Notes	Year ended 31 December 2022		Year ended 31 December 2021	
			Total £'000		Total £'000
Revenue	4		68,063		63,307
Administrative expenses			(58,697)		(52,205)
Impairment of goodwill			(11,545)		-
Policyholder investment (losses)/returns	20	(288,162)		466,811	
Non-participating investment contract expenses	20	(34,372)		(33,850)	
Changes in provisions: Non-participating investment contract liabilities		322,534		(432,961)	
Policyholder total			-		-
Operating (loss)/profit			(2,179)		11,102
Finance income			134		20
Finance costs	8		(1,695)		(1,800)
(Loss)/Profit before tax			(3,740)		9,322
Taxation	9		(2,973)		(1,603)
(Loss)/profit for the year and total comprehensive (loss)/income for the year			(6,713)		7,719
Attributable to:					
Equity holders of the company			(6,713)		7,723
Non-controlling interests			-		(4)
			(6,713)		7,719
(Loss) per ordinary share on the net loss /Earnings per ordinary share on net profit					
Basic (pence)	10		(10.1)		11.6
Diluted (pence)	10		(10.1)		11.5

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

Curtis Banks Group PLC
Consolidated statement of financial position
As at 31 December 2022

		Group	
Group	**Notes**	**As at 31-Dec-22 £'000**	**As at 31-Dec-21 £'000**
ASSETS			
Non-current assets			
Intangible assets	11	77,362	89,814
Investment property	12	1,108,073	1,316,468
Property, plant and equipment	13	8,012	8,636
Investments	14	1,970,567	2,224,965
		3,164,014	3,639,883
Current assets			
Trade and other receivables	16	31,859	27,981
Cash and cash equivalents	17	404,816	410,133
Current tax asset		371	957
		437,046	439,071
Total assets		3,601,060	4,078,954
LIABILITIES			
Current liabilities			
Trade and other payables	18	21,942	20,853
Deferred income		30,943	29,960
Borrowings	19	40,632	46,832
Lease liabilities		1,040	964
Provisions	22	484	453
Contingent consideration	32	4,355	2,467
		99,396	101,529
Non-current liabilities			
Borrowings	19	34,903	43,957
Lease liabilities		6,290	6,774
Provisions	22	2	178
Contingent consideration	32	-	5,199
Non-participating investment contract liabilities	20	3,387,893	3,836,211
Deferred tax liability	21	3,214	3,464
		3,432,302	3,895,783
Total liabilities		3,531,698	3,997,312
Net assets		**69,362**	**81,642**
Equity attributable to owners of the parent			
Issued capital	23	332	332
Share premium	24	58,087	58,087
Equity share based payments	25	3,079	2,840
Treasury shares	24	(1,284)	(1,382)
Retained earnings	24	9,148	21,755
		69,362	81,632
Non-controlling interest		-	10
Total equity		**69,362**	**81,642**

The financial statements on pages 58 to 117 were approved by the Board of Directors and authorised for issue on 4 May 2023.

Dan Cowland
Chief Financial Officer

Company Registration No. 07934492

Curtis Banks Group PLC
Company statement of financial position
As at 31 December 2022

Company	**Notes**	**Company** As at 31-Dec-22 £'000	As at 31-Dec-21 £'000
ASSETS			
Non-current assets			
Investments	14	97,932	109,317
		97,932	109,317
Current assets			
Trade and other receivables	16	321	377
Cash and cash equivalents	17	3,232	4,458
Current tax asset		519	519
		4,072	5,354
Total assets		102,004	114,671
LIABILITIES			
Current liabilities			
Trade and other payables	18	2,885	1,383
Borrowings	19	4,565	4,507
Contingent consideration	32	4,355	2,467
		11,805	8,357
Non-current liabilities			
Borrowings	19	11,628	15,399
Contingent consideration	32	-	5,199
		11,628	20,598
Total liabilities		23,433	28,955
Net assets		**78,571**	**85,716**
Equity attributable to owners of the parent			
Issued capital	23	332	332
Share premium	24	58,087	58,087
Equity share based payments	24	3,079	2,840
Retained earnings	24	17,073	24,457
Total equity		**78,571**	**85,716**

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 loss after tax for the year was £1,400k (2021: profit of £11,656k).

The financial statements on pages 58 to 117 were approved by the Board of Directors and authorised for issue on 4 May 2023.

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 2022

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 2021	330	57,799	2,747	(741)	20,134	80,269	14	80,283
Profit/(loss) and 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**
Loss and total comprehensive loss for the year	-	-	-	-	(6,713)	(6,713)	-	(6,713)
Share based payments	-	-	239	-	-	239	-	239
Ordinary shares bought and sold by EBT	-	-	-	98	-	98	-	98
Deferred tax on share based payments	-	-	-	-	90	90	-	90
Ordinary dividends declared and paid	-	-	-	-	(5,984)	(5,984)	(10)	(5,994)
At 31 December 2022	**332**	**58,087**	**3,079**	**(1,284)**	**9,148**	**69,362**	**-**	**69,362**

Curtis Banks Group PLC
Company statement of changes in equity
For The Year Ended 31 December 2022

Company

	Issued Capital £'000	Share Premium £'000	Equity share based payments £'000	Retained earnings £'000	Total £'000
At 1 January 2021	330	57,799	2,747	18,798	79,674
Profit and 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**
Loss and total comprehensive loss for the year	-	-	-	(1,400)	(1,400)
Share based payments	-	-	239	-	239
Ordinary dividends declared and paid	-	-	-	(5,984)	(5,984)
At 31 December 2022	**332**	**58,087**	**3,079**	**17,073**	**78,571**

Curtis Banks Group PLC
Consolidated statement of cash flows
For The Year Ended 31 December 2022

	Group	
	Year ended 31 December	
		*Restated
	2022	2021
	£'000	£'000
Cash flows from operating activities		
(Loss)/Profit before tax	(3,740)	9,322
Adjustments for:		
Depreciation	1,645	1,806
Amortisation and impairments	14,631	2,934
Finance costs	1,695	1,800
Share based payment expense	239	93
Fair value gains on movement in contingent consideration	(1,123)	(1,870)
Fair value losses/(gains) on financial investments	202,325	(213,701)
Additions of financial investments	(620,331)	(647,479)
Disposals of financial investments	672,404	708,532
Fair value losses/(gains) on investment properties	175,450	(120,416)
(Decrease)/Increase in non-participating investment contract liabilities	(448,318)	250,904
Changes in working capital:		
Increase in trade and other receivables	(3,911)	(1,330)
Increase in trade and other payables	2,032	5,017
Taxes paid	(2,514)	(2,410)
Net cash flows used in operating activities	**(9,516)**	**(6,798)**
Cash flows from investing activities		
Payments for intangible assets	(2,179)	(1,670)
Purchase of property, plant and equipment	(683)	(270)
Purchase of investment property	(84,724)	(92,456)
Net Sale/(purchase) of shares in the Group by EBT	98	(641)
Receipts from sale of investment property	117,669	105,009
Payment for acquisition of subsidiary	(2,687)	(255)
Net cash flows received from investing activities	**27,494**	**9,717**
Cash flows from financing activities		
Equity dividends paid	(5,984)	(5,997)
Net proceeds from issue of ordinary shares	-	290
Net decrease in borrowings*	(11,901)	(10,148)
Principal elements of lease payments	(894)	(762)
Interest paid	(876)	(781)
Net cash used in financing activities	**(19,655)**	**(17,398)**
Net decrease in cash and cash equivalents	**(1,677)**	**(14,479)**
Cash and cash equivalents at the beginning of the year*	386,187	400,666
Cash and cash equivalents at the end of the year*	**384,510**	**386,187**

*The audited results for year ended 31 December 2021 has been restated to correct for "Cash and cash equivalents at the beginning of the year" for £29,912k and "Cash and cash equivalents at the end of the year" for £23,946k for the impact of the opening and closing Overdrafts balance the impact of which was incorrectly included within "Net decrease in borrowings". A reconciliation is included in note 17.

