

Registered Number: 03350242

Premier Financial Management Ltd

Annual Report and Financial Statements

For the year ended 31 December 2021

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Premier Financial Management Ltd

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Premier Financial Management Ltd

Company Information

Directors	Mr S R Brunt Mr D Horner Mr T M Jackson Ms M B McIntyre Mr G Twardzik
Company secretary	Ms S K Jackson
Registered number	03350242
Registered office	Swan House Liston Road Marlow SL7 1DP
Independent auditor	Deloitte LLP 110 Queen Street Glasgow G1 3BX

Premier Financial Management Ltd

Directors' Report For the year ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

This Company has taken the small companies exemption under section 414 of the Companies Act 2006 and not presented a Strategic Report.

Principal activity

The principal activity of the Company is the provision of independent financial advice to individuals and corporate clients.

Overview

The Company is part of a group of companies controlled by Amber River Group (formerly Socium Group Holdings Limited), a company incorporated in England and Wales. Amber River Group is an investment vehicle aimed at investing in independent financial advisers trading in the UK retail distribution market.

The Company's ultimate parent company is Violet Topco Limited, a Company incorporated in Jersey.

Results, dividends and future prospects

The profit for the year, after taxation, amounted to £3,391,150 (16 months ended 31 December 2020 - £2,594,700).

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue to trade for at least 12 months from the date of this report and as a consequence have continued to adopt the going concern basis of accounting in preparing the financial statements.

The assessment of the latest financial forecasts includes:

- Consideration of macro-economic trends in the context of the emerging impact of the Russia and Ukraine conflict, ongoing impact of COVID-19 and Brexit and sensitivity analysis to assess the impact of severe but plausible scenarios; and
- The impact of COVID-19 on Company working arrangements, adaption to remote working practices and employee wellbeing.

The impact of broader Brexit and climate change challenges is primarily limited to secondary financial market impacts, as the principal activities of the Company are the provision of regulated advice within the UK market.

Directors

The directors who served during the year and up to date of this report are

Mr S R Brunt
Mr D Horner
Mr T M Jackson
Ms M B McIntyre
Mr G Twardzik

Premier Financial Management Ltd

Directors' Report (continued) For the year ended 31 December 2021

Subsequent events

No events have occurred between the date of the statement of financial position and the date of this report, which have had an adjusting impact on the results and amounts disclosed in the financial statements. See Note 24 for further details.

Director indemnities

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

Political contributions

The Company did not make any political contributions during the year (2020: £nil).

Statement as to disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



Mr S R Brunt
Director

Date: 11/08/22

Premier Financial Management Ltd

Directors' Responsibilities Statement For the year ended 31 December 2021

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Premier Financial Management Ltd

Independent Auditor's Report to the Members of Premier Financial Management Ltd

Report on the audit of the financial statements

Opinion

In our opinion, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report, the financial statements Premier Financial Management Ltd (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for qualified opinion

The company's investment, accounted for at fair value through profit and loss, was carried at £2,707,975 on the statement of financial position at 31 August 2019 and a profit on investments recognised in the income statement of £126,232 in the 16 month period ended 31 December 2020. This investment was previously recognised at cost and on transition to FRS 101 recognised at fair value. We were unable to obtain sufficient appropriate audit evidence about the fair value of those investments with a carrying amount of £2,707,975 as at 31 August 2019 and the profit on investments recognised of £126,232 as independent evidence to verify the existence and valuation of the investments was not available. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

The company had participated in EMS share option schemes for three of its employees, with options issued in 2013, 2015 and 2018, respectively. IFRS 2 requires the share-based payment transactions to be measured at fair value at the date of issue and that fair value recognised over the vesting period. We were unable to obtain sufficient appropriate audit evidence about the fair value of those share options which resulted in a charge of £677,000 being recognised within administrative expenses in the income statement (and corresponding credit in the statement of changes in equity) for the 16 month period ended 31 December, as no information was available to support the fair values as of the issue date. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

The company's tangible fixed assets recognised at cost, were carried at £529,244, on the statement of financial position as at 31 August 2019 with depreciation of £180,267 and a loss of disposal of tangible fixed assets of £415,207 recorded in the income statement for the 16 month period ended 31 December 2020. We were unable to obtain sufficient appropriate audit evidence about the existence and valuation of those tangible fixed assets at 31 August 2019 due to the unavailability of financial information and therefore conclude on the depreciation of £180,267 and loss on disposal of tangible fixed assets of £415,207 recorded in the income statement. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Premier Financial Management Ltd

