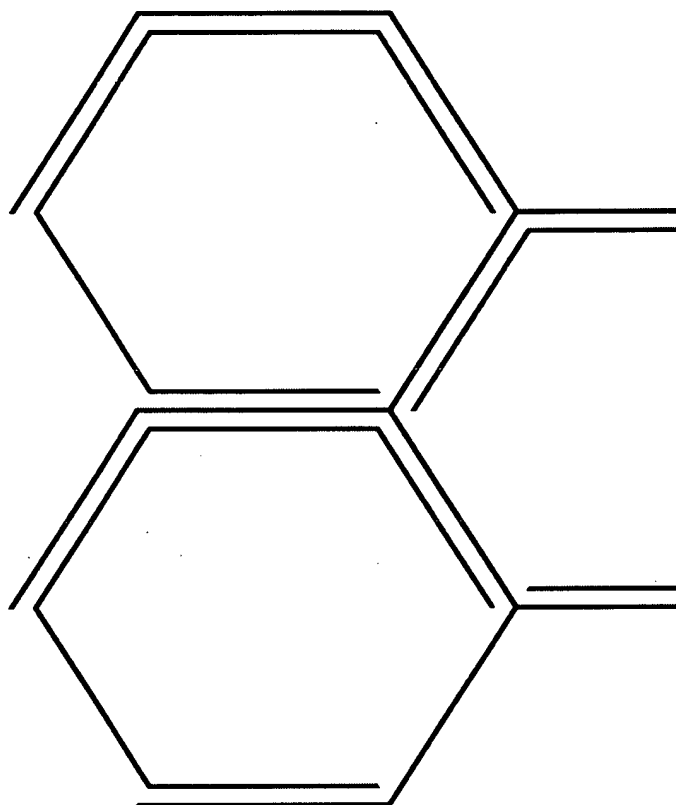


BestPractice 

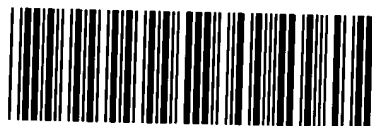


Annual Report and Accounts 2021

BEST PRACTICE IFA GROUP LIMITED

For the year ended 31 December 2021

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BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY INFORMATION, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

Edward Dymott
Craig Fitzsimons
James Lasenby
David White

REGISTERED OFFICE:

Holmwood House
Broadlands Business Campus
Langhurstwood Road
Horsham
West Sussex
RH12 4QP

REGISTERED NUMBER:

04490633 (England and Wales)

INDEPENDENT AUDITORS:

Ernst & Young LLP
25 Churchill Place
Canary Wharf
E14 5EY

BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STRATEGIC REPORT

The Directors present their Strategic report on Best Practice IFA Group Limited (the 'Company' or 'Best Practice') for the year ended 31 December 2021.

Results and review of the business

Best Practice is a wholly owned subsidiary of Benchmark Capital Limited. Benchmark Capital Limited and its subsidiaries (collectively the 'Benchmark Group') are part of the Schroders plc group (the 'Schroders Group'). The principal activity of the Company is operating a network for independent financial advisers, providing an IT platform and support function through which more than 270 financial advisers can conduct their business activities. The Company's objective is to provide a market leading suite of software and adviser solutions that offers a differentiated user interface and experience to clients and that differentiates it from competitor offerings. The Company is regulated by the Financial Conduct Authority ('FCA').

During the year the Company transitioned its accounting records to UK-Adopted International Accounting Standards ('UK-IAS') to align with the accounting standards adopted by the Schroders Group. Accordingly the accounts for the year ended 31 December 2021, are the first the Company has prepared in accordance with UK-Adopted International Accounting Standards. For periods up to and including the year ended 31 December 2020, the Company prepared its accounts in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS102'). For an explanation of the principal adjustments the Company has made in transitioning to UK-Adopted International Accounting Standards see note 18 to the accounts.

During the year Benchmark Capital Limited, the Company's immediate parent, injected capital of £4m in order to further strengthen its financial position ahead of the new Investment Firms Prudential Regime ('IFPR') coming into force on 1 January 2022.

Throughout the year the Company benefited from improved functionality of its market leading software 'Enable', developed by the associated Benchmark Group company Creative Technologies Ltd. The Company has had significant success in attracting quality financial advisers and new clients.

