Company registration number 04137475 (England and Wales)

MONTAGE PORTFOLIO MANAGEMENT LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

MONTAGE PORTFOLIO MANAGEMENT LTD

COMPANY INFORMATION

Directors	P J Montague D J Ingram D L Acfield
Company number	04137475
Registered office	135/137 New London Road Chelmsford Essex CM2 0QT
Auditor	Newton & Garner Limited Building 2 30 Friern Park North Finchley London N12 9DA
Business address	135/137 New London Road Chelmsford Essex CM2 0QT

MONTAGE PORTFOLIO MANAGEMENT LTD

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MONTAGE PORTFOLIO MANAGEMENT LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities
The principal activity of the company continued to be that of financial advice to personal and corporate clients and no significant changes are anticipated.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends
The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £105,000. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P J Montague	
S I Mordrick	(Resigned 12 February 2021)
D J Ingram	
D L Acfield	

Auditor
The auditor, Newton & Garner Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

P J Montague
Director

30 September 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF MONTAGE PORTFOLIO MANAGEMENT LTD

Opinion

We have audited the financial statements of MONTAGE PORTFOLIO MANAGEMENT LTD (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The main law and regulation we considered in this context was The Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102). We assessed the required compliance with these as part of our audit procedures on the related financial statement items.

We also considered the opportunities and incentives that may exist within the company for fraud. Auditing standards limit the required audit procedures to identify non-compliance.

We identified the greatest risk of impact on the financial statements from irregularities, including fraud, to be within the recording of income, particularly year end debtors, and the override of controls by management. Our audit procedures to respond to these risks included additional work reviewing year end debtors and enquiries of management and analytical review procedures.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Robert Knight, FCCA, ATII
Senior Statutory Auditor
For and on behalf of Newton & Garner Limited

30 September 2022

Chartered Accountants
Statutory Auditor

Building 2
30 Friern Park
North Finchley
London
N12 9DA

MONTAGE PORTFOLIO MANAGEMENT LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	1,902,090	1,603,509
Administrative expenses		(1,233,812)	(814,476)
Other operating income		396,089	-
Operating profit	4	1,064,367	789,033
Interest receivable and similar income	7	1,012	90
Interest payable and similar expenses	8	(15,684)	(11,678)
Profit before taxation		1,049,695	777,445
Tax on profit	9	(251,702)	(163,578)
Profit for the financial year		797,993	613,867

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MONTAGE PORTFOLIO MANAGEMENT LTD

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Goodwill	**12**		398,123		391,950
Tangible assets	**11**		15,837		21,468
Investments	**13**		1		1
			413,961		413,419
Current assets					
Debtors	**14**	979,247		148,965	
Cash at bank and in hand		547,346		545,182	
		1,526,593		694,147	
Creditors: amounts falling due within one year	**15**	(481,447)		(290,225)	
Net current assets			1,045,146		403,922
Total assets less current liabilities			1,459,107		817,341
Creditors: amounts falling due after more than one year	**16**		(156,326)		(206,534)
Provisions for liabilities					
Deferred tax liability	**18**	2,790		3,809	
			(2,790)		(3,809)
Net assets			1,299,991		606,998
Capital and reserves					
Called up share capital	**20**		102		102
Profit and loss reserves			1,299,889		606,896
Total equity			1,299,991		606,998

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 30 September 2022 and are signed on its behalf by:

P J Montague
Director

Company Registration No. 04137475

MONTAGE PORTFOLIO MANAGEMENT LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2020		102	493,029	493,131
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	613,867	613,867
Dividends	**10**	-	(500,000)	(500,000)
Balance at 31 December 2020		102	606,896	606,998
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	797,993	797,993
Dividends	**10**	-	(105,000)	(105,000)
Balance at 31 December 2021		102	1,299,889	1,299,991

1 Accounting policies

Company information

MONTAGE PORTFOLIO MANAGEMENT LTD is a private company limited by shares incorporated in England and Wales. The registered office is 135/137 New London Road, Chelmsford, Essex, CM2 0QT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.4 Intangible fixed assets - goodwill

The capitalised cost of goodwill represents personal and corporate clients purchased together with future revenue streams.

Goodwill purchased during the year is being written off over a period of 5 years.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25% reducing balance basis
Fixtures, fittings & equipment	25% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss .

