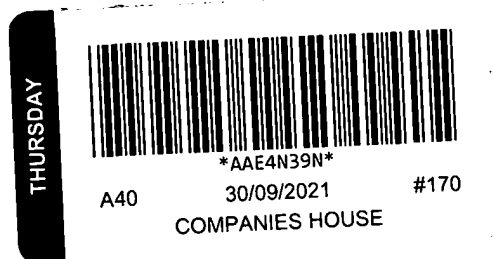


Old Mutual Financial Services (UK) Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2020



• **Old Mutual Financial Services (UK) Limited**

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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 AUDITORS

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

REGISTERED OFFICE AND BUSINESS ADDRESS

Senator House
85 Queen Victoria Street
London
EC4V 4AB

Registered in England and Wales

No. 03456361

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2020.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

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 Company forms part of the Head Office function of Quilter plc.

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.

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

QUILTER STRATEGY

Quilter plc aims to be the leading UK and cross-border full-service wealth manager, providing advice-led investment solutions and investment platforms, focusing on delivering good customer outcomes. The breadth of the Group's model helps to generate prosperity for customers by providing the services to develop suitable financial plans, manage customers' investments in risk-based solutions and by helping customers access modern wealth wrappers via the Group's platforms. The unbundled, open nature of Quilter plc's model, offering flexibility to use one, two or all three components, is a key competitive advantage, provides customers and their advisers with choice at every stage and imposes external market discipline on the Group's propositions. Quilter plc's purpose and strategy are underpinned by core beliefs, which include: the belief in the value of trusted face-to-face advice, that better choice for customers does not mean more choice, investment solutions should be simply packaged, that award-winning service and measurable outcomes for our customers should always offer good value, and that a company's purpose goes beyond making a profit and should focus also on being a responsible business as well as a responsible investor. The Directors believe that the Group's competitive advantage lies in its strong positions in attractive markets and its ability to offer high quality solutions across each element of the value chain at a competitive, transparent and unbundled price. Quilter plc's strategic objectives include delivering on customer outcomes, Advice and Wealth Management growth, Wealth Platforms growth, and cost optimisation.

Management is confident in the Group's strategic path and growth prospects. Short term market, economic and political uncertainty may temper momentum in near term flows and the level of assets under administration, as experienced in 2020 with the adverse impact of the COVID-19 pandemic on equity market levels, but the Group operates in a large and fragmented market that has good long-term growth potential.

KEY PERFORMANCE INDICATORS (KPIs)

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

Key performance indicators table

	2020 £000	2019 £000
Dividends received	808	851
Investment in Group undertaking	22,715	22,715
Return on investment	3.6%	3.7%

FINANCIAL POSITION AT THE END OF THE YEAR

The Company's net assets have decreased from £206,921,000 to £22,125,000 with cash and cash equivalents increasing from £7,000 to £83,000.

On 23 September 2020, the Board of Old Mutual Financial Services (UK) Limited approved a dividend payment of £184,587,000 to its immediate parent Skandia UK Limited, as a result of its subsidiary, OMFS (GGP) Limited, settling its intercompany receivable with the Company.

Additionally, the Board approved a second dividend of £808,000 to Skandia UK Limited on the same date.

The issued share capital of the Company was reduced from £178,300,354 to £1,000 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy through its subsidiaries is subject to a number of risks. The key risks affecting the business are within note 1.

The Company has adopted the Enterprise Risk Management framework of the Group. This provides the framework for the monitoring, management and governance of risk, as detailed in note 1.

STRATEGIC REPORT

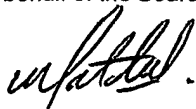
COVID-19

On 11 March 2020, COVID-19 was recognised by the World Health Organisation as a global pandemic. The Group's focus in managing the response to COVID-19 has been to ensure colleagues' health and safety, maintain operational resilience with high levels of client service, and providing good outcomes for shareholders. When the scale of the COVID-19 pandemic became apparent, the Group responded quickly to the challenges faced, with 98% of the Group's employees working remotely from late March 2020 and the accelerated delivery of IT and remote telephony solutions allowing Quilter plc to maintain high client service levels and to support customers and advisers.

The Group reviewed its financial budgets and operating plans in response to the challenges arising from COVID-19 and the unpredictable operating outlook. The Group is operationally resilient and remains focused on completing its principal strategic projects. The continued volatility in financial markets and the impact of more limited face-to-face contact within the advice segment is creating a challenging revenue environment and the Group has updated its future cash flows accordingly. Against this backdrop, the Group has undertaken a number of management actions to reduce expenses but has acknowledged that future operating margin outcomes will likely be below previous target guidance provided by management. The Group did not use the support measures made available to companies by the UK Government.