The Directors continue to believe that the key factors in the financial advice market that will drive the Company's future growth potential are the Company's ability to deliver a differentiated experience in terms of both integrated technological solutions and professional client service. Moving forward, the board has strengthened its belief that technology will play a much greater role in client servicing and the trend for automation of processes will continue. The technology suite utilised by the Company is aligned with this trend and supports the Company's strategic objectives.

The Company's proposition has become highly regarded by the UK's financial advice firms. The support to clients provided by the Company is aligned to the Financial Conduct Authority's ('FCA') stance on governance, systems, controls and sound consumer outcomes. Demonstrating compliance with regulatory requirements is seen as a solid foundation enabling the Company to grow its customer base.

The Directors consider the results for the year and the Company's financial position at 31 December 2021 to be satisfactory.

The Company remained resilient throughout the pandemic and there has been no significant impact on business operations. While the longer-term effects of the pandemic and more recent geopolitical shifts on the world economy and central policy may cause more volatility in financial markets, the Company remains well placed to weather future challenges.

Key performance indicators

The Board considers the following KPIs to be most relevant for an understanding of the development, performance and position of the Company:

	2021	2020	Change
	£'000	£'000	%
Revenues	70,513	57,886	22
EBITDA	897	734	22
Cash at bank	9,917	4,697	111
Shareholders' funds	8,755	4,009	118

BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STRATEGIC REPORT

The Company's turnover has increased during the period due to the continued expansion of the Company's client base. The Company has been successful in attracting new advisers and clients, the growth is a result of an increase number of Appointed Representative financial advisers from 268 to 271.

Earnings before interest, tax, depreciation and amortisation ('EBITDA'), an alternative performance measure, has increased by 22%, the Company has managed to maintain discipline over its cost base, with the growth in revenue translating into an even larger growth in EBITDA.

The Company continues to maintain a level of liquid capital that the Directors consider to be adequate to manage working capital requirements. The Company has generated significant positive cash flows from its core operating activities.

After taking account of profit for the year after tax and a new equity issue during the year the Company's total shareholders' funds at 31 December 2021 were £8.8m (31 December 2020: £4.0m). The Company's shareholders' funds position throughout the year has remained significantly in excess of the minimum capital requirements imposed by the FCA.

Directors' duties - compliance with section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires a director of a Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

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

To discharge their section 172 duties the Directors had regard to the factors set out above in making the principal decisions taken by the Company.

This year's budget was approved by the Board following a comprehensive review of our strategic priorities and risk to our business. Whilst plans are ambitious, they will position the Company and wider Benchmark Group well against our longer-term strategic vision, honouring our commitments to stakeholders.

The board of directors considered minor changes to its composition during the year with one new director being appointed. During 2022, prior to approval of the accounts, the board considered the resignation of one director.

The Board elected not to approve the payment of a dividend by the Company to its parent, instead retaining profits as part of its wider recapitalisation of the Company. In approving the subsequent recapitalisation of the Company the Board considered that it was in the best interests of the Company and its stakeholders as a whole, taking into account the Company's immediate and ongoing needs, in the context of the new Investment Firms Prudential Regime ('IFPR').

Due to the structure of the Schroders Group, stakeholder engagement also took place using Schroder Group resources, in line with agreed delegations. For details of the engagement that takes place with the Company's stakeholders at Group level, please refer to the Schroders plc annual report and accounts for the year ended 31 December 2021 (the 'Schroders Report').

STRATEGIC REPORT

Principal risks and uncertainties

The board of Directors have determined that the Company's three main areas of risk are regulatory risk, the risk arising from competition and financial & economic risk.

As a network provider, the Company is responsible for implementing a controls framework that enables the Company's Appointed Representatives ('ARs') to demonstrate their compliance with various regulatory requirements. In this capacity, the Company bears the regulatory risk associated with any of these ARs failing to demonstrate adequate processes and controls that adhere to the standards imposed by the regulator. If the Company, via its ARs, failed to meet the FCA's requirements, it is exposed to potential redress payments to clients and fines. The Directors recognise that the reputational damage associated with the Company failing to manage adequately regulatory requirements on behalf of their clients could lead to the Company being unable to meet its growth objectives or a loss of existing clients, which would impact future revenue growth and profitability. The board recognises and mitigates these risks through a rigorous compliance controls framework that includes internal and external training of staff and ARs, undertaking regular auditing of its ARs, engaging with internal and external compliance auditors to review the adequacy of the Company's compliance procedures, and using a bespoke CRM system for file reviews.