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1 Accounting policies **(Continued)**

1.15 Pillar 3 and BIPRU Remuneration Code Disclosures

Background
This is the Pillar 3 disclosure made in accordance with the UK Financial Conduct Authority (FCA) Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU').

The European Capital Requirements Directive (CRD) created a regulatory capital framework consisting of three 'pillars' namely;

- Pillar 1 – which sets out the minimum capital requirements that firms are required to meet for;
- Pillar 2 – which requires firms to take a view on whether additional capital should be held against capital risks not covered by Pillar 1; and
- Pillar 3 - which requires firms to publish certain details of its risks, capital and risk management process.

Disclosure Policy
The rules in BIPRU 11 provide that the firm may omit one or more of the required disclosures if it believes that the information is immaterial. Materiality is based on the criteria that the omission or misstatement of material information would be likely to change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions. Where the firm considers a disclosure to be immaterial, this will be stated in the relevant section.

The firm is also permitted to omit one or more of the required disclosures where it believes that the information is regarded as proprietary or confidential. Proprietary information is that which, if it were shared, would undermine the firm's competitive position. Information is considered to be confidential where there are obligations binding the firm to confidentiality with its clients and counterparties.

Where the firm has omitted information for any of the above reasons, a statement explaining this will be provided in the relevant section.

Unless stated as otherwise, all figures contained in this disclosure are based on the firm's annual reports for the year ending 31 December 2021.

Frequency
These Pillar 3 Disclosures will be reviewed on an annual basis as a minimum. The disclosures will be published as soon as is practical following the finalisation of the firm's Internal Capital Adequacy Assessment Process (ICAAP) and the publication of its annual reports.

Verification
The information contained in this disclosure has not been audited by our firm's external auditors and does not constitute any form of financial statement.

Publication
Our firm's Pillar 3 Disclosure reports are published in our Annual Accounts.

Scope and Application of Directive Requirements
The disclosures in this document are made in respect of Montage Portfolio Management Ltd which provides financial advice and discretionary investment management services.

The firm is a BIPRU firm.

1 Accounting policies **(Continued)**

Risk Management Objectives and Policies

Our risk management policy reflects the FCA requirement that we must manage a number of different categories of risk. These include: liquidity. credit, ma·ket, interest rate, business and operational risks.

1. Liquidity Risk

   The firm manages all cash and borrowing requirements to ensure the firm has sufficient liquid resources to meet the continued operat ng needs of the business. This is supported by a robust budgeting and forecasting process which has the full involvement of the Board.

2. Credit Risk

   The main credit risk for the firm is the risk that a client does not pay fees for services provided. The firm's revenue is made up of Wealth Management Fees and Portfolio Management Fees received from clients, which are based on a percentage of client's assets under management and are deducted directly from clients' portfolios, and Initial Advice Fees which are based on a percentage of amounts invested and are normally deducted directly from client's investments. The income paid directly by clients is minimal. The credit risk relating to this income is therefore minimal.

3. Interest Rate R sk

   The firm is exposed to interest rate risk through the funding it has received by way of loans. The firm has borrowing with Premium Credit which is used to spread the FCA Annual Fees and the PI Annual Insurance Premium over ´0 monthly installments. The interest payable on these loans is fixed at 3.6% pa. The firm also has a CIBLS loan from Funding Circle, the interest payable is currently 8.9%.

4. Business Risk

   The firm's Pillar 2 business risk assessment principally takes the form of a fall in assets under management following a market downturn that leads to lower Wealth Management and Portfolio Management fees, although other risks such as loss of advisers and systems failu·es are also considered. To mitigate our business risk, we regularly analyse various different economic scenarios to model the impact of economic downturns on our financial position.

5. Operational Risk

   Operational risk is defined as the potential risk of financial loss or impairment to reputation resulting from inadequate or failed internal processes and systems, from the actions of people or from external events. Major sources of operatior risk include: outsourcing of operations, IT security, internal and external fraud, implementation of strategic change and regulatory non-compliance. The firm operates a robust risk management process which is regularly reviewed and updated with details being provided to all staff. The firm's board is responsible for Compliance Oversight and the periodic reviews and recommending any changes. All senior management will bear responsibility for internal controls and the management of business risk as part of their accountability to the board. Individuals are responsible for identifying the risks surrounding their work, implementing controls over those risks and reporting areas of concern to their line manager. The Board meet quarterly to report on all significant risk issues.

6. Other Risks

The firm operates a simple business model. Accordingly, many of the specific risks identified by the FCA do not apply.