Independent Auditor's Report to the Members of Premier Financial Management Ltd (continued)

Basis for qualified opinion (continued)

As a result of the above matters, our opinion for the 16 months ended 31 December 2020 was qualified. Our opinion on the current year's financial statements is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves for the 16 months period ended 31 December 2020 concerning:

- the carrying amount of the investments at 31 August 2019 and gain on disposal of investments for the 16 month period ended 31 December 2020;
- the charge relating to share options for the 16 month period ended 31 December 2020; and
- the carrying amount of tangible fixed assets at 31 August 2019 and the depreciation and loss on disposal of tangible fixed assets for the 16 month period ended 31 December 2020.

Premier Financial Management Ltd

Independent Auditor's Report to the Members of Premier Financial Management Ltd (continued)

Other information (continued)

We have concluded that where the other information refers to these matters or related amounts such as prior period profit for the period it may be materially misstated for the same reasons

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our

Premier Financial Management Ltd

Independent Auditor's Report to the Members of Premier Financial Management Ltd (continued)

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

specific procedures performed to address it are described below:

- risk that revenue was not recognised in the correct accounting year: we tested a sample of the revenue recognised in the year to 31 December 2021, including accrued revenue, to supporting third party documentation to ensure that the cut-off was accurate and that it has been recognised in the correct period.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

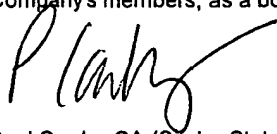
We have nothing to report in respect of these matters.

Premier Financial Management Ltd

Independent Auditor's Report to the Members of Premier Financial Management Ltd (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Cowley CA (Senior Statutory Auditor)
for and on behalf of
Deloitte LLP
Statutory Auditor
Glasgow
United Kingdom

Date: 11 August 2022

Premier Financial Management Ltd

Statement of Comprehensive Income For the year ended 31 December 2021

		31 December 2021	16 month period ended 31 December 2020
	Note	£	£
Turnover	4	5,818,998	6,710,348
Cost of sales		-	(190)
Gross profit		5,818,998	6,710,158
Administrative expenses		(2,020,578)	(3,099,667)
Operating profit	5	3,798,420	3,610,491
Loss on sale of tangible assets		-	(415,207)
Gain on investments		-	126,232
Investment income	9	47	36,488
Interest payable and similar expenses	10	(15,742)	(29,972)
Profit before tax		3,782,725	3,328,032
Tax on profit	11	(391,575)	(733,332)
Profit for the financial year		3,391,150	2,594,700

There was no other comprehensive income for 2021 (2020: £nil).

The notes on pages 14 to 31 form part of these financial statements.

All results are derived from continuing operations.

Premier Financial Management Ltd

Statement of Financial Position As at 31 December 2021

	2021 £	2020 £
Fixed assets		
Right-of-use assets	119,705	188,107
Property and equipment	98,982	183,152
	<u>218,687</u>	<u>371,259</u>
Current assets		
Debtors	553,862	489,990
Cash at bank and in hand	5,010,890	1,583,806
	<u>5,564,752</u>	<u>2,073,796</u>
Creditors: amounts falling due within one year	<u>(259,885)</u>	<u>(245,380)</u>
Net current assets	<u>5,304,867</u>	<u>1,828,416</u>
Total assets less current liabilities	<u>5,523,554</u>	<u>2,199,675</u>
Non-current liabilities		
Creditors: amounts falling due after more than one year	<u>(61,260)</u>	<u>(137,013)</u>
	<u>5,462,294</u>	<u>2,062,662</u>
Provision for liabilities		
Other provisions	(11,622)	(3,140)
Net assets	<u>5,450,672</u>	<u>2,059,522</u>
Capital and reserves		
Called up share capital	2	2
Capital Contribution	238,269	238,269
Profit and loss account	5,212,401	1,821,251
Shareholders' funds	<u>5,450,672</u>	<u>2,059,522</u>

Premier Financial Management Ltd
Registered number:03350242

Statement of Financial Position (continued)
As at 31 December 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr S R Brunt
Director

Date: 11/08/22

The notes on pages 14 to 31 form part of these financial statements.

