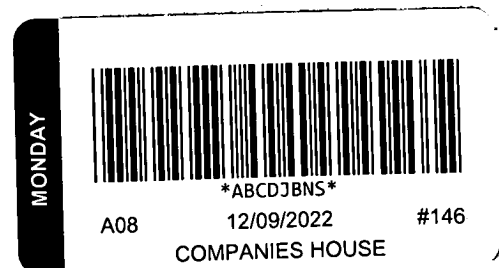


# **Quilter Perimeter Limited (formerly Old Mutual Financial Services (UK) Limited)**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 December 2021**

---



**CONTENTS**

	Page
Company information	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the financial statements	5
Independent auditors' report	6
Income statement	9
Statement of comprehensive income	10
Statement of changes in equity	11
Statement of financial position	12
Notes to the financial statements	13

Quilter Perimeter Limited (formerly Old Mutual Financial Services (UK) Limited)

## COMPANY INFORMATION

---

### DIRECTORS

D J L Eardley  
K S Lee-Crossett  
M O Satchel

### SECRETARY

Quilter CoSec Services Limited

### BANKER

National Westminster Bank Plc  
135 Bishopsgate  
London  
EC2M 3UR

### INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP  
Chartered Accountants  
Savannah House  
3 Ocean Way  
Ocean Village  
Southampton  
Hampshire  
SO14 3TJ

### REGISTERED OFFICE AND BUSINESS ADDRESS

Senator House  
85 Queen Victoria Street  
London  
EC4V 4AB

Registered in the United Kingdom

No. 03456361

## STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2021.

### BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Quilter Perimeter Limited (formerly Old Mutual Financial Services (UK) Limited) (the "Company"), forms part of the head office function of Quilter plc group ("the Group"). Quilter plc is the ultimate parent company and delivers strategic and governance oversight. Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges.

The principal activity of the Company is that of a holding company. No significant change in the nature of these activities has occurred during the year and the Directors believe that the activities of the Company will remain unchanged for the foreseeable future. On 22 December 2021, the Company changed its name from Old Mutual Financial Services (UK) Limited to Quilter Perimeter Limited.

The results of the Company for the period are set out in the income statement on page 9.

### QUILTER STRATEGY

The Quilter strategy is focused on growing with its clients and advisers, enhancing the efficiency of its operations, increasing digitalisation across the business and being a responsible wealth manager. This will enable Quilter to increase flows from both its own advisers and independent financial advisers, manage more of those flows in investment solutions and increase efficiency of doing so, delivering top line growth and operating leverage. Those priorities are underpinned by embodying a diverse and inclusive culture, where colleagues embrace Quilter's cultural values of being pioneering, dependable and stronger together which aids achieving Quilter's goals and benefits all of its stakeholders.

### KEY PERFORMANCE INDICATORS (KPIs)

The Company's KPIs are dividends received, investment in subsidiary and return on investment, expressed as the ratio between the two aforementioned indicators. The KPIs noted below are in line with Directors' expectations.

#### Key performance indicators table

	2021 £000	2020 £000
Dividends received	590	808
Investment in subsidiary	22,715	22,715
Return on investment	2.6%	3.6%

### FINANCIAL POSITION AT THE END OF THE YEAR

The Company's net assets have increased from £22,125,000 to £22,715,000 as a result of the profit for the year, with cash and cash equivalents remaining at £83,000.

### PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy through its subsidiary is subject to a number of risks.

The Company has adopted the Enterprise Risk Management framework of the group. This provides the framework for the monitoring, management and governance of risk. The key risks affecting the business are described below.

#### Credit and counterparty risk

Credit and counterparty is the risk of adverse movements in credit spreads (relative to the reference yield curve), credit ratings or default rates leading to a deterioration in the level or volatility of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency.

The Company is exposed to credit and counterparty risk primarily arising from the investment of its shareholder funds but this is not significant risk.

Sources of credit risk are managed in line with the requirements of the Credit Risk Policy that ensures cash is placed with highly rated counterparties and is appropriately diversified. The Company additionally makes loans to other entities in the Group which are monitored to ensure the credit and counterparty risk is appropriately managed.

The Company's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the financial statements.

**STRATEGIC REPORT (continued)**

---

**Liquidity risk**

Liquidity risk is the risk that there are insufficient assets or that assets cannot be realised in order to settle financial obligations as they fall due.