Curtis Banks Group PLC
Company statement of cash flows
For The Year Ended 31 December 2022

	Company	
	Year ended 31 December	
		As restated*
	2022	2021
	£'000	£'000
Cash flows from operating activities		
(Loss)/profit before tax	(1,400)	11,656
Adjustments for:		
Interest expense	1,368	712
Impairment of investments	11,701	-
Fair value gains on movement in contingent consideration*	(1,123)	(1,870)
Changes in working capital:		
Decrease/(increase) in trade and other receivables	56	(345)
Increase/(decrease) in trade and other payables	1,533	693
Taxes paid	-	(275)
Net cash flows received from operating activities	**12,135**	**10,571**
Cash flows from investing activities		
Payment for acquisition of subsidiary	(2,764)	(255)
Net cash flows used in investing activities	**(2,764)**	**(255)**
Cash flows from financing activities		
Equity dividends paid	(5,984)	(5,997)
Net proceeds from issue of ordinary shares	-	290
Net decrease in borrowings	(4,000)	(3,850)
Interest paid	(613)	(712)
Net cash used in financing activities	**(10,597)**	**(10,269)**
Net (decrease)/increase in cash and cash equivalents	**(1,226)**	**47**
Cash and cash equivalents at the beginning of the year	4,458	4,411
Cash and cash equivalents at the end of the year	**3,232**	**4,458**

*The audited results for year ended 31 December 2021 has been restated to correct for 'Fair value gains on movement in contingent consideration' of £1,870k which was incorrectly included within the line "Increase/(decrease) in trade and other payables".

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 4 May 2023.

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 Chairman's Statement.

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 2022.

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 because they are non-participating and do not contain any discretionary participation features.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings up to 31 December 2022.

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 2022 were Curtis Banks Limited, Suffolk Life Pensions Limited, Suffolk Life Annuities Limited, Rivergate Legal Limited, Dunstan Thomas Holdings 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, 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 £5,122k (2021: £14,206k).

Material uncertainty in relation to going concern

As set out in the post balance sheet events disclosure, the Group is the subject of an all cash offer from Nucleus Financial Platform Limited ("Nucleus") that, if successful, is expected to complete towards the summer of 2023. The directors note the intentions of Nucleus as set out in the Scheme circular, however while they do not have any reason to believe that Nucleus would not continue to support the Group or would materially change their activities in the next 12 months, they are not party to the detailed intentions of the acquirer. Although this does not change the directors' conclusion as to the appropriateness of preparing the financial statements of the Group on a going concern basis, it is considered to create a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Investment in 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.

Investments in subsidiaries within the Company Statement of Financial Position are held at cost less accumulated impairment losses.

2 Significant accounting policies (continued)

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.

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. This has historically been made up of implementation fee billed on time and expense incurred, and a combined licence fee obligation that covers licence, maintenance, support and API (if applicable). In 2022 a new form of contract has begun to be offered to new customers which is comprised of three distinct performance obligations: licence, implementation and post contract support.

- 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.

- 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.

- 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. For customer contracts entered into before 30 June 2022, licence and post contract support obligations are recognised on a straight-line basis over time throughout the contract period. Following this date, Dunstan Thomas restructured their commercial model of software licensing and related services. As a result, new template customer agreements have been created and are now being used for the majority of new software license contracts. Where the new template customer agreement is now used and the licence is identified as a distinct performance obligation. Licence revenue is recognised at a point in time upfront, while the post contract support revenue is recognised over time on a straight-line basis throughout the contract period. 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.

2 Significant accounting policies (continued)

Revenue recognition (continued)

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.

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.

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 from 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 3 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.

On a discretionary basis, the Group also grants exceptional awards to certain employees of the Group, linked to share price performance, that are settled wholly in cash. These schemes are accounted for as cash-settled share-based payment transactions in accordance with IFRS 2. Liabilities for expected settlement of these schemes are held at fair value on the consolidated statement of financial position and re-measured at each reporting period end.

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 established 4 cash generating units ("CGUs") that are closely aligned to the Group's subsidiaries and their distinct cash flows: namely Curtis Banks ("CB"), Suffolk Life ("SL") Dunstan Thomas ("DT") and Talbot and 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 across all CGUs:

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

- FY23 budget approved by the Board and management forecast from FY24 – FY27;
- Pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset (CB: 16.19%, SL: 16.24%, T&M: 17.15%; DT: 13.22%);
- Terminal growth rate of 2%, being the long term inflation expectation in the UK;

The goodwill impairment assessment performed resulted in headroom present in each of the relevant CGU other than Dunstan Thomas:

	Suffolk Life		**Talbot and Muir**		**Dunstan Thomas**	
£'m	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Value in use	77.3	93.7	30.1	27.8	14.9	29.7
Goodwill	28.9	28.9	9.8	9.8	17.1	17.1
Non-current asset	8.3	8.2	8.2	9.4	9.3	10.0
Headroom	**40.2**	**56.6**	**12.1**	**8.6**	**(11.5)**	**2.6**

As at 30 June 2022, goodwill associated with the acquisition of Dunstan Thomas was impaired by £9.8m due to expectations that the business segment's financial performance would fall materially short of expectations over the year. This created uncertainty over the forecast future cash flows, which was used to conduct the goodwill impairment assessment. It has subsequently been identified that in the assessment as at 30 June 2022 certain assumptions used in the discount rate were not reflective of risks specific to the CGU, and that a post-tax rate had been used rather than a pre-tax rate as required. Had these factors been reflected in the impairment assessment at 30 June 2022, the impairment would have been £11.5m which is the total impairment charge that has now been booked during the year ended 31 December 2022. There would have been no impact of these items on the financial statements for the prior year to 31 December 2021.

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

	Suffolk Life		**Talbot and Muir**		**Dunstan Thomas**	
£'m	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
1% increase in discount rate	(4.3)	(8.0)	(1.7)	(2.4)	(1.3)	(2.5)
1% decrease in terminal growth rate	(2.5)	(6.6)	(1.0)	(2.0)	(0.9)	(2.1)
10% reduction in operating profit budgeted and forecasted	(7.3)	(8.3)	(3.0)	(2.5)	(1.7)	(3.1)

Amongst the CGUs, although Suffolk Life sees the largest movement in potential headroom, Dunstan Thomas is most susceptible to the stress scenarios due to a lack of any headroom being available.