The COVID-19 pandemic has had, and is expected to continue to have, minimal financial impact on the Company's revenues as these are not directly impacted by market movements, this being solely investment return from subsidiaries and will not impact the Company's investment in subsidiary either.

On behalf of the Board



M O Satchel
Director
28 September 2021

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2020.

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 2020 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 2020 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 £185,395,000 were declared and paid (2019: £851,000).

EMPLOYEES

The Company had no employees during or at the end of the year (2019: nil).

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Company are disclosed in note 1.

POLITICAL DONATIONS

During the year the Company made no political donations (2019: £nil).

STATEMENT OF GOING CONCERN

The financial statements have been prepared on a going concern basis. The Company forms part of the Skandia UK 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 AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

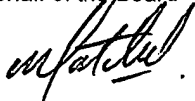
- so far as the Directors are each aware, there is no relevant audit information of which the Company's auditors are unaware;
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the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

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

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has been appointed by the Company to hold office in accordance with s.485 of the Companies Act 2006.

On behalf of the Board



M O Satchel
Director
28 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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 Old Mutual Financial Services (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, 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 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- 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 2020; the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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.

INDEPENDENT AUDITORS' 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 2020 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 principles, 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, such as the impairment assessment of investment in group undertaking. Audit procedures performed by the engagement team included:

INDEPENDENT AUDITORS' REPORT

- Discussions with the Board, management, Quilter plc internal audit, senior management involved in the Quilter plc group's Risk and Compliance and legal functions, 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.
- Reviewed and tested the significant judgements made in the impairment assessment of the investment in group undertaking.
- Identifying and testing material journal entries to determine whether they are indicative of fraudulent activity.

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. 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
28 September 2021

Old Mutual Financial Services (UK) Limited

INCOME STATEMENT
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Revenue			
Investment return	3	808	851
Profit before tax		808	851
Income tax	4	(209)	(464)
Profit for the year after tax		599	387

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

The notes on pages 14 to 21 are an integral part of these financial statements.

Old Mutual Financial Services (UK) Limited

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

	2020	2019
	£000	£000
Profit for the year	599	387
Total comprehensive income for the year	<u>599</u>	<u>387</u>

The result for the current and prior year is attributable to the equity holder of the Company.

The notes on pages 14 to 21 are an integral part of these financial statements.

Old Mutual Financial Services (UK) Limited

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

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

	Note	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2019		178,300	29,085	207,385
Profit for the financial year		-	387	387
Dividend paid	5	-	(851)	(851)
Balance at 31 December 2019		178,300	28,621	206,921

The notes on pages 14 to 21 are an integral part of these financial statements.

Old Mutual Financial Services (UK) Limited

STATEMENT OF FINANCIAL POSITION
at 31 December 2020

	Notes	2020 £000	2019 £000
Assets			
Investment in group undertaking	6	22,715	22,715
Other receivables	7	-	185,087
Cash and cash equivalents	8	83	7
Total assets		22,798	207,809
Equity and liabilities			
Equity			
Share capital	9	1	178,300
Retained earnings		22,124	28,621
Total equity		22,125	206,921
Liabilities			
Current tax payable		673	888
Total liabilities		673	888
Total equity and liabilities		22,798	207,809

The notes on pages 14 to 21 are an integral part of these financial statements.

The financial statements on pages 9 to 21 were authorised and approved by the Board of Directors on 28 September 2021 and signed on its behalf by:



M O Satchel
Director

Company registered number: 03456361

STATEMENT OF CASH FLOWS
for the year ended 31 December 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Profit before tax	808	851
Dividend income classified as investing activities	(808)	(851)
Taxation paid	(424)	-
Total net cash flows used in operating activities	(424)	-
Cash flows from investing activities		
Repayment of intercompany loan from subsidiary undertaking*	185,087	-
Dividends received from associated undertaking*	808	851
Total net cash from investing activities	185,895	851
Cash flows from financing activities		
Dividends paid *	(185,395)	(851)
Total net cash used in financing activities	(185,395)	(851)
Net increase in cash and cash equivalents	76	-
Cash and cash equivalents at beginning of the year	7	7
Cash and cash equivalents at end of the year	83	7

*Transactions denoted with an asterisk have been presented as cash flows in the cash flow statement, however, no cash was transferred between entities and the amounts were settled by way of intercompany transactions. This presentation has been made as in the Directors' view this assists in understanding the business activity in the year.

The notes on pages 14 to 21 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

1 ACCOUNTING POLICIES

Old Mutual Financial Services (UK) Limited ("the Company") is a private limited company incorporated and domiciled in England and Wales. 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 have been prepared and approved by the directors in accordance with the Companies Act 2006 and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments, have been prepared in sterling and are rounded in thousands. These are separate financial statements as the Company has elected under the Companies Act s.400 not to prepare consolidated financial statements.