1 Accounting policies **(Continued)**

1.16 Capital Resources

Pillar 1 Requirement
In accordance with GENPRU 2.1.45R (calculation of variable capital requirement for a BIPRU firm), our capital requirement has been determined as being our fixed overhead requirement and not the sum of our credit risk capital requirement and our market risk capital requirement.

The Pillar 1 capital requirement for Montage Portfolio Management, based on the fixed overhead requirement, was £103,000 as at 31 December 2021.

Pillar 2
Our overall approach to assessing the adequacy of our internal capital is set out in our ICAAP. The ICAAP process involves separate consideration of risks to our capital combined with stress testing using scenario analysis. The level of capital required to cover risks is a function of impact and probability. We assess impact by modelling the changes in our income and expenses caused by various potential risks over a 1-year time horizon. Probability is assessed subjectively.

In addition, we have reviewed the outputs of our risk reviews to quantify any risks identified. This has identified a number of key business risks which we have classified against the risk categories contained in GENPRU 1.2.30R and reviewed the guidance in BIPRU 2.2.61-65.

Our Pillar 2 capital requirement, which is our own assessment of the minimum amount of capital that we believe is adequate against the risks identified, has been assessed as no greater than our Pillar 1 requirement.

To ensure that the firm's capital resources meet the requirements of the FCA we have earmarked a capital requirement of £37,000 to supplement the cover provided under our PI policy.

Regulatory Capital
The main features of Montage Portfolio Management Ltd capital resources for regulatory purposes, as at 31 December 2021 are as follows:

Capital item:	£000s
Tier 1 Capital (called up share capital, share premium account, profit and loss account, externally verified interim net profits)	1,300
Total of Tier 2 and Tier 3 capital (broadly long and short term subordinated loans)	Nil
Deductions from Tier 1 and Tier 2 capital (goodwill)	398
Total capital resources, net of deductions	902

The firm holds regulatory capital in accordance with the Capital Requirements Directive. All such capital is classified as Tier 1 capital and is therefore of the highest quality. There is a surplus of reserves above the capital resource requirement deemed necessary to cover the risks identified.

1 Accounting policies **(Continued)**

Remuneration Code Disclosure

The firm is subject to the BIPRU Remuneration Code. This section provides further information on our remuneration policy.

BIPRU Remuneration Code Staff
We have identified, and maintain a record of, 'BIPRU Remuneration Code Staff' – i.e. staff to whom the BIPRU Remuneration Code applies. This includes senior management and members of staff whose actions may have a material impact on a firm's risk profile. All of our Code Staff fall into the "senior management" category of Code Staff (rather than the "risk taker" category) for the purposes of the BIPRU Remuneration Code.

Decision Making / Remuneration Committee
Montage Portfolio Management Ltd has a Remuneration Committee and is responsible for our remuneration policy including:

- Determining the framework and policy for remuneration and ensuring it does not encourage undue risk taking.
- Agreeing any major changes in remuneration structures.
- Reviewing the terms and conditions of any new incentive schemes and in particular, considering the appropriate targets for any performance related remuneration schemes.
- Considering and recommending the remuneration policy for the senior employees taking into account the appropriate mix of salary, discretionary bonus and share based remuneration.
- In determining remuneration arrangements, the Directors/Partners will give due regard to best practice and any relevant legal or regulatory requirements including the BIPRU Remuneration Code.

Link Between Pay & Performance
Competitive salaries form the basis of our firm's remuneration package. There is a small element of variable pay for all staff which is based on firm wide and individual performance. Whilst most of the variable reward components are awarded to employees across the firm, the structure, balance and amounts may differ. Variable remuneration is considerably reduced where subdued or negative financial performance of the firm occurs. When assessing individual performance, we use a robust performance review process, with reviews including qualitative criteria and, in the case of investment managers, long-term investment results are a factor in the assessment process.

Quantitative Information on Remuneration
The FCA rules require certain firms to disclose aggregate information on remuneration in respect of its BIPRU Remuneration Code Staff broken down by business area, senior management and other Code Staff, including "risk takers". The firm has two business areas, Wealth Management and Portfolio Management. The firm has one CEO but no "risk takers". Director remuneration is agreed formally at board meetings. The link between performance and pay is inevitable in a small firm, but the firm's risk adverse strategy and robust risk management systems mitigate any risks.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

Other operating income of £396,089 is made up of sale of goodwill £243,174 (2020 - zero) and a VAT debtor of £152,915 (2020 - zero).