The Company has a number of competitors that offer rival solutions to Independent Financial Advisers. The competition in the market has placed some downward pressure on fees within the sector which could have a consequent impact on the Company's future profitability. The Directors are of the opinion that the Company's platform and client service solution is differentiated from the competition due to it being internally developed and fully integrated, which results in both a lower cost to the Company and a seamless level of client service. The Company intends to invest in the use of technology and the breadth of its client solutions in order to continue to develop its client service offering. As a result, the Directors consider that the Company is well positioned to mitigate this risk and the associated pressure on fees.

The primary financial risks faced by the Company include market risk, capital risk, liquidity risk and credit risk. Note 13 contains more details on these risks.

Approved by the Board of Directors and signed on its behalf by:



David White (Apr 22, 2022 12:42 GMT+1)

D J White
Director

Apr 22, 2022

BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT

The Directors present their report and the audited accounts of the Company for the year ended 31 December 2021. The information contained in the Strategic report and the Statement of Directors' responsibilities forms part of this Directors' report.

General information

The Company is a private limited company, limited by shares incorporated and domiciled in England and Wales. The Company's ultimate parent undertaking and controlling entity is Schroders plc, which together with the Company and Schroders plc's other subsidiary undertakings, form the Schroders Group.

Future developments

The future developments of the Company are disclosed in the Strategic report.

Dividends

The Directors did not declare interim dividends during the year (2020: £nil). The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2021 (2020: £nil).

Political and charitable donations

The Company made no political donations in the period (2020: £nil). The Company made no charitable donations in the period (2020: £nil).

Risk management and use of financial instruments

The risk management processes of the Company are disclosed in the Strategic report and the Company's specific risk exposures to financial instruments are explained in note 13 to the accounts.

Going concern

Taking all the above factors into consideration, including the nature of the Company and its business, the Directors are satisfied that, at the time of approving the accounts, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date that the Annual Report and Accounts are signed. For this reason the Directors continue to adopt the going concern basis in preparing the accounts.

Directors

The Directors of the Company who have served throughout the year, except where listed below, are set out on page 2. Between 1 January 2021 and 08 April 2022 the following changes have taken place:

Director	Appointed	Resigned
Michael Arias		8 March 2022
Ian Cooke		8 March 2022
Edward Dymott	8 March 2022	
Craig Fitzsimons	17 September 2021	
Joanne French		31 January 2022

Directors' and officers' liability insurance

Directors' and Officers' liability insurance is taken out by Schroders plc, the Company's ultimate parent company, for the benefit of the Directors of the Company.

Employment policy

The company had no employees during the year (2020: nil).

DIRECTORS' REPORT

Independent auditors and disclosure of information to independent auditors

In accordance with section 487(2) of the Companies Act 2006 and in the absence of a notice proposing that the appointment be terminated at a general meeting, the current auditors, Ernst & Young LLP ('EY'), are deemed to be reappointed for the next financial year.

To the best of the Directors' knowledge, there is no relevant audit information of which EY is unaware. Each of the Directors has taken all reasonable steps that ought to have been taken by him or her as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

Statement of corporate governance arrangements

As a subsidiary undertaking, the Company applies the UK Corporate Governance Code where applicable to support the overall compliance of Schroders plc with that code.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the accounts 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 UK-Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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;
- 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 accounts; and
- prepare the accounts on a 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.

Approved by the Board of Directors and signed on its behalf by:



David White (Apr 22, 2022 12:42 GMT+1)

D J White
Director

Apr 22, 2022

BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BEST PRACTICE IFA GROUP LIMITED

Opinion

We have audited the financial statements of Best Practice IFA Group Limited (the 'Company') for the year ended 31 December 2021 which comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view 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 UK-adopted international accounting standards; 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 Financial Reporting Council'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 twelve months from the date the Annual Report and Accounts is approved.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BEST PRACTICE IFA GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 Strategic report or 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities set out on page 7, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and relevant tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Financial Conduct Authority ('FCA') rules and regulations.

BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BEST PRACTICE IFA GROUP LIMITED

- We understood how the Company is complying with those frameworks by making enquiries of management. We corroborated our understanding through our review of board meeting minutes and correspondence received from the FCA.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud, including in a remote-working environment; and how management monitors these controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management.

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



James Beszant (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Apr 22, 2022

BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2021 £'000	2020 £'000
REVENUE	2	70,513	57,886
Cost of sales	3	(63,252)	(52,025)
GROSS PROFIT		7,261	5,861
Administrative expenses	4	(6,452)	(5,250)
OPERATING PROFIT		809	611
Finance and other costs	5	(9)	(7)
Finance and other income	6	88	123
PROFIT BEFORE TAXATION		888	727
Tax on profit/(loss)	7	(142)	(143)
PROFIT FOR THE YEAR		746	584
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		746	584

The statement of profit and loss and other comprehensive income has been prepared on the basis that all operations are continuing operations.

No other comprehensive income was recognised in the year ended 31 December 2021 or in the year ended 31 December 2020; therefore, the profit for the period is also the total comprehensive profit.

The notes and accounting policies on pages 15 to 28 form an integral part of these financial statements.

BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF FINANCIAL POSITION

REGISTERED NUMBER: 04490633 (England and Wales)

		2021	2020	As at 1 Jan 2020
	Notes	£'000	£'000	£'000
ASSETS				
Non-current assets				
Financial assets held at fair value	8	75	66	72
Trade and other receivables	9	2,789	3,128	2,255
		2,864	3,194	2,327
Current assets				
Trade and other receivables	9	11,323	7,281	7,063
Cash and cash equivalents	10	9,917	4,697	3,417
Deferred tax assets	7	84	1	-
		21,324	11,979	10,480
Total assets		24,188	15,173	12,807
LIABILITIES				
Non-current liabilities				
Provisions	12	(8)	(413)	(24)
		(8)	(413)	(24)
Current liabilities				
Trade and other payables	11	(15,425)	(10,751)	(9,358)
		(15,425)	(10,751)	(9,358)
Total liabilities		(15,433)	(11,164)	(9,382)
NET ASSETS		8,755	4,009	3,425
EQUITY				
Issued capital	14	5	1	1
Share premium	14	3,996	-	-
Retained earnings		4,754	4,008	3,424
TOTAL EQUITY		8,755	4,009	3,425

Apr 22, 2022

The financial statements were approved by the Board of Directors on and were signed on their behalf by:



David White (Apr 22, 2022 12:42 GMT+1)

D J White - Director

The notes and accounting policies on pages 15 to 28 form an integral part of these financial statements.

BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF CHANGES IN EQUITY

	Notes	Issued capital £'000	Share Premium £'000	Retained Earnings £'000	Total equity £'000
Balance at 1 January 2020		1	-	3,424	3,425
Total comprehensive income as restated	18	-	-	584	584
Balance at 31 December 2020		1	-	4,008	4,009

		Issued capital £'000	Share Premium £'000	Retained Earnings £'000	Total equity £'000
Balance at 1 January 2021		1	-	4,008	4,009
Total comprehensive income		-	-	746	746
Issue of share capital	14	4	3,996	-	4,000
Balance at 31 December 2021		5	3,996	4,754	8,755

The notes and accounting policies on pages 15 to 28 form an integral part of these financial statements.

BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF CASH FLOWS

	Notes	2021 £'000	2020 £'000
OPERATING ACTIVITIES			
Profit/(loss) before taxation		888	727
Adjustments to reconcile profit before tax to net cashflows:			
- (Gain)/loss on investments held at fair value through profit or loss	8	(9)	7
- Finance income	6	(79)	(123)
- Finance costs	5	9	-
Working capital adjustments:			
- (Increase)/decrease in trade and other receivables		(3,812)	(1,254)
- Increase/(decrease) in trade and other payables		4,513	1,380
- Increase/(decrease) in provisions		(405)	389
Interest received		49	35
Corporation tax paid		(74)	61
Net cash flows from operating activities		1,080	1,222
FINANCING ACTIVITIES			
Loans issued to appointed representatives		(797)	(895)
Loan repayments from appointed representatives		937	953
Issue of share capital	14	4,000	-
Net cash flows from/(used in) financing activities		4,140	58
Net increase/(decrease) in cash and cash equivalents		5,220	1,281
Cash and cash equivalents at the beginning of the year		4,697	3,417
Cash and cash equivalents at the end of the year		9,917	4,697

The notes and accounting policies on pages 15 to 28 form an integral part of these financial statements.