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 and Muir**	**Dunstan Thomas**
Value in use	69.4	77.3	30.1	14.9
Investment by Curtis Banks Group Plc	12.4	46.9	22.1	26.6
Headroom	**57.0**	**30.4**	**8.0**	**(11.7)**

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

Impairment of investment in Dunstan Thomas of £11.7m was identified and recorded in the Company financial statements.

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 30 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 £0.4m (2021: £0.8m), which in turn would reduce or increase profit before tax.

Chairman's incentive award

In October 2022, an incentive scheme for the Group's Chairman was announced and accounted for as a cash-settled share-based payment transaction by 31 December 2022. Management made the critical judgement to recognise the full £2m in the 2022 results, even though the acquisition offer by Nucleus was not announced until 6 January 2023, after the reporting period, and the transaction is not expected to complete until the summer of 2023.

The judgement was based on the best available estimate of rewards expected to vest, in accordance with IFRS 2 Share-based Payment. Importantly, management consider that the services associated with the incentive scheme by the Chairman were materially completed as at 31 December 2022. This was supported by the announcement on 23 December 2022 that the due diligence was complete and that the parties were close to agreeing transaction documentation. Therefore, it was appropriate to recognise the entire £2m in the year ended 31 December 2022, rather than spreading the cost over 2022 and 2023.

The payment is contingent upon the sales offer becoming unconditional, which includes conditions such as obtaining regulatory and court approvals, that introduce an element of estimation uncertainty. Management's decision to recognise the entire amount in 2022 demonstrates our assessment that the probability of the potential transaction proceeding as at 31 December 2022, and the consequent vesting of the incentive payment, was more likely than not.

4 Revenue

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Pension administration fees	45,295	45,091
FinTech services	7,694	9,900
Pension administration interest income	15,074	8,316
	68,063	63,307

5 Total comprehensive income for the year

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Amortisation and impairment of intangible assets	14,631	2,934
Depreciation of property, plant and equipment	1,645	1,806
Auditors' remuneration:		
- audit of the Company and consolidated financial statements	285	227
- audit of the financial statements of the subsidiaries	440	397
- audit related assurance services	71	40

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 2022 and 31 December 2021 respectively.

Year ended 31 December 2022	Pension Administration £'000	FinTech £'000	Consolidation adjustments £'000	Consolidated £'000
Revenue				
External customers	60,369	7,694	-	68,063
Internal customers	-	1,557	(1,557)	-
	60,369	9,251	(1,557)	68,063
Administrative expenses				
External customers	51,421	7,276	-	58,697
Internal customers	549	773	(1,322)	-
Impairment of goodwill	-	-	11,545	11,545
	51,970	8,049	10,223	70,242
Operating profit/(loss)	8,399	1,202	(11,780)	(2,179)

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/(loss)	8,728	2,520	(146)	11,102

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 CODM).

6 Operating segment reporting (continued)

The following table presents a split of assets and liabilities of the Group's operating segments as at 31 December 2022.

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.

As at 31 December 2022	Pension Administration £'000	FinTech £'000	Corporate £'000	Policyholder £'000	Consolidated £'000
Total assets	63,573	10,427	55,389	3,471,670	3,601,059
Total liabilities	34,094	3,154	22,780	3,471,670	3,531,698

The split of assets and liabilities of the Group's operating segments as at 31 December 2021 is illustrated below:

As at 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 2022 £'000	2021 £'000
Wages and salaries	26,925	25,189
Social security costs	2,878	2,644
Other pension costs	2,576	2,327
Share-based incentive awards	2,244	364
	34,623	30,524

The monthly average number of employees during the year was:	2022 Number	2021 Number
Directors	8	7
Administration	793	821
	801	828

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

	Year ended 31 December 2022 £'000	2021 £'000
Total emoluments paid to:		
Directors		
Wages and salaries	1,288	1,354
Social security costs	338	162
Compensation for loss of office	1,006	-
Post-employment costs	8	14
Share-based incentive awards	2,057	80
Other key management personnel		
Wages and salaries	1,066	1,005
Compensation for loss of office	219	62
Social security costs	158	129
Post-employment costs	119	69
Share-based incentive awards	15	2
	6,274	2,877
Emoluments of highest paid director:		
Wages and salaries	2,106	429
Pension contribution	-	6
	2,106	435

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

8 Finance costs

	Year ended 31 December	
	2022	2021
	£'000	£'000
Interest payable on bank loans	869	702
Interest and finance costs on lease liabilities	262	209
Other interest expense	65	10
Total interest expense	**1,196**	**921**
Unwind of discount on contingent consideration relating to:		
Acquisition of Dunstan Thomas	161	364
Acquisition of Talbot and Muir	338	515
Total finance costs	**1,695**	**1,800**

9 Taxation

	Year ended 31 December	
	2022	2021
	£'000	£'000
Domestic current year tax		
UK Corporation tax	2,615	1,875
Under provision in prior years	551	121
Deferred tax		
Origination and reversal of temporary differences	(193)	(393)
	2,973	1,603
Factors affecting the tax charge for the year		
(Loss)/Profit before tax	(3,740)	9,322
(Loss)/Profit before tax multiplied by standard rate of UK Corporation tax of 19% (2021: 19%)	(711)	1,771
Effects of:		
Adjustment to prior year	555	121
Non-deductible expenses	2,868	93
Other tax adjustments	261	(382)
	3,684	(168)
Total tax charge	2,973	1,603

10 (Loss)/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:

	2022 £'000	2021 £'000
Net (loss)/profit available to equity holders of the Company	(6,713)	7,723
	Number	**Number**
Weighted average number of ordinary shares:		
Issued ordinary shares at start of the year	66,879,312	66,414,312
Effect of shares issued during the year	-	333,781
Effect of shares held by employee benefit trust	(390,563)	(316,688)
Basic weighted average number of shares	66,488,749	66,431,405
Effect of dilutive options	265,012	510,602
Diluted weighted average number of shares	66,753,761	66,942,007
	Pence	**Pence**
(Loss)/Earnings per share:		
Basic	(10.1)	11.6
Diluted	(10.1)	11.5

11 Intangible assets

Group

	Goodwill £'000	Brand £'000	Customer Portfolios £'000	Computer Software £'000	Internally Generated Software £'000	Total £'000
Cost						
At 1 January 2021	55,732	1,595	33,805	2,783	5,770	99,685
Additions	-	-	-	492	1,178	1,670
At 31 December 2021	55,732	1,595	33,805	3,275	6,948	101,355
Additions	-	-	-	1,083	1,096	2,179
Disposals	-	-	-	(30)	-	(30)
At 31 December 2022	55,732	1,595	33,805	4,328	8,044	103,504
Amortisation and Impairment						
At 1 January 2021	-	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
Charge for the year	-	160	1,878	295	753	3,086
Impairment	11,545	-	-	-	-	11,545
Disposals	-	-	-	(30)	-	(30)
At 31 December 2022	11,545	386	10,610	1,976	1,625	26,142
Net book value						
At 31 December 2020	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
At 31 December 2022	44,187	1,209	23,195	2,352	6,419	77,362

11 Intangible assets (continued)

Goodwill

Goodwill totalling £28,903k arose on the acquisition of Suffolk Life Group Limited and its subsidiaries on 25 May 2016. Goodwill totalling £17,075k arose on the acquisition of Dunstan Thomas Group Limited and its subsidiaries on 3 August 2020. Goodwill totalling £9,754k 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 five year period, assuming business then continues onwards after this period at a steady rate for the purpose of the analysis.