Premier Financial Management Ltd

Statement of Changes in Equity For the year ended 31 December 2021

	Called up share capital £	Capital Contribution £	Retained earnings £	Total equity £
At 31 August 2019	2	-	7,149,189	7,149,191
Comprehensive income for the period				
Profit for the period	-	-	2,594,700	2,594,700
Credit for share based payments	-	-	677,362	677,362
Transactions with shareholders				
Dividends (See note 11)	-	-	(8,600,000)	(8,600,000)
Arising on issue of shares	-	238,269	-	238,269
At 1 January 2021	2	238,269	1,821,251	2,059,522
Comprehensive income for the year				
Profit for the year	-	-	3,391,150	3,391,150
At 31 December 2021	2	238,269	5,212,401	5,450,672

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

1. General information

Premier Financial Management Limited is a company incorporated in England and Wales. The registered address of the company is given on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.3 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue to trade for at least 12 months from the date of this report and as a consequence have continued to adopt the going concern basis of accounting in preparing the financial statements.

The assessment of the latest financial forecasts includes:

- Consideration of macro-economic trends in the context of the emerging impact of the Russia and Ukraine conflict, ongoing impact of COVID-19 and Brexit and sensitivity analysis to assess the impact of severe but plausible scenarios; and
- The impact of COVID-19 on Company working arrangements, adaption to remote working practices and employee wellbeing.

The impact of broader Brexit and climate change challenges is primarily limited to secondary financial market impacts, as the principal activities of the Company are the provision of regulated advice within the UK market.

2.4 Impact of new international reporting standards, amendments and interpretations

At the date of authorisation of these financial statements, there are no new or revised IFRSs that have been issued but are not yet effective that will have a material impact on the financial statements of the Company in future periods.

2.5 Revenue recognition

Turnover represents commissions and fee income in respect of the introduction of financial products to financial service companies, together with fees charged for advice given. The majority of turnover is provider facilitated and paid through the deduction from the investment or commission paid. Revenue is recognised in accordance with IFRS 15 five step recognition model. All revenues are specific to both client and product and separately identifiable. The terms of the transactions price and any initial and on-going fees payable are set out in the signed client agreement.

Advice fees that relate to on-going client servicing contracts are typically a percentage of a client's investment value and is accrued monthly based on latest valuations. The receipt of cash from providers is generally one month in arrears and this can give rise to a difference between the accrued value and the actual cash received. Any revision to the accrual are recognised in the period which the estimate is revised.

Income relating to new business product sales is determined to have no future performance or service obligations. In accordance with IFRS 15 five step model this revenue is recognised at the inception date when the policies are placed on risk with product providers.

2.6 Taxation

Current income tax

Current income tax assets and liabilities for the current periods are measured as the amount expected to be recovered from or paid to the taxation authorities or paid to or recovered from other

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.6 Taxation (continued)

group companies in respect of group relief surrendered or received. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss and other comprehensive income.

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

Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax liabilities are not discounted.

Deferred tax assets are recognised for all the temporary timing differences to the extent that it is probable that taxable profit will be available against which deductible temporary timing differences can be utilised.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.7 Property and equipment

Items of property and equipment are recognised as an asset only if it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.

An asset that qualifies for recognition is measured at its cost comprising the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial stated at cost less depreciation.

After recognition, all assets are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over the expected useful lives on the following basis:

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.7 Property and equipment (continued)

Depreciation is provided on the following basis:

Leasehold improvements	- 20% on the reducing balance
Office equipment	- 33.33% on the reducing balance

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2.8 Leases

The Company assess whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

2.9 Financial Instruments

Investments

Bills of exchange, bonds and debentures with fixed or determinable payments and fixed maturity dates are classified as investments and are carried at fair value at the end of the reporting period.

Financial assets carried at amortised cost

Financial assets are recognised on the statement of financial position when the Company becomes a

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

2. Accounting policies (continued)

party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Financial assets carried at amortised cost and comprise other receivables and cash and cash equivalents. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and reward are transferred.

Impairment of financial assets

The Company always recognises lifetime ECL (expected credit losses) for trade receivables and intercompany receivables. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Credit risk relates mainly to trade debtors, which are primarily provider facilitated commissions and fee income paid through the deduction from the investment or commissions paid. A significant increase in credit risk is defined by a significant change in the estimated probability of default over the remaining expected life of the financial instrument. This assessment determines there has been no significant increase in credit risk.

Financial liabilities carried at amortised cost

Financial liabilities include trade and other payables and interest-bearing loans and borrowings. Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

2.10 Pensions

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

2.11 Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.12 Interest income

Interest income relates to bank interest and is recognised in the profit or loss using the effective interest method.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method, which is the method that is used in the calculation of amortised cost of a financial asset or financial liability and in the allocation and recognition of interest revenue or interest expense in the profit or loss over the relevant period. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect on non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

2.16 Dividends

Dividends are recognised when declared and approved by the directors not shareholders.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

No critical judgements or estimates have been identified within the financial statements.

