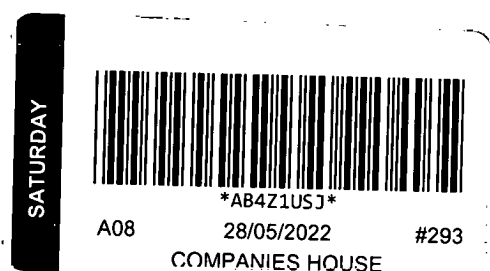


Registered number  
03926063

The On-Line Partnership Limited  
Annual Report and Financial Statements  
31 December 2021



**The On-Line Partnership Limited**  
**Report and Financial Statements**  
**Contents**

	<b>Page</b>
Company information	1
Strategic report	2
Directors' report	6
Independent auditors' report	9
Income statement	13
Statement of financial position	14
Statement of changes in equity	15
Notes to the financial statements	16

**The On-Line Partnership Limited**  
**Company Information**

**Directors**

K F McDonagh

G McNeill

C B Briault

S N Baldry

H T Chacholiades

W H Grove (appointed 11 March 2021)

**Secretary**

TMF Corporate Administration Services Limited

**Independent Auditors**

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

**Registered office**

On-Line House

50-56 North Street

Horsham

West Sussex

RH12 1RD

**Registered number**

03926063

**The On-Line Partnership Limited**  
**Strategic Report**  
**for the year ended 31 December 2021**

The Directors present their Strategic Report together with the Annual Report and audited Financial Statements of The On-Line Partnership Limited (the "Company") for the year ended 31 December 2021.

**Principal activities**

The principal activity of the Company during the year was the provision of financial services. These services typically comprise providing financial advice and the intermediation of financial products and are predominantly provided to private individuals and small and medium sized entities through a network of Appointed Representatives (the "Network"). The types of products which are arranged for clients cover a broad range and include investment, mortgage, pension and insurance products.

**Review of business and future developments**

2021 turned out to be a good year for the Company with Covid-19 having only a limited impact to performance. The number of Appointed Representatives in the Network continues to increase as demand for financial advice from members of the public remains strong. Turnover for the year compared to 2020 was up as the financial markets recovered from the impact of Covid-19. Mortgage and other investment business were particularly strong throughout the year resulting in profits above expectations.

The Network continues to focus on the recruitment of new Appointed Representatives. The high costs of regulatory compliance makes belonging to a Network increasingly attractive and higher turnover businesses as well as those with good growth potential are gaining from the benefits of the relationship.

The Directors consider the following to be the key financial performance indicators ("KPI"):

	2021	2020
	£	£
Turnover	59,623,948	52,229,951
Gross profit	5,826,141	4,993,921
Profit for the financial year	720,814	836,347
Cash at bank and in hand	9,939,904	8,839,844
Total shareholders' funds	5,913,822	5,193,008

There were no dividends declared or paid in 2021 (2020: £900,000).

The Company generated a cash inflow of £1,100,060 (2020: £243,256).

The Company's management reporting throughout the year showed that its regulatory financial resources remained healthy and comfortably in excess of the requirements of the Financial Conduct Authority ("FCA"). The Directors are confident that the Company will continue to meet its financial resources requirements for the forthcoming financial year.

**Section 172 (1) statement**

This statement is made for the purpose of section 172(1) statement required under section 414CZA(1) of the Companies Act 2006. The financial services regulatory requirements and expectations to which the Company is subject provide a framework for the Company to demonstrate how the board makes decisions for the long term success of the Company and its stakeholders, including having regard to how the board makes sure the Company complies with the requirements of section 172 of the Companies Act 2006.

**The On-Line Partnership Limited**  
**Strategic Report**  
**for the year ended 31 December 2021**

**Section 172 of the Companies Act 2006**

**Duty to promote the success of the Company**

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

- a) the likely consequences of any decision in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the Company.

**Considering consequences of decisions in the long term**

Financial Services is a business which depends upon long term relationships with Appointed Representatives and providers. Forward looking planning and decision making is therefore essential for the ongoing viability of the Company. The Directors' decision making and planning takes into consideration (amongst other things) the following long-term factors:

- Anticipating the needs of Appointed Representatives;
- Anticipating changes to Laws and regulations which may affect the future operations of the Company;
- Developing relationships with new providers and enhancing existing business operations;
- Investing in IT, communications and security infrastructure;
- Investing in strong sales, compliance monitoring and Appointed Representative support teams; and
- Incorporating sustainability as a central pillar of the business.