Impairment charges totalling £11,545k against the intangible asset relating to Goodwill within the Dunstan Thomas CGU have been recognised during the period ended 31 December 2022 (2021: £nil). This relates to lower than expected performance of the CGU in the period, a consequent reduction in the estimate of future cash flows expected from the CGU, combined with an update in discount rate assumptions used in the value-in-use calculation to better reflect the characteristics of the business. More details and sensitivity analysis are disclosed in note 3.

Customer Portfolios

Represents 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 (2021: £nil). 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 £11,229k 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.

11 Intangible assets (continued)

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.

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 £7k (2021: nil).

12 Investment Property

Assets held at fair value

Group

	2022 £'000	2021 £'000
Fair value		
At 1 January	1,316,468	1,208,605
Additions	84,724	92,456
Disposals	(117,669)	(105,009)
Fair value (losses)/gains	(175,450)	120,416
At 31 December	1,108,073	1,316,468

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 20(b) to the financial statements.

13 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 2021	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
Additions	341	621	62	1,024
Disposals	-	(118)	(3)	(121)
At 31 December 2022	9,578	6,713	2,098	18,389
Accumulated depreciation				
At 1 January 2021	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
Charge for the year	948	562	135	1,645
Disposals	-	(115)	(3)	(118)
At 31 December 2022	2,881	5,613	1,883	10,377
Carrying value				
At 31 December 2020	5,731	1,376	551	7,658
At 31 December 2021	7,304	1,044	288	8,636
At 31 December 2022	6,697	1,100	215	8,012

The total cash outflow for leases was £0.8m (2021: £0.9m).

14 Investments

Financial assets at fair value through profit or loss

Total fair value as at 31 December	**Group**	
	2022	**2021**
	£'000	**£'000**
Fair value		
Equity and other variable-yield securities	1,928,047	2,184,067
Debt securities and other fixed-income securities	42,519	40,898
Total shares and securities	1,970,566	2,224,965
At cost	1,759,139	1,693,768

Movement in the year on total shares and securities	**Group**	
	2022	**2021**
	£'000	**£'000**
At beginning of the year	2,224,965	2,072,317
Additions	620,331	647,479
Disposals	(672,404)	(708,532)
Unrealised (losses)/gains	(202,325)	213,701
At end of the year	1,970,567	2,224,965

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

14 Investments (continued)

Assets held at cost

	Company £'000
Cost	
At 1 January 2021 (restated*)	109,224
Additions – equity share based payment costs	93
At 31 December 2021	109,317
Additions – equity share based payment costs	239
Additions – correction to investment in employee benefit trust	77
At 31 December 2022	109,633
Impairment of investment in subsidiaries**	(11,701)
Net book value	
At 31 December 2020 (restated*)	109,222
At 31 December 2021	109,317
At 31 December 2022	97,932

*The investments note to the financial statements for the year ended 31 December 2021 contained an error relating to an IFRS 3 measurement period adjustment over acquisitions of Dunstan Thomas and Talbot and Muir during 2020 that were erroneously described as additions to the investment in employee benefit trust, arising during 2021. Consequently, cost at 1 January 2021 and net book value at 31 December 2020 have been restated to reflect this measurement period adjustment having arisen during 2020, and no additional investment in employee benefit trust is presented during the year ended 31 December 2021.

**Investment in the Dunstan Thomas Group has been impaired following an impairment assessment undertaken. For more information please refer to note 3 to the financial statements.

14 Investments (continued)

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
Rivergate Legal Limited	(A)	Provision of legal services	England and Wales	100.00	100.00
Dunstan Thomas Group Limited	(C)	Holding company	England and Wales	100.00	100.00
Digital Keystone Limited	(C)	Non-trading	England and Wales	-	100.00
Dunstan Thomas Holdings Limited	(C)	Provision of IT product development and	England and Wales	-	100.00
Dunstan Thomas Consulting Limited	(C)	Non-trading	England and Wales	-	100.00
Platform Action Limited	(C)	Non-trading	England and Wales	-	100.00
Talbot and Muir Limited	(D)	Provision of pension administration services	England and Wales	100.00	100.00
The Pension Partnership Limited	(D)	Non-trading	England and Wales	-	100.00
MYSIPP Trustees Limited	(D)	Dormant	England and Wales	-	100.00
The Ward Mitchell Trustees Limited	(D)	Dormant	England and Wales	-	100.00
Oval Trustees Limited	(D)	Dormant	England and Wales	-	100.00
SAM Trustees Limited	(D)	Dormant	England and Wales	-	100.00
T M Trustees Limited	(D)	Dormant	England and Wales	-	100.00
MYSIPP Trustees (Property) Limited	(D)	Dormant	England and Wales	-	100.00
TPP Nominees Limited	(D)	Dormant	England and Wales	-	100.00
MYSSAS Trustees Limited	(D)	Dormant	England and Wales	-	100.00
Colston Trustees Limited	(A)	Dormant	England and Wales	-	100.00
Montpelier Pension Trustees	(A)	Dormant	England and Wales	-	100.00
Tower Pension Trustees Limited	(A)	Dormant	England and Wales	-	100.00
SPS Trustees Limited	(A)	Dormant	England and Wales	-	100.00
Crescent Trustees Limited	(A)	Dormant	England and Wales	-	100.00
Tower Pension (S-B) Trustees	(A)	Dormant	Scotland	-	100.00
Bridgewater Pension Trustees	(A)	Non-trading	England and Wales	-	100.00
Temple Quay Pension Trustees	(A)	Dormant	England and Wales	-	100.00
Suffolk Life Trustees Limited	(B)	Non-trading	England and Wales	-	100.00
Suffolk Life (Spartan Estate) Limited	(B)	Dormant	England and Wales	-	100.00
SLA Property Company Limited	(B)	Dormant	England and Wales	-	100.00
EPPL P1056 Limited	(B)	Dormant	England and Wales	-	100.00
CB 2019 Limited	(A)	Non-trading	England and Wales	-	90.00
Templemead Property Solutions Limited	(A)	Non-trading	England and Wales	-	100.00

CB 2019 Limited and Templemead Property Solutions Limited were dissolved via voluntary strike-off from the Companies House on 4 April 2023.