The liquidity strategy is to maintain sufficient liquidity within the Company such that it can meet its target liquidity requirement, as defined by the Group's liquidity policy, at all times.

On behalf of the Board



M O Satchel  
Director  
31 August 2022

## DIRECTORS' REPORT

---

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

The review of the business, including future outlook and principal risks and uncertainties are disclosed within the strategic report.

### DIRECTORS

The names of the current directors are listed on page 1. The Directors who have held office during the year and to date are listed below:

D J L Eardley  
K S Lee-Crossett  
M O Satchel

All Directors are employed by, and receive their emoluments from fellow group undertakings. The directors holding office during the year ended 31 December 2021 consider that their services to the Company are incidental to their other duties within the group and accordingly no remuneration has been apportioned to this company.

The Company Secretary during the period was Quilter CoSec Services Limited.

Qualifying third-party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2021 for the benefit of the then Directors, and at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties/powers or office.

### DIVIDENDS

During the year dividends totalling £nil were declared and paid (2020: £185,395,000). On 30 June 2022, the Company declared and paid dividends totalling £451,000.

### EMPLOYEES

The Company had no employees during or at the end of the year (2020: nil).

### FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Company are disclosed in the Strategic Report.

### POLITICAL DONATIONS

During the year the Company made no political donations (2020: £nil).

### STATEMENT OF GOING CONCERN

The financial statements have been prepared on a going concern basis. The Company forms part of the Quilter Perimeter sub-group of entities which have common control and directorships, and for this reason the board has reviewed this sub-group's projections for the next 12 months and beyond, including cash flow forecasts, as a whole. The intra-group transactions for this sub-group aggregate to nil and transactions external to the sub-group are forecast to be cash-generating, and therefore the board has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approving these financial statements.

### DISCLOSURE OF INFORMATION TO THE AUDITOR

Each Director at the date of approval of this report confirms that:

- so far as the Directors are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has 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 Company's auditor is aware of that information.

This confirmation is given in accordance with the provisions of the Companies Act 2006.

### INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP has been appointed by the Company to hold office in accordance with Section 485 of the Companies Act 2006 for the 2021 financial year and have indicated its willingness to continue in office.

On behalf of the Board



M O Satchel  
Director  
31 August 2022

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

---

The Directors are responsible for preparing the Strategic Report, the Directors' 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 company and of the profit or loss of the company 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 United Kingdom Accounting Standards, comprising FRS 101 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 Company will continue in business.

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

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

# Independent auditors' report to the members of Quilter Perimeter Limited (formerly Old Mutual Financial Services (UK) Limited)

## Report on the audit of the financial statements

### Opinion

In our opinion, Quilter Perimeter Limited (formerly Old Mutual Financial Services (UK) Limited)'s financial statements:

- 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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 Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Income Statement, the Statement of Comprehensive Income and the Statement 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 company 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

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

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

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

### Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or



otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

### **Strategic report and Directors' report**

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

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

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities 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 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.

### **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 company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory requirements and unethical and prohibited business practices, 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 and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with the Board, management, senior management involved in the Quilter Group's Risk and Compliance function, Quilter Group's internal audit function and the Quilter Group's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing Board minutes as well as relevant meeting minutes
- Reviewing correspondence between the Company and HMRC in relation to compliance with laws and regulations
- Identifying and testing unusual manual journal entries posted during the year
- Reviewing all bank statement transactions to identify any potential transactions that haven't been recorded
- Incorporating an element of unpredictability into our audit procedures

- Assessment of any matters reported on the Quilter plc group's whistleblowing register that relate to the Company, including the quality and results of management's investigation of such matters

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.

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](http://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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



**Helen Grainger (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton  
31 August 2022

Quilter Perimeter Limited (formerly Old Mutual Financial Services (UK) Limited)

**INCOME STATEMENT**

for the year ended 31 December 2021

	Note	2021 £000	2020 £000
<b>Revenue</b>			
Investment return	3	590	808
<b>Profit before taxation</b>		<u>590</u>	<u>808</u>
Income tax expense	4	-	(209)
<b>Profit for the year after taxation</b>		<u>590</u>	<u>599</u>

All the above amounts in the current and prior year derive from continuing activities.

The notes on pages 13 to 19 are an integral part of these financial statements.