**Considering the need to foster the Company's business relationships with suppliers, Appointed Representatives and others**

In common with all service-based businesses, the Company's ability to build and maintain trusted long-term relationships with Appointed Representatives and providers is essential to its economic viability. Decisions by the Board of Directors focus on the high-level key infrastructure required to ensure that our Appointed Representatives remain happy with the level and quality of service provided to them, including:

- that appropriately qualified and experienced staff are employed to support Appointed Representatives;
- that an appropriate control infrastructure (risk, compliance, finance, legal, etc.) is in place to monitor the standard and quality of service provided to Appointed Representatives;
- that an appropriate operational infrastructure (including internal and outsourced functions) is in place to support the services provided to Appointed Representatives;
- with regards to suppliers, the focus of the Board of Directors is based on selecting and monitoring the quality of key third parties who provide services to the Company in the normal course of its business (IT platforms, technical consultants etc.).

**The On-Line Partnership Limited**  
**Strategic Report**  
**for the year ended 31 December 2021**

**Considering the impact of the Company's operations on the community and the environment**

The business has introduced an increasing number of environmentally responsible programs. Together, each initiative is ensuring we reduce waste and emissions, and promote sustainable practices.

Ongoing projects include:

- Reducing travel: through remote monitoring of Appointed Representatives and delivery of on-line courses covering mandatory CPD;
- Managing waste and materials: the Company is committed to reducing and recycling non-hazardous waste;
- Using recycled materials: recycled materials are incorporate within the working environment, wherever possible;
- Promoting paperless environments: for example, using electronic statement processing, promoting email communications with Appointed Representatives as the norm and introducing electronic customer identification procedures.

**Considering the desirability of the Company maintaining a reputation for high standards of business conduct**

Trusted long term relationships with Appointed Representatives is essential to the economic viability of the Company. The Company's reputation in terms of compliance with laws, performance and quality of services is central to creating and maintaining these relationships. Maintaining this reputation is a key consideration for the Board of Directors of the Company.

**Principal risks and uncertainties**

The Directors of The On-Line Partnership Limited consider the following risks to be those which are material to the performance of the Company:

***Regulatory risk***

The Company's Appointed Representatives give their customers financial advice which includes the sale of regulated financial products. This gives rise to a number of risks which can manifest themselves financially through compensation payable due to the advice leading to the sale of financial products (see note 10) or fines imposed by the FCA for regulatory breaches.

To mitigate such risks, the Company operates a strict compliance regime, including regular audits of its Appointed Representatives. Further, its immediate parent Company, On-Line Partnership Group Limited, holds professional indemnity insurance which conforms to the requirements of the FCA.

***Indemnity commission risk***

The Company receives commissions for the sale of financial products from life companies. Some commission payments are received on an "indemnity" basis and can become repayable in the event that a policy is cancelled subsequent to its sale. Where such clawbacks of commission occur, the Company recovers amounts previously paid to its Appointed Representatives (see note 10). This means that the Company is exposed to the risk that Appointed Representatives may not be able to repay clawbacks of commission, particularly should a number of cases crystallise in quick succession.

The Company monitors this activity and the ability of its Appointed Representatives to service clawback liabilities, building up lapse reserves as considered necessary to mitigate the risk.

**The On-Line Partnership Limited**  
**Strategic Report**  
**for the year ended 31 December 2021**

***Competitive risk***

The Company recognises that it operates in a competitive market and that failing to maintain good product offerings to its clients could result in the loss of sales to competitors. This risk extends to the competitiveness of the Company's offer to its Appointed Representatives and thus its ability to retain current and recruit new financial advisers.

The Company manages this risk by providing added value services to its clients, Authorised Representatives and financial advisers, maintaining quick response times not only in supplying products and services but in handling queries. Regular communication helps maintain strong relationships with clients, Authorised Representatives and financial advisers.

***Economic risk***

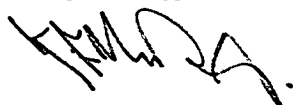
The Company operates within the financial services sector which is exposed to economic risks beyond the Company's control. These risks are primarily derived from legislation relating to financial products, activity rates in the housing market, interest rates and the performance of the stock market. All of these affect demand for the retail financial products intermediated by the Company's Appointed Representatives.