	2021	2020
	£	£
Turnover analysed by class of business		
Turnover	1,902,090	1,603,509

	2021	2020
	£	£
Other revenue		
Interest income	1,012	90

4 Operating profit

	2021	2020
Operating profit for the year is stated after charging:	£	£
Depreciation of owned tangible fixed assets	9,393	8,324
Amortisation of intangible assets	288,418	80,765
Operating lease charges	56,612	54,165

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
	9	9

5 Employees **(Continued)**

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	445,225	345,651
Pension costs	27,665	25,138
	472,890	370,789

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	732	8,745

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	1,012	90

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	15,684	11,678

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	252,721	163,976
Deferred tax		
Origination and reversal of timing differences	(1,019)	(398)
Total tax charge	251,702	163,578

9 Taxation **(Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	1,049,695	777,445
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	199,442	147,715
Tax effect of expenses that are not deductible in determining taxable profit	1,403	17,445
Gains not taxable	(3,779)	-
Permanent capital allowances in excess of depreciation	55,655	(1,184)
Deferred tax adjustments in respect of prior years	(1,019)	(398)
Taxation charge for the year	251,702	163,578

10 Dividends

	2021	2020
	£	£
Interim paid	105,000	500,000

11 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2021	43,196	27,990	71,186
Additions	3,762	-	3,762
Disposals	(14,186)	(604)	(14,790)
At 31 December 2021	32,772	27,386	60,158
Depreciation and impairment			
At 1 January 2021	26,190	23,528	49,718
Depreciation charged in the year	8,281	1,112	9,393
Eliminated in respect of disposals	(14,186)	(604)	(14,790)
At 31 December 2021	20,285	24,036	44,321
Carrying amount			
At 31 December 2021	12,487	3,350	15,837
At 31 December 2020	17,006	4,462	21,468

12 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2021	511,685
Additions	305,951
Disposals	(31,251)
At 31 December 2021	786,385
Amortisation and impairment	
At 1 January 2021	119,735
Amortisation charged for the year	288,418
Disposals	(19,891)
At 31 December 2021	388,262
Carrying amount	
At 31 December 2021	398,123
At 31 December 2020	391,950

13 Fixed asset investments

		2021	2020
	Notes	**£**	**£**
Investments in associates		1	1

14 Debtors

	2021	2020
Amounts falling due within one year:	**£**	**£**
Gross amounts owed by contract customers	77,065	73,286
Corporation tax recoverable	44,179	44,179
Other debtors	827,112	5,606
Prepayments and accrued income	30,891	25,894
	979,247	148,965

Other debtors of £827,112 includes a director loan of £562,158 (2020 - zero), a VAT debtor of £132,081 (2020 - zero), deferred income in respect of goodwill sold of £127,267 (2020 - zero), amounts owed by a connected company £999 (2020 - £999) and a rent deposit of £4,607 (2020 - £4,607).

15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Other borrowings	17	99,331	74,736
Corporation tax		252,720	163,976
Other taxation and social security		30,000	12,667
Other creditors		77,876	27,922
Accruals and deferred income		21,520	10,924
		481,447	290,225

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Other borrowings	17	156,326	206,534

17 Loans and overdrafts

	2021 £	2020 £
Other loans	255,657	281,270
Payable within one year	99,331	74,736
Payable after one year	156,326	206,534

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	2,790	3,809

Movements in the year:	2021 £
Liability at 1 January 2021	3,809
Credit to profit or loss	(1,019)
Liability at 31 December 2021	2,790

19 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	27,665	25,138

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

Ordinary share capital	2021 Number	2020 Number	2021 £	2020 £
Issued and fully paid				
Ordinary shares of £1 each	102	100	102	100
Ordinary B shares of £1 each	-	2	-	2
	102	102	102	102

The two Ordinary B shares were converted to Ordinary Shares on 13th May 2021.

21 Operating lease commitments

Lessee

At the 31st December 2021 the company was committed to making the following total future minimum lease payments under non-cancellable operating leases:

	2021 £	2020 £
Within one year	13,428	13,428

22 Directors' transactions

Dividends totalling £505,000 (2020 - £500,000) were paid in the year in respect of shares held by the company's directors.

Other debtors include directors loans at 31st December 2021 of £562,158 (2020 - zero).

23 Ultimate controlling party

The ultimate controlling party is P J Montague.