The Directors have considered the resilience of the Company, taking into account its current financial position, the principal risks facing the business and the effectiveness of the mitigating strategies which are or will be applied. As a result, the Directors believe that the Company is well placed to manage its business risks in the context of the current economic outlook and have sufficient financial resources to continue in business for a period of at least 12 months from the date of approval of these financial statements and continue to adopt the going concern basis in preparing the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as noted below.

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 financial statements.

Critical accounting estimates and judgements

The preparation of financial statements requires management to exercise judgement in applying accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Critical accounting estimates and judgements are those that involve the most complex or subjective assessments and assumptions. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques that are aligned with relevant accounting guidance to make predictions about future actions and events. Actual results may differ significantly from those estimates.

Area	Critical accounting judgements	Note
Investment in group undertaking – recognition	In assessing how the Company's investment in 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 OMFS (GGP) Limited. Consideration of these factors lead to a determination that the Company has control and it has therefore accounted for OMFS (GGP) Limited as a subsidiary undertaking.	6

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

There have been no new standards or interpretations which became effective 1 January 2020.

Amendments to standards:

The following amendments to the accounting standards, issued by the International Accounting Standards Board ("IASB") and endorsed by the EU, have been adopted by the Company from 1 January 2020 with no material impact on the Company's results, financial position or disclosures:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Material
- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* - Interest Rate Benchmark Reform.

Future standards, amendments to standards, and interpretations not early-adopted in the 2020 annual financial statements

Certain new standards, interpretations and amendments to existing standards have been published by the IASB that are mandatory for the Company's annual accounting periods beginning on or after 1 January 2021. The Company has not early adopted these standards, amendments and interpretations, and it is not expecting significant impact following implementation.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

1 ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Financial instruments cover a wide range of financial assets, including other receivables 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.

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

Measurement

Under IFRS 9, 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. The standard has four categories, of which one is applicable to the Company: 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

1 ACCOUNTING POLICIES (CONTINUED)

Other receivables

Other receivables are non-interest bearing and are stated at amortised cost using the effective interest rate method, less appropriate allowances for estimated irrecoverable amounts which approximates to fair value.

Impairment of financial assets

The impairment model applies to financial assets measured at amortised cost. Financial assets at amortised cost include other 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").

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 two main types of financial assets that are measured at amortised cost:

- Other receivables, 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

1 ACCOUNTING POLICIES (CONTINUED)

Presentation of impairment

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

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of the amount being recovered. This is generally the case when the Company concludes that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Revenue recognition

Revenue comprises the fair value for services, net of value added tax. Revenue is recognised as follows:

Dividend income

Dividend income from investments is recognised when the shareholder's rights to receive payments have been established.

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.

Taxation

Current tax

Current tax is the expected tax payable on the taxable income for the year, using the 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.

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.

Risk management framework

The Company has adopted the Quilter Group Enterprise Risk Management ("ERM") framework which comprises core components such as:

- the corporate governance arrangements which set out the way that the organisation is structured and managed;
- a set of Strategic Risk Appetite Principles that provide guidance on our attitude toward key areas of risk and support
- the ongoing management and oversight of risk;
- the processes involved in the identification, measurement, assessment, management and monitoring of risk, including assignment of risk owners and risk reporting; and
- the culture and behaviour that is exhibited and the associated reward mechanisms.

The ERM framework aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities, uncertainties and threats in a structured, disciplined manner. In this way Quilter seeks to ensure that risk and capital implications are considered when making strategic and operational decisions, and to ensure that Quilter's risk profile is understood and managed on a continuous basis within the agreed risk appetite.

Capital Management

As a member of the Quilter Group, the Company applies Quilter Group capital management policy.

The Group manages its capital with a focus on capital efficiency and effective risk management. The capital management objectives are to maintain the Group's ability to continue as a going concern while supporting the optimisation of return relative to the risks. The Group ensures that it can meet its expected capital and financing needs at all times having regard to the Group's business plans, forecasts, strategic initiatives and regulatory requirements in all businesses in the Group. Capital forecasts have been reviewed regularly during 2020 in response to the emerging impacts of the COVID-19 pandemic which has evolved over the year end and, where appropriate, management actions have been taken in response to these forecasts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

1 ACCOUNTING POLICIES (CONTINUED)

The Group's overall capital risk appetite is set with reference to the requirements of the relevant stakeholders and seeks to:

- maintain sufficient, but not excessive, financial strength to support stakeholder requirements;
- optimise debt to equity structure to enhance shareholder returns; and
- retain financial flexibility by maintaining liquidity including unutilised committed credit lines.