This risk is mitigated by regular management analysis of relevant markets, the review of trading, reforecasting, and management action to ensure that the Company's financial targets are met.

***Socio-political risks***

The financial services market has continued strongly despite the ongoing impact of Covid-19, in particular, the mortgage market has shown particular strength throughout 2021. The successful roll out of vaccinations across the UK and the ensuing opening up of the economy should see continued optimism across the market. The Company is, however, mindful that further disruptions to the economy are possible as the pandemic continues. The Directors do not consider any other ongoing geopolitical events to be a significant risk to the Company.

This report was approved by the Board of Directors on 27 April 2022 and signed on its behalf by.



Kevin McDonagh  
Director

**The On-Line Partnership Limited**  
**Directors' Report**  
**for the year ended 31 December 2021**

The Directors present their Directors' Report together with the Annual Report and audited financial statements of The On-Line Partnership Limited (the 'Company') for the year ended 31 December 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102 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 also 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.

**Dividends**

There were no dividends declared or paid in 2021 (2020: £900,000).

**Directors**

The Directors, who served throughout the year and up to the date of signing the financial statements except as noted, were as follows:

K F McDonagh  
G McNeill  
C B Briault  
S N Baldry  
H T Chacholiades  
W H Grove (appointed 11 March 2021)



**The On-Line Partnership Limited**  
**Directors' Report**  
**for the year ended 31 December 2021**

**Financial risk management**

The Company through its use of financial instruments is exposed to the following risks:

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company actively maintains its cash balance and other liquid assets to ensure that adequate resources are available to the Company to meet its funding requirements on a day-to-day basis and that financial risk arising from the Company's underlying operations are effectively identified and managed.

***Credit risk***

Credit risk is the risk of financial loss to the Company if a counter party to the financial instruments, including trade debtors, fails to meet its contractual obligations. The Directors do not consider the Company is exposed to significant credit risk as a result of holding cash. Credit risk arising from cash and deposits with banks is low as the Company holds these balances with a highly rated UK bank. Credit risk in relation to trade debtors is mitigated through the ongoing financial monitoring of the Company's Appointed Representatives. Credit risk in relation to indemnity commission is discussed on Page 5.

***Interest rate risk***

The Company had no external borrowings as at 31 December 2021. As such the Directors consider the Company has no significant exposure to interest rate risk. Wherever possible, the Company looks to maximise its return on deposit accounts.

**Future developments**

Details of future developments can be found in the Strategic Report on page 2 and forms part of this report by cross reference.

**Directors' qualifying third party indemnity provisions**

The immediate parent company, On-Line Partnership Group Limited, maintains Directors' & Officers' Liability insurance policies on behalf of the Directors of the Company. These policies meet the Companies Act 2006 definition of a qualifying third party indemnity provision and were in place during the financial year and also at the date of approval of the financial statements. This confirmation is given and should be interpreted in accordance with the provisions of section 234 of the Companies Act 2006.

**Engagement with suppliers, customers and others**

The Directors' Report must contain a statement summarising how the Directors of the Company have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year. This information has been included within the Section 172(1) Statement included in the Strategic Report to better link it to the wider information provided in relation to the way in which the Directors have had regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act (which includes, inter alia, the way in which the Directors consider the need to foster the Company's business relationships with suppliers, customers and others).

**Directors' confirmations**

In the case of each Director in office at the date the Directors' report is approved:

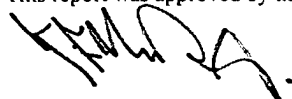
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's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

**The On-Line Partnership Limited**  
**Directors' Report**  
**for the year ended 31 December 2021**

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the Board of Directors on 27 April 2022 and signed on its behalf by.

A handwritten signature in black ink, appearing to read 'Kevin McDonagh', with a stylized flourish at the end.

Kevin McDonagh  
Director

## **Independent auditors' report to the members of The On-Line Partnership Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, The On-Line Partnership 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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: statement of financial position as at 31 December 2021; income statement and 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, 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, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discuss with the management on considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- Design audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Review relevant meeting minutes including those of the Board of Directors;
- Complete journal entries testing with a focus on unusual transactions based on our understanding of the Company, transactions with unusual account combinations, transactions containing unusual account descriptions and users; and
- Testing significant judgements and estimates made by management in preparation of the financial statements.