Quilter Perimeter Limited (formerly Old Mutual Financial Services (UK) Limited)

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2021

	2021	2020
	£000	£000
Profit for the year	590	599
Total comprehensive income for the year	<u>590</u>	<u>599</u>

The notes on pages 13 to 19 are an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2021

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	1	22,124	22,125
Profit for the year	-	590	590
Balance at 31 December 2021	1	22,714	22,715

	Note	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020		178,300	28,621	206,921
Profit for the year		-	599	599
Share capital reduction		(178,299)	178,299	-
Dividend paid	5	-	(185,395)	(185,395)
Balance at 31 December 2020		1	22,124	22,125

The notes on pages 13 to 19 are an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
at 31 December 2021

	Note	2021 £000	2020 £000
<b>Assets</b>			
Investment in subsidiary	6	22,715	22,715
Cash and cash equivalents	7	83	83
<b>Total assets</b>		<u>22,798</u>	<u>22,798</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	8	1	1
Retained earnings		22,714	22,124
<b>Total Equity</b>		<u>22,715</u>	<u>22,125</u>
<b>Liabilities</b>			
Current tax payable		83	673
<b>Total liabilities</b>		<u>83</u>	<u>673</u>
<b>Total equity and liabilities</b>		<u>22,798</u>	<u>22,798</u>

The notes on pages 13 to 19 are an integral part of these financial statements.

The financial statements on pages 9 to 19 were approved by the Board of Directors on 31 August 2022 and signed on its behalf by:



M O Satchel  
Director

Company registered number: 03456361

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 1 ACCOUNTING POLICIES

Quilter Perimeter Limited (formerly Old Mutual Financial Services (UK) Limited) ("the Company") is a private company limited by shares incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed in the company information section on page 1. The principal activities of the Company are disclosed in the strategic report.

#### Basis of preparation

The financial statements of Quilter Perimeter Limited (formerly Old Mutual Financial Services (UK) Limited) for the year ended 31 December 2021 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

#### First time application of FRS101

The Company has transitioned to FRS 101 for the first time in 2021, the prior year was prepared in accordance with international accounting standards. No material adjustments have been required to the prior year in respect of the change in reporting approach.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Company.

These financial statements have been prepared on a historical cost basis, and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates.

The financial statements have been prepared on a going concern basis. The Company forms part of the Quilter Perimeter sub-group of entities which have common control and directorships, and for this reason the board has reviewed this sub-group's projections for the next 12 months and beyond, including cash flow forecasts, as a whole. The intra-group transactions for this sub-group aggregate to nil and transaction external to the sub-group are forecast to be cash-generating, and therefore the board has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approving these financial statements.

#### Liquidity analysis of the statement of financial position

The Company's statement of financial position is in order of liquidity as is permitted by IAS 1 presentation of Financial Statements. For each asset and liability line item, those amounts expected to be recovered or settled after more than twelve months after the reporting date are disclosed separately in the notes to the consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### ACCOUNTING POLICIES (continued)

#### Critical accounting estimates and judgements

The preparation of financial statements requires management to exercise judgement in applying the Company's significant accounting policies and make estimates and assumptions that affect the reported amounts of net assets and liabilities at the date of the financial statements. Management reviews these areas of judgement and estimates and the appropriateness of significant accounting policies adopted in the preparation of these financial statements.

#### Critical accounting judgements

Critical accounting judgements are those that management makes when applying its significant accounting policies and that have the most effect on the net profit and net assets recognised in the Company's financial statements. The area where judgements have the most significant effect on the amounts recognized in these financial statements are:

Area	Critical accounting judgements	Note
Investment in group undertaking - recognition	In assessing how the Company's investment in Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited) should be accounted for, consideration was given to the level of influence and control over its operations. The Company, its subsidiary and its immediate parent share the same board of directors and between them own 100% of the share capital of Quilter Perimeter (GGP) Limited.  Consideration of these factors lead to a determination that the Company has control and it has therefore accounted for Quilter Perimeter (GGP) Limited as a subsidiary undertaking.	6

#### Critical accounting estimates

There are no critical accounting estimates for the Company for the current year or prior year.

#### New standards, amendments to standards, and interpretations adopted in these annual financial statements

There were no new standards or interpretations which became effective from 1 January 2021.

#### Amendments to standards:

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the Company's financial statements.

#### Financial Instruments

Financial instruments cover a range of financial assets and cash and cash equivalents. Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to receive cash flows have expired or been forfeited by the Company.