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

4. Turnover

Turnover arises from the company's principal activity and represents commissions and fee income in respect of the introduction of financial products to financial service companies, together with fees charges for advice given. All turnover is wholly attributable to the UK.

5. Operating profit

The operating profit is stated after charging:

	31 December 2021 £	16 month period ended 31 December 2020 £
Depreciation of property and equipment	86,557	180,267
Depreciation of right-of-use assets	68,402	91,203
Defined contribution pension cost	57,234	185,221
	<u> </u>	<u> </u>

6. Auditor's remuneration

	31 December 2021 £	16 month period ended 31 December 2020 £
Auditor's remuneration	16,000	21,900
	<u> </u>	<u> </u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent company.

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

7. Employees

Staff costs, including directors' remuneration, were as follows:

	31 December 2021	16 month period ended 31 December 2020
	£	£
Wages and salaries	1,200,702	1,301,521
Social security costs	125,447	148,125
Cost of defined contribution scheme	57,234	185,221
	<u>1,383,383</u>	<u>1,634,867</u>

The average monthly number of employees, including the directors, during the year was as follows:

	31 December 2021	16 month period ended 31 December 2020
	No.	No.
Directors	5	2
Administration	18	17
	<u>23</u>	<u>19</u>

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

8. Directors' remuneration

	31 December 2021	16 month period ended 31 December 2020
	£	£
Directors' emoluments	400,536	98,750
Company contributions to defined contribution pension schemes	9,850	-

During the year retirement benefits were accruing to 1 director (2020 - nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £165,000 (2020 - £41,250).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2020 - £nil).

9. Investment income

	31 December 2021	16 month period ended 31 December 2020
	£	£
Bank interest	47	20,186
Interest from investments	-	14,209
Dividends received from investments	-	2,093
	<u>47</u>	<u>36,488</u>

10. Interest payable and similar expenses

	31 December 2021	16 month period ended 31 December 2020
	£	£
Interest on lease liabilities	<u>15,742</u>	<u>29,972</u>

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

11. Taxation

	31 December 2021 £	16 month period ended 31 December 2020 £
Corporation tax		
Current tax on profit for the year	735,276	782,567
Adjustments in respect of previous periods	(342,040)	-
	<u>393,236</u>	<u>782,567</u>
Total current tax	<u>393,236</u>	<u>782,567</u>
Deferred tax		
Origination and reversal of timing differences	(37,919)	(49,235)
Prior period adjustment	36,258	-
Total deferred tax	<u>(1,661)</u>	<u>(49,235)</u>
Taxation on profit on ordinary activities	<u>391,575</u>	<u>733,332</u>

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	31 December 2021 £	16 month period ended 31 December 2020 £
Profit on ordinary activities before tax	3,782,725	3,328,032
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	718,718	632,326
Effects of:		
Expenses not deductible for tax purposes	565	101,006
Adjustments to tax charge in respect of prior periods	(305,782)	-
Other timing differences leading to an increase (decrease) in taxation	(37,919)	-
Other differences leading to an increase (decrease) in the tax charge	15,993	-
Total tax charge for the period	391,575	733,332

Factors that may affect future tax charges

The March 2021 Budget announced a further increase of the to the main rate of corporation tax to 25% from April 2023.

12. Dividends

	2021 £	2020 £
Interim dividends paid	-	8,600,000

Dividends have been paid at £45.1358 per share in 2020.

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

13. Right-of-use assets

	Total £
Cost	
At 1 January 2021	342,012
At 31 December 2021	<u>342,012</u>
Depreciation	
At 1 January 2021	153,905
Charge for the year	68,402
At 31 December 2021	<u>222,307</u>
Net book value	
At 31 December 2021	<u>119,705</u>
At 31 December 2020	<u>188,107</u>

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

14. Property and equipment

	Leasehold improvements £	Office equipment £	Total £
Cost			
At 1 January 2021	215,208	119,930	335,138
Additions		2,387	2,387
At 31 December 2021	215,208	122,317	337,525
Depreciation			
At 1 January 2021	77,708	74,278	151,986
Charge for the year	50,000	36,557	86,557
At 31 December 2021	127,708	110,835	238,543
Net book value			
At 31 December 2021	87,500	11,482	98,982
At 31 December 2020	137,500	45,652	183,152

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

15. Debtors

	31 December 2021 £	31 December 2020 £
Other debtors	19,597	-
Prepayments	60,039	55,149
Accrued income	471,106	433,382
Deferred taxation	3,120	1,459
	<u>553,862</u>	<u>489,990</u>

No provision for expected credit losses has been recognised in respect of financial assets (2020: £nil).