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.



Jamie Smith (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
27 April 2022

**The On-Line Partnership Limited**  
**Income Statement**  
**for the year ended 31 December 2021**

	Notes	2021 £	2020 £
<b>Turnover</b>	4	59,623,948	52,229,951
Cost of sales		(53,797,807)	(47,236,030)
<b>Gross profit</b>		<u>5,826,141</u>	<u>4,993,921</u>
Administrative expenses		(5,042,062)	(4,545,418)
Other operating income		75,143	540,346
<b>Operating profit</b>	5	859,222	988,849
Interest receivable and similar income		30,672	43,678
<b>Profit before taxation</b>		<u>889,894</u>	<u>1,032,527</u>
Tax on profit	7	(169,080)	(196,180)
<b>Profit for the financial year</b>		<u>720,814</u>	<u>836,347</u>

The above results were derived from continuing operations.

The Company has no other comprehensive income for the year other than the results above.

**The On-Line Partnership Limited**  
**Statement of Financial Position**  
**as at 31 December 2021**

	Notes	2021 £	2020 £
<b>Current assets</b>			
Debtors	8	5,425,196	5,353,581
Cash at bank and in hand		9,939,904	8,839,844
		<u>15,365,100</u>	<u>14,193,425</u>
<b>Creditors: amounts falling due within one year</b>	9	(6,751,012)	(6,493,551)
<b>Net current assets</b>		<u>8,614,088</u>	<u>7,699,874</u>
<b>Total assets less current liabilities</b>		<u>8,614,088</u>	<u>7,699,874</u>
<b>Provisions for liabilities</b>			
Other provisions	10	(2,700,266)	(2,506,866)
<b>Net assets</b>		<u>5,913,822</u>	<u>5,193,008</u>
<b>Capital and reserves</b>			
Called up share capital	11	10,000	10,000
Share premium account	12	39,996	39,996
Profit and loss account	13	5,863,826	5,143,012
<b>Total equity</b>		<u>5,913,822</u>	<u>5,193,008</u>

The financial statements of The On-Line Partnership Limited (registration number: 03926063) on pages 13 to 22 were approved by the Board of Directors and authorised on its behalf by:



Kevin McDonagh  
Director

Approved by the board on 27 April 2022



**The On-Line Partnership Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2021**

	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
At 1 January 2020	10,000	39,996	5,206,665	5,256,661
Profit for the financial year			836,347	836,347
Dividends			(900,000)	(900,000)
At 31 December 2020	<u>10,000</u>	<u>39,996</u>	<u>5,143,012</u>	<u>5,193,008</u>
At 1 January 2021	10,000	39,996	5,143,012	5,193,008
Profit for the financial year			720,814	720,814
At 31 December 2021	<u>10,000</u>	<u>39,996</u>	<u>5,863,826</u>	<u>5,913,822</u>

**The On-Line Partnership Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

**1 General information**

The On-Line Partnership Limited is a private limited company incorporated in the United Kingdom. The address of its registered office is 50-56 North Street, Horsham, West Sussex, RH12 1RD. The principal activities of the Company are detailed in the Strategic Report found on page 2.

**2 Accounting policies**

***Basis of preparation***

These financial statements have been prepared on the going concern basis, under the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The functional and presentation currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102:

- Statement of Cash flows; and
- Financial instruments disclosure

**Summary of significant accounting policies**

The principal accounting policies are set out below and have been applied consistently throughout the year.

***Turnover***

Turnover represents commissions and fees receivable, measured at the fair value of the services provided to the customers, net of discounts and VAT (if applicable). Initial, renewal and trail commissions are recognised after the provider has issued the policy, or mortgage provider has forwarded the funds, and where turnover can be reliably estimated, after taking account of provisions made in respect of commission on indemnity business which may be repayable. Adviser fees for the intermediation of investment products and financial advice are recognised once such services have been provided.

***Cost of sales***

Cost of sales includes commissions payable to the Appointed Representatives and/or financial advisors, net of provisions for amounts to be clawed back where policies have lapsed (or where there is an expectation that they will do so).