14 Investments (continued)

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

14 Investments (continued)

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
Pensions Partnership SIPP Trustees No 2 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)** Building 3000 Lakeside North Harbour, Portsmouth, PO6 3EN
- **(D)** 55 Maid Marian Way Nottingham NG1 6GE
- **(E)** 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.

15 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 2022				
Equity and other variable-yield securities	1,928,047	1,896,459	24,975	6,613
Debt securities and other fixed-income securities	42,519	30,698	10,721	1,100
Cash equivalents	2,217	1,579	638	-
Investment property	1,108,073	-	-	1,108,073
Total financial investments and investment property	3,080,856	1,928,736	36,334	1,115,786

	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

There have been no significant transfers between level 1, level 2 and level 3 in 2022 or 2021.

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.

15 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.

15 Fair value hierarchy (continued)

Level 3 Investments	Equity and other variable-yield securities 2022 £'000	Debt securities and other fixed income securities 2022 £'000	Investment Property 2022 £'000
Fair value			
At 1 January 2022	6,458	1,389	1,316,468
Net losses for the year recognised in profit and loss	(4,050)	(1,067)	(175,450)
Purchases/Additions	-	-	84,724
Disposals	-	-	(117,669)
Transfers into level 3	4,568	778	-
Transfers out of level 3	(363)	-	-
At 31 December 2022	6,613	1,100	1,108,073

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

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.

15 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 2022

				Reasonably possible alternative assumptions	
Assets	**Valuation Basis / Technique**	**Main assumptions**	**Current fair value 2022 £'000**	**Increase in fair value 2022 £'000**	**Decrease in fair value 2022 £'000**
Suspended securities	*Note 1*	Estimated recoverable amount	5,500	275	(275)
Unquoted securities	*Note 1*	Price earning multiple	2,213	111	(111)
Investment property	*Note 2*	Third party property index	1,108,073	55,404	(55,404)
			1,115,786	55,790	(55,790)

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)

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.

15 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. As at 31 December 2022, all contingent consideration are classified as creditors due within 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 2022. Contingent consideration payable is wholly classified as Level 3 for fair value measurement under IFRS 13.

16 Trade and other receivables

	Group As at 31 December		Company As at 31 December	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Trade receivables	16,456	16,830	-	-
Prepayments and accrued income	12,201	9,116	7	29
Amounts owed by group undertakings	-	-	294	305
Other receivables	3,202	2,035	20	43
	31,859	27,981	321	377

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 30 to the financial statements.

17 Cash and cash equivalents

As at 31 December 2022 and 2021 cash and cash equivalents were as follows:

	Group As at 31 December		Company As at 31 December	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash at bank and in hand	23,853	31,891	3,232	4,458
Deposits with credit institutions	378,746	376,856	-	-
Cash equivalents	2,217	1,386	-	-
Cash and cash equivalents	**404,816**	**410,133**	**3,232**	**4,458**
Bank overdraft (included within Borrowings)	(20,306)	(23,946)	-	-
Balance as per Statement of Cash flows	**384,510**	**386,187**	**3,232**	**4,458**

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

18 Trade and other payables

	Group As at 31 December		Company As at 31 December	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	5,919	8,880	69	57
Taxes and social security costs	5,288	2,775	4	5
Amounts owed to group undertakings	-	-	314	-
Other payables	1,037	983	-	-
Accruals	9,698	8,215	2,498	1,321
	21,942	20,853	2,885	1,383

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

19 Borrowings

	Group		Company	
	As at 31 December		As at 31 December	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Current				
Bank loans	40,632	46,832	4,565	4,507
	40,632	46,832	4,565	4,507
Non-current				
Bank loans	34,903	43,957	11,628	15,399
	34,903	43,957	11,628	15,399
Total borrowings	75,535	90,789	16,193	19,906

Bank borrowings

The bank borrowings are repayable as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Within 1 year	40,632	46,832	4,565	4,507
Between 1 year and 5 years	27,137	34,928	11,628	15,399
After more than 5 years	7,766	9,029	-	-
	75,535	90,789	16,193	19,906

Bank borrowings of the Company are repayable between January 2021 and July 2025 and bear average coupons of 2.25% plus compounded Sterling Overnight Index Average (SONIA) and a credit adjustment spread per annum.

Total borrowings of the Group include liabilities of £59,342k (2021: £70,883k) secured by legal charge over certain properties held within non-participating investment contracts, and liabilities of £16,193k (2021: £19,906k) 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 £4,701k (2021: £4,477k) within one year and £12,814k (2021: 16,836k) over one year.

20 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 (2021: £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	2022 £'000	2021 £'000
As at 1 January	3,836,211	3,585,307
Reserves in respect of new business	202,056	226,312
Amounts paid on surrenders and maturities during the year	(327,840)	(408,369)
Investment (loss)/income	(288,162)	466,811
Expenses	(34,372)	(33,850)
As at 31 December	3,387,893	3,836,211

These relate to:

	2022 £'000	2021 £'000
Self-Invested Personal Pensions	2,381,661	2,683,775
Group Managed Funds – Trustee Investment Plans	33,668	45,557
Group Managed Funds	33,619	43,761
Trustee Investment Plans	938,945	1,063,118
As at 31 December	3,387,893	3,836,211

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

(b) Investment contract liabilities – investment income

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Rents receivable	81,239	69,365
Interest receivable	2,297	2,440
Investment and other income	35,075	29,252
Realised (losses)/gain on investments	(29,834)	30,802
Unrealised (losses)/gains on investments	(376,939)	334,952
	(288,162)	466,811

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

(c) Investment contract liabilities – expenses

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Investment management fees	12,619	11,482
Adviser fees	634	633
Management charges – administration	7,218	7,231
Bank fees and charges	103	73
Professional fees and sundries	12,287	11,602
Bad debts	(147)	1,299
Interest payable on bank loans and overdrafts	1,658	1,530
	34,372	33,850

(d) Reserves in respect of new business

	2022 £'000	2021 £'000
Gross premiums		
Periodic premiums relating to Self-Invested Personal Pensions	1,667	1,600
Single premiums relating to Self-Invested Personal Pensions	136,264	157,012
Single premiums relating to Group Managed Funds – TIPs	2,484	4,049
Single premiums relating to Group Managed Funds	321	848
Single premiums relating to Trustee Investment Plans	61,320	62,803
	202,056	226,312

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Gross claims paid		
Lump sums on death	22,934	12,906
Lump sums on pensions vesting	11,242	19,462
Income withdrawals	31,475	33,266
Annuities purchased	-	314
Transfers out	248,464	327,238
Surrenders of managed funds – Trustee Investment Plans	13,725	15,183
	327,840	408,369

21 Deferred tax liability

Deferred tax liability movement is analysed as follows:

	Group As at 31 December 2022 £'000	2021 £'000
Brought forward liability	3,464	3,790
Net change in temporary differences on equity share based payments	(81)	100
Net change in temporary differences on plant and equipment	71	(113)
Net change in temporary differences on intangible assets	748	(313)
Net change in temporary differences on tax losses	(988)	-
Carried forward liability	3,214	3,464

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

	Group As at 31 December 2022 £'000	2021 £'000
Temporary differences on equity share based payments	(250)	(169)
Temporary differences on plant and equipment	(39)	(110)
Temporary differences on intangible assets	4,491	3,743
Temporary differences on tax losses	(988)	-
	3,214	3,464

The deferred tax liability assumes a future corporation tax rate of 19% will be applicable to the Group until 6 April 2023 whereby a new corporation tax rate of 25% will be applicable.