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best represents the way the business is managed and information is reported to management. The assessment considers the stated portfolio policies and objectives. It is important to determine whether management's strategy in holding the financial asset is to earn contractual interest revenue, for example to match the duration of financial assets to the duration of liabilities that are funding those assets or to realise cash flows through the sale of the assets. The frequency, volume and timing of sales in prior years may be reviewed, along with the reasons for such sales and expectations about future sales activity. This helps management determine whether financial assets should be measured at fair value.

Financial assets are not reclassified subsequent to their initial recognition, except in the year after the Company changes its business model for managing financial assets. Reclassifications are expected to occur infrequently.



**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2021

**ACCOUNTING POLICIES (continued)**

**Measurement**

The classification of financial assets depends on (i) the purpose for which they were acquired, (ii) the business model in which a financial asset is managed, and (iii) its contractual cash flow characteristics. One category is applicable to the Company's financial assets: amortised cost. This classification determines the subsequent measurement basis. The following accounting policies apply to the subsequent measurement of financial assets.

Measurement basis	Accounting policies
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

**Amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding on specified dates.

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration of the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and other short-term deposits with an original maturity of three months or less.

All cash and cash equivalents are classified as amortised cost which means they are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method and are subject to the impairment requirements outlined below. The carrying amount of cash and cash equivalents approximates to their fair value.

**Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Other financial liabilities are measured at amortised cost using the effective interest method.

**Impairment of financial assets**

The impairment model applies to financial assets measured at amortised cost. Financial assets at amortised cost include trade receivables and cash and cash equivalents.

Under IFRS 9, credit loss allowances are measured on each reporting date according to a three-stage expected credit loss ("ECL") impairment model:

**Performing financial assets:**

**Stage 1**

From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a stage 1 loss allowance is recognised equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date ("12-month ECL").

**Stage 2**

Following a significant increase in credit risk relative to the initial recognition of the financial asset, a stage 2 loss allowance is recognised equal to the credit losses expected from all possible default events over the remaining lifetime of the asset ("Lifetime ECL").

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2021

---

**ACCOUNTING POLICIES (continued)**

The assessment of whether there has been a significant increase in credit risk requires considerable judgement, based on the lifetime probability of default ("PD"). Stage 1 and 2 allowances are held against performing loans; the main difference between stage 1 and stage 2 allowances is the time horizon. Stage 1 allowances are estimated using the PD with a maximum period of 12 months, while stage 2 allowances are estimated using the PD over the remaining lifetime of the asset.

**Impaired financial assets:**

**Stage 3**

When a financial asset is considered to be credit-impaired, the allowance for credit losses ("ACL") continues to represent lifetime expected credit losses, however, interest income is calculated based on the amortised cost of the asset, net of the loss allowance, rather than its gross carrying amount.

**Application of the impairment model**

The Company applies IFRS 9's ECL model to one type of financial assets that is measured at amortised cost:

- Cash at amortised cost, to which the general three stage model (described above) is applied, whereby a 12-month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs for financial assets that are not credit-impaired at the reporting date are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due in accordance with the contract and the cash flows that the Company expects to receive). ECLs for financial assets that are credit-impaired at the reporting date are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The measurement of ECLs considers information about past events and current conditions, as well as supportable information about future events and economic conditions. The Company has implemented its impairment methodology for estimating the ACL, taking into account forward-looking information in determining the appropriate level of allowance. In addition it has identified indicators and set up procedures for monitoring for significant increases in credit risk.

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes events such as significant financial difficulty of the borrower or issuer, a breach of contract such as a default or past due event or the restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider. The assumption that the credit risk for balances over 30 days significantly increases has been rebutted on the basis that some balances will go over 30 days in the normal course of the settlement cycle, and therefore, there is no increase in the credit risk.

**Presentation of impairment**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**Investments in subsidiaries**

Investments in subsidiaries are stated at cost less impairments. Where in the opinion of the directors there has been a permanent impairment in the value of an asset, such impairment is recognised as a charge in the income statement. Where the impairment relates to a previous downward valuation, and where this was taken to other income in the income statement, any reversal of the downward revaluation will also be taken to other income.

**Dividend income**

Dividends receivable from group companies are recognised in the period in which the dividends are declared and approved at the general meeting.

**Taxation**

**Current tax**

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. The taxable income for the year is determined in accordance with enacted legislation and taxation authority practice for calculating the amount of tax payable or receivable.