***Dividends***

Equity dividends are recognised when they become legally payable, Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**The On-Line Partnership Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

***Debtors***

Short term debtors are measured at transaction price, less any impairment. Other financial assets are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

***Creditors***

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

***Current taxation***

The tax expense for the year comprises current tax. Tax is recognised in the Income Statement.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

***Provisions***

Provisions (i.e. liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

**Provision for complaints:** The Company is obliged to settle upheld complaints. A complaints payable provision is made where the likelihood of settling the redress is more probable than not based on the Directors' estimates of such probabilities. In these circumstances the amount payable is provided for in full based on the Directors' estimates of the most likely quantum required to settle the redress using their experience and knowledge of similar claims in the past. Where a provision is made, a debtor is also recognised for any amount recoverable under the professional indemnity insurance and from the Appointed Representative.

**Indemnity clawback:** The provision for indemnity commission (clawback) represents an allowance for repayment of commissions, received to date, to product providers in respect of future policy lapses. The amount provided represents the gross obligation and, where recovery of these amounts from Appointed Representatives can be foreseen with reasonable certainty, an asset is recognised. The provision and corresponding asset are based on the Directors' estimate of likely future policy lapses on commissions earned by Appointed Representatives up to the balance sheet date using an historical analysis of prior years' lapses and the remaining periods under which such clawbacks can be made compared against the quantum of commission under indemnity in these periods.

**3 Critical accounting estimates and judgements**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the future. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

**The On-Line Partnership Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

Pipeline revenue - The Company makes an estimate of revenue which has been written but not completed. This estimate is based on the amount of business which has been sent to the provider less a provision for business which will not complete, based on past results.

Impairment of debtors - The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 8 for the net carrying amount of the debtors and associated impairment provision.

Provisions for commission clawback - see notes 2, 8 and 10.

Provisions for claims payable - see notes 2, 8 and 10.

<b>4 Turnover</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Financial Services	<u>59,623,948</u>	<u>52,229,951</u>
By geographical market:		
UK	<u>59,623,948</u>	<u>52,229,951</u>

**5 Operating profit**

Auditors' remuneration of £45,000 (2020: £45,000) for the audit of the financial statements and £8,000 for the FCA CASS audit is paid on behalf of the Company by the immediate parent undertaking (note 17).

The Company incurs a monthly management recharge from the immediate parent undertaking in respect of services provided. The services provided include resource utilisation and overhead expenditure which totalled £5,062,368 (2020: £4,578,457).

**6 Directors' remuneration and staff costs**

The Company has no employees (2020: none) other than the directors, who did not receive any remuneration (2020 - £nil).

Directors' emoluments in respect of their services to the Company are paid by the immediate parent company (see note 16). On an activity basis 80% (2020: 80%) of the total emoluments are recharged to the Company which totalled £842,127 (2020: £817,447).

**The On-Line Partnership Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

<b>7 Tax on profit</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in financial year</b>		
Current tax:		
UK corporation tax on profits of the financial year	169,080	196,180
	<u>169,080</u>	<u>196,180</u>
Tax on profit		

**Factors affecting the tax charge for the financial year**

The differences between the tax assessed for the financial year and the standard rate of corporation tax are explained as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit before tax	<u>889,894</u>	<u>1,032,527</u>
Standard rate of corporation tax in the UK	19%	19%
	<b>£</b>	<b>£</b>
Profit multiplied by the standard rate of corporation tax	169,080	196,180
Effects of:		
Total tax charge for the financial year	<u>169,080</u>	<u>196,180</u>

**Factors that may affect future tax charges**

It was announced that the rate of UK corporation tax will rise to 25% effective from 1 April 2023. Until that date the tax rate will remain at its current level of 19%.

<b>8 Debtors</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors	3,940,731	3,827,802
Other debtors	577,770	632,670
Provision for recoverable indemnity claims	619,083	609,869
Prepayments and accrued income	<u>287,612</u>	<u>283,240</u>
	<u>5,425,196</u>	<u>5,353,581</u>

The above amounts include £203,941 (2020: £326,865) in trade debtors representing amounts recoverable from the Company's professional indemnity insurer and Appointed Representatives when complaints are settled (see note 10).

The provision for recoverable indemnity claims represents amounts recoverable when the indemnity clawback liabilities crystallise (see note 10).