22 Provisions

Provisions	**Other provision £'000**	**Restructuring provision £'000**	**In-specie contributions provision £'000**	**Group Total £'000**
Balance as at 1 January 2021	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
Amounts provided	-	20	-	20
Amounts utilised	-	(93)	-	(93)
Amounts released as unutilised	(72)	-	-	(72)
Balance as at 31 December 2022	146	20	320	486

22 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. £68k of this provision was released in 2022.

Restructuring provision

A £93,000 provision in 2021 has been made to reflect the updated estimate of the impact from the restructuring activities. This has been fully utilised in 2022.

A new provision of £20k has been raised on the Dundee office dilapidation.

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 recognised a provision of £0.4m as at 31 December 2020. In 2021, this was revised to £0.3m based on updated information. No changes have been made on this provision in 2022.

23 Issued capital

	Group & Company	
	2022	2021
	£'000	£'000
Allotted, called up and fully paid		
Ordinary shares of 0.5p each	332	332
	332	332
	Number	**Number**
Number of Ordinary shares		
Brought forward	66,879,312	66,414,312
Issued during the year	-	465,000
Carried forward	66,879,312	66,879,312

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.

24 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 25.

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 loss after tax for the year was £1,400k (2021: profit after tax of £9,162k).

24 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 2022, the EBT held 331,562 ordinary shares in the Company, acquired for a total consideration of £894,250 with a market value of £1,080,892 (2021: 448,296 ordinary shares acquired for a total consideration of £1,209,091 with a market value of £1,192,467). They are classified as treasury shares in the Consolidated Statement of Financial Position, their cost being deducted from equity.

25 Share-based payments

Cash-settled share-based payments

In October 2022, an incentive scheme was announced for the Group's Chairman, David Barral. This incentive has been accounted for as a cash-settled share-based payment transaction. Although the proposed acquisition by Nucleus was not announced until January 2023, i.e. after the end of the reporting period, management determined that it was appropriate to record the estimated incentive payment, an amount of £2.0m, in the year end financial statements, as it represented the best available estimate of the rewards expected to vest as at 31 December 2022, in accordance with the relevant International Financial Reporting Standard (IFRS 2 Share-based payment).

Equity-settled share-based payments

The weighted average exercise price for all options outstanding at 31 December 2022 was 226.95p (2021: 227.29p).

The weighted average exercise price for all options exercised during the year ended 31 December 2022 was 150.88p (2021: 90.18p).

The weighted average remaining contractual life of all unexercised share options as at 31 December 2022 was 5 years and 5 months (2021: 6 years and 5 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 2022 was £239k (2021: £93k). The total increase in equity arising from equity-settled share-based payment transactions for the year ended 31 December 2022 was £239k (2021: £93k).

25 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 2022:

Scheme	Date of grant	Number of shares under option at 1 January 2022	Granted	Exercised	Lapsed	Number of shares under option at 31 December 2022	Exercise price	Latest Exercise Date
SS18	21/05/18	10,641	-	(2,008)	(8,633)	-	268.80p	01/02/22
SS19	21/05/19	112,636	-	(68,609)	(16,831)	27,196	244.80p	01/02/23
SS20	19/05/20	482,774	-	(1,303)	(63,654)	417,817	212.80p	01/02/24
SS21	15/06/21	319,306	-	-	(62,498)	256,808	226.40p	01/02/25
SS22	07/06/22	-	278,172	-	(38,968)	239,204	208.00p	01/02/26
CSOP16A	14/09/16	171,616	-	-	(98,722)	72,894	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	26/06/27
CSOP20	08/04/20	345,325	-	-	(133,606)	211,719	217.00p	08/04/30
CSOP21	27/04/21	427,125	-	-	(126,368)	300,757	283.00p	27/04/31
LTIP18A	18/09/18	5,488	-	(5,488)	-	-	0.00p	18/09/28
LTIP18B	05/10/18	13,890	-	(13,890)	-	-	0.00p	05/10/28
LTIP20A	14/09/20	750,000	-	-	(250,000)	500,000	217.00p	14/09/30
LTIP20B	14/09/20	750,000	-	-	(250,000)	500,000	217.00p	14/09/30
LTIP22	16/11/22	-	72,790	-	-	72,790	252.50p	27/04/26
EBS20	08/04/20	25,436	-	(25,436)	-	-	0.00p	08/04/30
		4,486,229	350,962	(116,734)	(2,121,272)	2,599,185		

Of the total 2,599,185 shares under option as at 31 December 2022, 82,816 were exercisable.

SS16, SS17, SS18, SS19, SS20, SS21, SS22

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.

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 2022, four key management personnel of the Group held options under the CSOP. The CSOP is a performance based option grant.

25 Share-based payments (continued)

LTIP17, LTIP18A, LTIP18B, LTIP20A, LTIP20B & LTIP22

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 2022, two 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 46.

EBS20

The Group previously operated an executive bonus scheme through which a proportion of annual bonus amounts over a certain threshold for certain executives were 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 2022, the remaining options were fully exercised.

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 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
SS18	21/05/2018	3 years	84.09p	316.00p	0.50%	37.39%	1.98%
SS19	21/05/2019	3 years	79.37p	308.00p	0.75%	33.05%	2.60%
SS20	19/05/2020	3 years	60.43p	271.00p	0.10%	29.60%	3.32%
SS21	15/06/2021	3 years	63.57p	275.00p	0.10%	34.10%	3.27%
SS22	07/06/2022	3 years	70.48p	280.00p	1.00%	29.18%	3.23%
CSOP16A	14/09/2016	1.5 years	45.58p	267.00p	0.25%	39.01%	1.00%
CSOP16B	15/12/2016	3 years	52.42p	201.00p	0.25%	42.95%	1.00%
CSOP17	26/06/2017	3 years	63.54p	260.00p	0.25%	43.41%	1.50%
CSOP20	08/04/2020	3 years	31.82p	217.00p	0.10%	32.82%	4.15%
CSOP21	27/04/2021	3 years	48.80p	283.00p	0.10%	34.89%	3.18%
LTIP18A	18/09/2018	3 years	262.35p	287.00p	0.75%	36.05%	2.18%
LTIP18B	05/10/2018	3 years	265.09p	290.00p	0.75%	35.98%	2.18%
LTIP20A	14/09/2020	3 years	31.17p	215.00p	0.10%	33.09%	4.19%
LTIP20B	14/09/2020	4 years	33.78p	215.00p	0.10%	33.09%	4.19%
LTIP22	16/11/2022	3 years	40.02p	258.00p	3.42%	26.88%	3.44%
EBS20	08/04/2020	2 years	194.80p	217.00p	0.10%	32.82%	4.15%

26 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 which is under active proposal to be struck off as a company as at 31 December 2022.