Current tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2021

**2 AUDIT EXPENSES**

Auditor remuneration paid to PricewaterhouseCoopers LLP, of £5,225 (2020: £5,000) is borne by Quilter Business Services Limited, a fellow group company.

Auditor remuneration for audit services consists of fees in respect of the statutory audit. There are no non-audit fees (2020: none).

**3 INVESTMENT RETURN**

2021	2020
£000	£000

Dividends received from subsidiary undertaking Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited)

590	808
-----	-----

**4 INCOME TAX (CREDIT)/EXPENSE**

2021	2020
£000	£000

Income tax expense

Current year charge

-	209
---	-----

Tax charge on profit

-	209
---	-----

The total tax charge for the year can be reconciled to the accounting profit as follows:

2021	2020
£000	£000

Profit before taxation

590	808
-----	-----

Tax on profit at the applicable rate 19% (2020: 19%)

112	154
-----	-----

Effect of:

Non-taxable income

(112)	(154)
-------	-------

Transfer pricing adjustment

-	209
---	-----

-	209
---	-----

**Factors that may affect future charges**

The main rate of corporation tax is 19%. This will increase to 25% with effect from 1 April 2023.

The Company loaned £185,087,169 to Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited), a fellow member of the Quilter group, and a subsidiary of the Company. As this loan was interest-free, a transfer pricing adjustment was made, being calculated using the 3-month London Inter Bank Offered Rate (LIBOR) plus 0.5%. This loan was repaid on 30 September 2020.

**5 DIVIDENDS**

2021	2020
£000	£000

Dividends paid

2020 dividend paid to Quilter Perimeter Holdings Limited (formerly Skandia UK Limited) (51.99p per share)

-	185,395
---	---------

Dividends paid to immediate parent

-	185,395
---	---------

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2021

6	INVESTMENT IN SUBSIDIARY	2021 £000	2020 £000
	Carrying value at 31 December	22,715	22,715

In accordance with the requirements of IAS 36 *Impairment of Assets*, the investment in subsidiary is tested annually for impairment by comparing the carrying value of the underlying investment to the recoverable value, being the higher of the value-in-use or fair value less costs to sell. If applicable, an impairment charge is recognised when the recoverable amount is less than the carrying value.

As the recoverable amount of the Company's investment in subsidiary is based on fair value less costs to sell, there are no critical accounting estimates that impact their valuation and are therefore not subject to any sensitivity analysis.

At 31 December 2021, the Company held a direct interest in the following company:

Name	Class of shares	Nature of business	%	Country of incorporation
Quilter Perimeter (GGP) Limited (formerly OMFS (GGP) Limited)	Ordinary	Holding company	9.61	England & Wales

7	CASH AND CASH EQUIVALENTS	2021 £000	2020 £000
	Bank balances	83	83

Bank balances are current and recognised at amortised cost. They are subject to a 12-month ECL, and are credit rated A.

8	SHARE CAPITAL	2021 £000	2020 £000
	Issued and fully paid 1,000 (2020: 1,000) ordinary shares of £1 each	1	1

The issued share capital of the Company was reduced from £178,300,354 to £1,000 in 2020 by cancelling and extinguishing 178,299,354 of the issued ordinary shares of £1 each in the capital of the Company. The reduction amount was credited to reserves and further used to pay a dividend.

**9 FINANCIAL AND CAPITAL COMMITMENTS**

There are no material financial and capital commitments at 31 December 2021 (2020: £nil).

**10 RELATED PARTY TRANSACTIONS**

All directors are employed by, and receive their emoluments from fellow group undertakings. The Directors holding office during the year ended 31 December 2021 consider that their services to the Company are incidental to their other duties within the group and accordingly no remuneration has been apportioned to this Company.

**11 CONTINGENT LIABILITIES**

There are no contingent liabilities at 31 December 2021 (2020: £nil).

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2021

---

**12 EVENTS AFTER THE REPORTING DATE**

There are no events that have occurred, between the reporting date and the date on which the financial statements have been authorised for issue, that require disclosure.

**13 ULTIMATE PARENT COMPANY**

The Company is fully owned by Quilter Perimeter Holdings Limited (formerly Skandia UK Limited), its immediate parent registered in England and Wales.

The largest and the smallest group in which the results of the Company are consolidated is Quilter plc, the ultimate parent company and controlling party, registered in England and Wales. The financial statements are available from:

The Company Secretary  
Quilter plc  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4AB