**The On-Line Partnership Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

<b>9 Creditors: amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade creditors	5,888,659	5,643,836
Amounts owed to group undertakings	454,452	652,500
Corporation tax	101,736	123,701
Other taxation and social security	409	1,643
Other creditors	305,756	71,871
	<u>6,751,012</u>	<u>6,493,551</u>

**10 Other provisions**

	<b>Indemnity clawback provision £</b>	<b>Complaints provision £</b>	<b>Total £</b>
At 1 January 2020	790,779	1,700,736	2,491,515
Additional provisions made during the financial year	723,684	1,506,286	2,229,970
Amounts used	(793,152)	(1,421,467)	(2,214,619)
At 31 December 2020	<u>721,311</u>	<u>1,785,555</u>	<u>2,506,866</u>
At 1 January 2021	721,311	1,785,555	2,506,866
Additional provisions made during the financial year	656,155	1,416,959	2,073,114
Amounts used	(645,257)	(1,234,457)	(1,879,714)
At 31 December 2021	<u>732,209</u>	<u>1,968,057</u>	<u>2,700,266</u>

**Complaints provision**

This represents the total estimated provision for claims payable at 31 December 2021 (see note 2) representing the gross obligation to settle complaints relating to financial advice provided by the Company's Appointed Representatives on its behalf. The key estimates used in determining the provision are the likelihood of settlement and the loss incurred by the claimant in each complaint. Reported figures are based on best estimates, however, all other factors remaining constant, a change in these estimates could result in a provision ranging between a minimum of £611,796 and a maximum of £4,304,097. These amounts would remain covered under the professional indemnity insurance.

In 2021, all claims payable have been treated as provisions for liabilities due to the uncertainty over the timing of any future transfer of economic benefits under such claims.

Amounts recoverable from the Company's professional indemnity insurer and Appointed Representatives are recognised as an asset amounting to £203,941 at 31 December 2021 (2020: £326,865) and have been included in trade debtors (see note 8).

**The On-Line Partnership Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

**Indemnity clawback provision**

This represents the estimated provision for indemnity commission (clawback) representing an allowance for repayment of commissions to product providers in respect of future policy lapses (see note 2). The key estimates used in determining the clawback provision are the amount of indemnity business completed and the historic lapse rate incurred. Reported figures are based on best estimates, however, all other factors remaining constant, a movement of plus or minus 20% in the provision would have an impact on the profit and loss of plus or minus £16,108.

The amount provided represents the gross obligation and, where recovery of these amounts from Appointed Representatives can be foreseen with reasonable certainty, an asset is recognised (see note 8). At 31 December 2021 the amount of the asset with trade debtors was £619,083 (2020 £609,869).

<b>11 Called up Share capital</b>	<b>Nominal value</b>	<b>2021 £</b>	<b>2020 £</b>
Allotted, called up and fully paid:			
Ordinary shares	£1 each	<u>10,000</u>	<u>10,000</u>

The number of Ordinary shares issued as at 31 December 2021 was 10,000 (2020: 10,000)

<b>12 Share premium account</b>	<b>2021 £</b>	<b>2020 £</b>
At 1 January	39,996	39,996
At 31 December	<u>39,996</u>	<u>39,996</u>

The share premium account represents the amount paid for equity in excess of its nominal value.

<b>13 Profit and loss account</b>	<b>2021 £</b>	<b>2020 £</b>
At 1 January	5,143,012	5,206,665
Profit for the financial year	720,814	836,347
Dividends	-	(900,000)
At 31 December	<u>5,863,826</u>	<u>5,143,012</u>

**14 Events after the reporting date**

There were no adjusting or non-adjusting events after the reporting date.

**The On-Line Partnership Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2021**

**15 Related party transactions**

See note 6 for disclosure of the Directors' remuneration and key management compensation.

**16 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is On-Line Partnership Group Limited.

The ultimate parent undertaking and the smallest and the largest group to prepare consolidated financial statements is Russell Investments Group Limited, incorporated in Cayman. Copies of group financial statements can be obtained from PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands. In common with other group companies, the Company participates in transactions with its immediate holding company.

Russell Investments Group Limited is majority owned by funds managed by TA Associates with minority stakes being held by funds managed by Reverence Capital Partners and Russell Investments' management.