	As at 31 December	
	2022	**2021**
	£'000	**£'000**
Share of net assets brought forward	10	10
Strike off	(10)	-
Share of net assets carried forward	-	10

27 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	
	2022	**2021**
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:	366	2,192

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	
	2022	**2021**
Attributable to non-participating investment contracts	**£'000**	**£'000**
Future aggregate minimum lease receivables under non-cancellable operating leases:		
Within 1 year	69,428	71,719
Within 2 – 5 years	126,497	133,337
After more than 5 years	76,708	82,306
	272,633	287,362

There are no capital expenditure contracted for at the end of the reporting period but not recognised as liabilities.

As disclosed in note 35, the Group is currently progressing with the acquisition by Nucleus. Regardless of whether completion is successful, a minimum transaction costs of £1,703k will be incurred in 2023.

28 Pension costs – defined contribution

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Contributions payable by the Group for the year	2,299	2,327

29 Dividends

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Ordinary dividend declared and paid	5,984	5,997
	5,984	5,997

A final dividend in respect of the year ended 31 December 2021 of 6.5p per share was proposed by reference to audited distributable reserves as at 31 December 2021 and was paid on 1 June 2022.

An interim dividend in respect of the year ended 31 December 2022 of 2.5p per share was declared by reference to audited distributable reserves as at 31 December 2021 and paid on 11 November 2022.

30 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.

30 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 £23,853k (2021: £31,891k) 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 £16,193k (2021: £19,906k). 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
2022		
£ Sterling	+100	(115)
£ Sterling	-100	115
2021		
£ Sterling	+100	(282)
£ Sterling	-100	282

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.

30 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 2022 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	5,101	(85)	5,016
Satisfactory quality	10.01 - 30.00	2,113	(421)	1,692
Low quality	30.01 - 99.99	1,083	(760)	323
No expected recovery	100.00	286	(286)	-
		8,583	(1,552)	7,031

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 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.

30 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 £16,456k at 31 December 2022 (2021: £16,830k) includes £9,423k (2021: £10,573k) 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 2022	Increase / (decrease) in loss rates	Effect on profit before tax £'000
Loss rate	10%	(830)
Loss rate	(10%)	405

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

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.

30 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 19 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 £1,111k. The undiscounted value of lease liabilities due >1 year is £7,088k. 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.

31 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 2022 was £69.4m (2021: £81.6m). 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.

32 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. The Group estimates the fair value of the remaining contingent consideration payable is £4.4m (2021: £7.7m).

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 2022 to be £1.4m (2021: £3.2m), and this is expected to be settled during H1 2023.

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 determined the fair value of the remaining contingent consideration at 31 December 2022 to be £3.0m (2021: £4.5m), which was subsequently fully settled in February 2023.

33 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 2022 totalled £888m (2021: £899m).

34 Related parties

At the year end, Curtis Banks Group PLC owed £297k to Curtis Banks Limited (2021: due £305k from Curtis Banks Limited). The movement in the prior year related to share issue proceeds Curtis Banks Limited received on behalf of Curtis Banks Group PLC of £291k. The balance in the current year primarily related to expenses recharged. The total amount of expenses recharged by Curtis Banks Limited in the year amounted to £299k (2021: £243k).

During the year ended 31 December 2022, Suffolk Life Group Limited paid dividends totalling £6,600k to Curtis Banks Group PLC (2021: £6,550k). During the year ended 31 December 2022, Curtis Banks Limited paid dividends totalling £4,600k to Curtis Banks Group PLC (2021: £3,700k).

During the year ended 31 December 2022, Dunstan Thomas Group paid dividends totalling £180k to Curtis Banks Group PLC (2021: £1,668k). During the year ended 31 December 2022, Talbot and Muir Limited paid dividends totalling £3,200k to Curtis Banks Group PLC (2021: £1,750k).

During the year ended 31 December 2022, Dunstan Thomas Holdings Limited provided software licence and support services to Surya Solutions Limited, which generated £1,587k of revenue (2021: £2,020k), with £264k trade receivables due on 31 December 2022 (2021: £425k) that was fully received by the date of this report.

During the year ended 31 December 2022, Dunstan Thomas Holdings Limited provided software licence, hosting and support services to Enegen power systems Limited, which generated £192k of revenue (2021: £254k), with £28k trade receivables due on 31 December 2022 (2021: £6k) that was fully received by the date of this report.

34 Related parties (continued)

During the year ended 31 December 2022, Dunstan Thomas Holdings Limited provided software licence, third party administration outsourcing, hosting and support services to Spire platform solutions Limited, which generated £318k of revenue (2021: £455k), with £22k trade receivables due on 31 December 2022 (2021: £92k) that was fully received by the date of this report.

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

The Chairman incentive payment of £2.0m upon completion of the Nucleus transaction is also a related party transaction. More information has been disclosed in note 25 Share based payments.

35 Post balance sheet events

On 6 January 2023, the boards of Curtis Banks Group PLC, and Nucleus Clyde Acquisition Limited ("Bidco"), a wholly-owned subsidiary of Nucleus Financial Platforms Limited ("Nucleus"), announced that they have reached agreement on the terms of a recommended cash offer by Bidco to acquire the entire issued share capital of Curtis Banks for 350 pence per share. On 27 February 2023, Curtis Banks's shareholders voted in favour of the proposed acquisition. Both parties are progressing the relevant regulatory and court approval processes and the acquisition is expected to complete, subject to these approvals, in the summer of 2023.

Should the acquisition be completed, Curtis Banks Group Plc will be de-listed from the AIM market. We have formally communicated to all of the relevant share option holders within our Save As You Earn schemes, Long Term Incentive Plans, and Company Share Option Plans on the indication of the acquisition and potential de-listing from the public exchange. The options under these schemes will vest and become exercisable to the extent determined by the Remuneration Committee from the Sanction Date (as agreed by the court) for up to a month. The options will lapse automatically one month after the Sanction Date if not earlier, in accordance with the specific term of each scheme.

The aggregate fees and expenses expected to be incurred by the Group with the acquisition are expected to be approximately £6.2m, the breakdown of which is published in the Scheme document available on the Curtis Banks website at www.curtisbanks.co.uk/investors/pc-communications-library.

As a result of the proposed acquisition, the Curtis Banks Group has decided to put a system migration that had been planned for the Company on hold indefinitely. These events indicate that some of the internally generated intangible assets for Computer Software of the Company may be impaired. An assessment is underway to consider whether such impairment exists, and the total maximum quantum of such a charge over the assets if so would be £1.5m for the Group.

The potential takeover by Nucleus is considered to be a non-adjusting post balance sheet event.

In April 2023, the Group drew down the remaining £4m available as part of its existing Revolving Credit Facility.

36 Control

There is no one ultimate controlling party.