The carrying amount of these assets approximates to their fair value.

16. Cash and cash equivalents

	31 December 2021 £	31 December 2020 £
Cash at bank and in hand	<u>5,010,890</u>	<u>1,583,806</u>

Cash at bank earns insignificant interest. The carrying amount of these assets approximates to their fair value.

17. Creditors: Amounts falling due within one year

	31 December 2021 £	31 December 2020 £
Trade creditors	-	26,340
Corporation tax payable	92,779	149,542
Lease liabilities (See note 19)	75,753	69,498
Accruals and deferred income	91,353	-
	<u>259,885</u>	<u>245,380</u>

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

18. Creditors: Amounts falling due after more than one year

	31 December 2021	31 December 2020
	£	£
Lease liabilities (See note 19)	61,260	137,013

The carrying amount of these liabilities approximates to their fair value.

19. Lease liabilities

	31 December 2021	31 December 2020
	£	£
Maturity analysis:		
Year 1	85,240	85,240
Year 2	63,930	85,240
Year 3	-	63,930
Less: unearned interest	(12,157)	(27,899)
	137,013	206,511

Lease liabilities are due as follows:

	31 December 2021	31 December 2020
	£	£
Not later than one year	75,753	69,498
Between one and five years	61,260	137,013
	137,013	206,511

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	31 December 2021	16 month period ended 31 December 2020
	£	£
Interest expense on lease liabilities (See note 10)	15,742	29,972

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

20. Financial instruments

	31 December 2021 £	31 December 2020 £
Financial assets		
Financial assets measured at amortised cost	<u>5,481,996</u>	<u>2,017,188</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>137,013</u>	<u>232,851</u>

Financial assets measured at amortised cost comprises of trade debtors, other debtors, and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise of trade and other payables and lease liabilities.

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

21. Deferred taxation

	2021 £
At beginning of year	1,459
Credit for the year	1,661
At end of year	<u>3,120</u>

The Finance Act 2021 enacted an increase to the main rate of corporation tax to 25% from April 2023, therefore deferred tax has been provided for at 25%.

The deferred tax asset is made up as follows:

	2021 £	2020 £
Tax losses carried forward	1,459	-
Timing differences	1,661	1,459
	<u>3,120</u>	<u>1,459</u>

22. Provisions

	Indemnity commission £
At 1 January 2021	3,140
Charged to profit or loss	8,482
At 31 December 2021	<u>11,622</u>

Provision is made for the repayment of indemnity commission to the product provider in the event that a policy may lapse within the indemnity period. The value of the indemnity provision is based on the lapse experienced during the previous 12 month period.

Premier Financial Management Ltd

Notes to the Financial Statements For the year ended 31 December 2021

23. Share capital

	31 December 2021 £	31 December 2020 £
Authorised, allotted, called up and fully paid		
190,536 (2020 - 190,536) B' Ordinary shares of £0.000010 each	<u>2</u>	<u>2</u>

The rights attaching to the shares are set out in the articles of association of the Company.

24. Reserves

Other reserves

Other reserves are capital contributions from the parent company Amber River Group Limited.

Profit and loss account

The profit and loss reserve represents retained profits and losses from the current and prior periods less dividends paid.

25. Subsequent Events

The assessment of the latest financial forecasts includes the consideration of macro-economic trends including the impact of the Russia and Ukraine conflict, ongoing impact of COVID-19 and Brexit.

None of these events between the date of these financial statements and the date of this report have had an adjusting impact on the results and amounts disclosed in the financial statements.

26. Controlling party

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is Violet Topco Limited, a company incorporated in Jersey. The parent undertaking of the largest group, which includes the company for which group financial statements are prepared, is Violet Topco Limited, a company incorporated in Jersey, at Second Floor, Number 4, The Forum, Grenville Street, St Helier, Jersey JE2 4UF. The parent undertaking of the smallest such group is Amber River Group Limited (formerly Socium Group Holdings Limited), a company incorporated in England and Wales at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW.

Copies of the group financial statements of Violet Topco Limited are available from the Jersey Financial Services Commission, 14-18 Castle Street, St Helier JE4 8TP, Jersey. Copies of the group financial statements of Amber River Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The Company's immediate controlling party is Amber River Group Limited.