The primary sources of capital used by the Company are equity shareholders' funds of £22,125,000 (31 December 2019: £206,921,000). The Company retains sufficient capital resources to continue as a going concern and support its operations with any surplus capital distributed as a dividend.

Operational risk

The Company defines operational risk as the risk of failure of people, processes, systems or external events which results in financial loss, damage to brand/reputation or adverse regulatory intervention or government or regulatory fine.

Operational risk includes all risks resulting from operational activities which the Company undertakes excluding strategic risks and risks resulting from being part of a wider group of companies. Given the Company's limited operational activities it is not exposed to a significant level of operational risk.

From a company perspective, the material risks faced by the Company itself 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 a 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

2 AUDIT EXPENSES

Auditors' remuneration paid to PricewaterhouseCoopers LLP, of £5,000 (2019: £8,802 paid to KPMG LLP) is borne by Quilter Business Services Limited, a fellow Group company.

Auditors' remuneration for audit services consists of fees in respect of the statutory audit. There are no non-audit fees.

3 INVESTMENT RETURN

2020	2019
£000	£000

Dividends received from associated undertaking (OMFS (GGP) Limited)	808	851
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4 INCOME TAX

2020	2019
£000	£000

Income tax expense

Tax charge	209	464
Tax charge for the year	209	464

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

Profit before taxation	808	851
Tax on profit at the applicable rate 19% (2019: 19%)	154	162
Effect of:		
Non-taxable income	(154)	(162)
Transfer pricing adjustment	209	464
	209	464

Factors that may affect future charges

Since 1 April 2017 the main rate of UK corporation tax has been 19%. A reduction to 17% from 1 April 2020 was enacted in 2016; this change was subsequently revoked, and the rate remains at 19%. On 3 March 2021 the Chancellor of the Exchequer announced in the budget a future increase in corporation tax from 19% to 25%, effective 1 April 2023.

During the current and prior year the Company loaned £185,087,169 to 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, calculated using the 3 month London Inter Bank Offered Rate (LIBOR) plus 0.5%. This loan was repaid on 30 September 2020.

5 DIVIDENDS

2020	2019
£000	£000

Dividends paid

2019 dividend paid to Skandia UK Limited (0.48p per share)	-	851
2020 dividend paid to Skandia UK Limited (51.99p per share)	185,395	-
Dividends paid to immediate parent	185,895	851

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

6	INVESTMENT IN GROUP UNDERTAKING	2020 £000	2019 £000
	Carrying value at 31 December	22,715	22,715

In accordance with the requirements of IAS 36 *Impairment of Assets*, the investment in Group undertaking 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 Group undertaking is based on net asset value, there are no critical accounting estimates that impact their valuation and are therefore not subject to any sensitivity analysis.

At 31 December 2020, the Company held a direct interest in the following company:

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

7	OTHER RECEIVABLES	2020 £000	2019 £000
	Due from OMFS (GGP) Limited	-	185,087

All amounts were non-interest bearing and repayable on demand. Amounts were recognised at amortised cost. In 2020 the amount was fully settled.

8	CASH AND CASH EQUIVALENTS	2020 £000	2019 £000
	Bank balances	83	7

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

9	SHARE CAPITAL	2020 £000	2019 £000
	Authorised 750,000,000 (2019: 750,000,000) ordinary shares of £1 each	178,300	750,000
	Issued and fully paid 1,000 (2019: 178,300,354) ordinary shares of £1 each	1,000	178,300

The issued share capital of the Company was reduced from £178,300,354 to £1,000 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

10 RELATED PARTY TRANSACTIONS

Details of balances and other transactions with related parties are disclosed in Notes 3 and 7.

Transactions with key management personnel, remuneration and other compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Key management personnel transactions

Key management personnel of the Company and members of their close family have undertaken transactions with the Company or an entity within the Quilter Group in the normal course of business.

The products within the Company and Quilter Group are available to all employees of the Company on preferential staff terms, the impact of which is immaterial to the Company's financial statements. During the year ended 31 December 2020, key management personnel and their close family members contributed £155,000 (2019: £163,000, restated from nil) to pensions and investments (in both internal and external funds). The total value of investments in pensions investment products by key management personnel serving at any point during the year and their close family members was £1,563,000 (2019: £1,346,000, restated from nil) at the end of the year. The prior year comparatives have been restated due to the subsequent identification of additional investments in Group products associated with key management personnel in the year.

11 FINANCIAL AND CAPITAL COMMITMENTS

There are no material financial and capital commitments at 31 December 2020 (2019: £nil).

12 CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2020 (2019: £nil).

13 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.

14 ULTIMATE PARENT COMPANY

The Company is fully owned by 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