Curtis Banks Group PLC
Company information
For The Year Ended 31 December 2022

Directors
David Barral – Chairman
Peter Docherty – Chief Executive Officer
Dan Cowland – Chief Financial Officer
Bill Rattray – Non-Executive Director
Christopher Mills – Non-Executive Director
Alastair Clarkson – Non-Executive Director
Susan McInnes – Non-Executive Director

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Registered Number
07934492

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Peel Hunt LLP
7th Floor
100 Liverpool Street
London
EC2M 2AT

Joint Broker
Singers Capital Markets
1 Bartholomew Lane
London
EC2N 2AX

Independent Auditors
PricewaterhouseCoopers LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0FR

Registrars
Computershare PLC
The Pavilions
Bridgewater Road
Bristol
BS13 8AE

Curtis Banks Group PLC
Glossary
For The Year Ended 31 December 2022

Adjusted diluted EPS
This is calculated by taking adjusted profit before tax for the financial period, deducting an effective tax rate of 19% (2021: 19%), and dividing the total by the diluted weighted average number of shares in issue 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 impairment on acquired intangible assets, along with adjusting items.

Adjusted operating profit
This is calculated by taking operating profit for the financial period and adding back amortisation and impairment on acquired intangible assets, along with adjusting items.

Adjusted operating cost
This is calculated as the difference between revenue and adjusted operating profit.

Adjusted operating margin
This is calculated by taking operating profit for the financial period and adding back amortisation and impairment on acquired intangible assets, along with adjusting items, then dividing this total by revenue for the financial period.

Annualised gross organic growth rate
A calculation derived by taking new SIPPs obtained in the financial period from organic growth, dividing by the total number of months in the financial period, and multiplying this by 12 to obtain an annualised quantity of new SIPPs obtained. The annualised quantity is then divided by the brought forward quantity of SIPPs held to derive the annualised gross organic growth rate.

Annualised attrition rate
A calculation derived by taking SIPPs lost in the financial period from attrition, dividing by the total number of months in the financial period, and multiplying this by 12 to obtain an annualised quantity of SIPPs lost. The annualised quantity is then divided by the brought forward quantity of SIPPs held to derive the annualised attrition rate.

AUA
Assets Under Administration

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 2022

Unaudited IFRS Consolidated Statement of Financial Position as at 31 December 2022 split between insurance policy holders and the Group's shareholders

	2022 £'000 Group Total	2022 £'000 Policyholder	2022 £'000 Shareholder	2021 £'000 Shareholder
ASSETS				
Non-current assets				
Intangible assets	77,362	-	77,362	89,814
Investment property	1,108,073	1,108,073	-	-
Property, plant and equipment	8,012	-	8,012	8,636
Investments	1,970,567	1,970,567	-	-
	3,164,014	3,078,640	85,374	98,450
Current assets				
Trade and other receivables	31,859	11,945	19,914	15,144
Cash and cash equivalents	404,816	380,963	23,853	31,892
Current tax asset	371	122	249	835
	437,046	393,030	44,016	47,871
Total assets	3,601,060	3,471,670	129,390	146,321
LIABILITIES				
Current liabilities				
Trade and other payables	21,942	10,501	11,441	9,455
Deferred income	30,943	13,934	17,009	15,819
Borrowings	40,632	36,067	4,565	4,507
Lease liabilities	1,040	-	1,040	964
Provisions	484	-	484	453
Contingent consideration	4,355	-	4,355	2,467
	99,396	60,502	38,894	33,665
Non-current liabilities				
Borrowings	34,903	23,275	11,628	15,399
Lease liabilities	6,290	-	6,290	6,774
Provisions	2	-	2	178
Contingent consideration	-	-	-	5,199
Non-participating investment contract liabilities	3,387,893	3,387,893	-	-
Deferred tax liability	3,214	-	3,214	3,464
	3,432,302	3,411,168	21,134	31,014
Total liabilities	3,531,698	3,471,670	60,028	64,679
Net assets	**69,362**	-	**69,362**	**81,642**
Issued capital	332	-	332	332
Share premium	58,087	-	58,087	58,087
Equity share based payments	3,079	-	3,079	2,840
Treasury shares	(1,284)	-	(1,284)	(1,382)
Retained earnings	9,148	-	9,148	21,755
	69,362	-	69,362	81,632
Non-controlling interest	-	-	-	10
Total equity	**69,362**	-	**69,362**	**81,642**

Curtis Banks Group PLC
Supplementary unaudited information
For The Year Ended 31 December 2022 (continued)

Unaudited IFRS Consolidated Statement of Cash Flows for the year ended 31 December 2022 split between insurance policy holders and the Group's shareholders

	2022 £'000 Group Total	2022 £'000 Policyholder	2022 £'000 Shareholder	2021 £'000 Shareholder
Cash flows from operating activities				
(Loss)/profit before tax	(3,740)	-	(3,740)	9,322
Adjustments for:				
Depreciation	1,645	-	1,645	1,806
Amortisation and impairments	14,631	-	14,631	2,934
Finance costs	1,695	-	1,695	1,800
Share based payment expense	239	-	239	93
Fair value gains on movement in contingent consideration	(1,123)	-	(1,123)	(1,870)
Fair value loss/(gains) on financial investments	202,325	202,325	-	-
Additions of financial investments	(620,331)	(620,331)	-	-
Disposals of financial investments	672,404	672,404	-	-
Fair value losses on investment properties	175,450	175,450	-	-
Increase in liability for investment contracts	(448,318)	(448,318)	-	-
Changes in working capital:				
(Increase)/decrease in trade and other receivables	(3,911)	892	(4,803)	(737)
Increase/(decrease) in trade and other payables	2,032	(1,104)	3,316	2,631
Taxes paid	(2,514)	-	(2,514)	(2,510)
Net cash flows from operating activities	**(9,516)**	**(18,682)**	**9,166**	**13,469**
Cash flows from investing activities				
Payments for intangible assets	(2,179)	-	(2,179)	(1,670)
Purchase of property, plant & equipment	(683)	-	(683)	(270)
Purchase of investment property	(84,724)	(84,724)	-	-
Net Sale/(purchase) of shares in the Group by EBT	98	-	98	(641)
Receipts from sale of investment property	117,669	117,669	-	-
Net cash flows from acquisitions	(2,687)	-	(2,687)	(255)
Net cash flows from investing activities	**27,494**	**32,945**	**(5,451)**	**(2,836)**
Cash flows from financing activities				
Equity dividends paid	(5,984)	-	(5,984)	(5,997)
Net proceeds from issue of ordinary shares	-	-	-	290
Net decrease in borrowings	(11,901)	(7,901)	(4,000)	(4,000)
Principal element of lease payments	(894)	-	(894)	(762)
Interest paid	(876)	-	(876)	(781)
Net cash flows from financing activities	**(19,655)**	**(7,901)**	**(11,754)**	**(11,250)**
Net (decrease) / increase in cash and cash equivalents	**(1,677)**	**6,362**	**(8,039)**	**(617)**
Cash and cash equivalents at the beginning of the year	386,187	354,295	31,892	32,509
Cash and cash equivalents at the end of the year	**384,510**	**360,657**	**23,853**	**31,892**