BEST PRACTICE IFA GROUP LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

1 - PRESENTATION OF THE FINANCIAL STATEMENTS

(a) - Best Practice IFA Group Limited

Best Practice IFA Group Limited (the Company) is a private company, limited by shares, registered in England and Wales. The registered office is located at Holmwood House, Broadlands Business Campus, Langhurstwood Road, Horsham, West Sussex, RH12 4QP.

At 31 December 2021, the Company was a wholly owned subsidiary of Benchmark Capital Limited. The ultimate parent company was Schroders plc, a company incorporated in England and Wales that publishes group consolidated accounts.

In accordance with Section 400 of the Companies Act 2006, the Company is therefore not required to produce consolidated accounts. The results of the Company are consolidated in the Annual Report and Accounts of Schroders plc, copies of which can be obtained from www.schroders.com

(b) - Basis of preparation

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards and the Companies Act 2006 and are presented in accordance with International Accounting Standard ('IAS') 1 Presentation of Financial Statements.

For all periods up to and including the year ended 31 December 2020, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. These financial statements for the year ended 31 December 2021 are the first the Company has prepared in accordance with UK-adopted international accounting standards. Please refer to note 18 for information on the Company transition.

The financial information presented within these financial statements has been prepared on the going concern basis under the historical cost convention, except for the measurement at fair value of derivative financial instruments and financial assets and liabilities that are held at fair value through profit or loss or at fair value through other comprehensive income.

The Company's principal accounting policies have been consistently applied. The preparation of financial statements in conformity with the International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Any areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within the notes below.

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency), which for the purpose of these financial statements is Sterling (£000s).

(c) - Future accounting developments

The Company did not implement the requirements of any other Standards or Interpretations that were in issue but were not required to be adopted by the Company at the year end date. No other Standards or Interpretations have been issued that are expected to have an impact on the Company's financial statements.

(d) - Estimate and judgements

The preparation of the financial statements in conformity with International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will seldom equal the related actual results.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are set out in the following notes:

Note 2	Revenue
Note 12	Provisions

NOTES TO THE FINANCIAL STATEMENTS

2 - REVENUE

The Company's primary source of revenue is fee income from investment advisory and wealth management services carried out by its network members (Appointed Representatives or ARs). The fees are generally based on an agreed percentage of the valuation of the assets under management and are recognised as the service is provided and it is probable that the fee will be received.

A small number of the new investment policies taken out by underlying investors include provisions that enable the investor to cancel the policy without charge during a fixed indemnity period. In the event that the policy is cancelled any fees receivable by the Company will be repayable to the investor. A provision is made for what, in the Directors' opinion is a reliable estimate of, the present obligation to repay fees to investors.

The Company's turnover for the year is attributable to the Company's principal activities and consists of the following components:

	2021	2020
	£'000	£'000
Gross fees for advisory services provided by the Company's network	68,970	56,594
FCA levies recoverable from the members of the Company's network	1,478	1,216
Other income	65	76
	<u>70,513</u>	<u>57,886</u>

3 - COST OF SALES

Under contracts held between the Company and the members of its network a significant proportion of revenue earned is attributable to its members for the financial advisory services provided to the underlying investors. The amount payable by the Company to its network members is presented as cost of sales and is recognised on an accruals basis. The Company is entitled to retain a margin between the revenue earned from underlying investors and the cost of sales payable to members of the network (representing the fee that the Company retains for operating the network), which is represented by the Gross Profit line item in the Statement of Profit or Loss and Other Comprehensive Income.

	2021	2020
	£'000	£'000
Proportion of the gross fees allocated to members of the Company's network	(63,252)	(52,025)
	<u>(63,252)</u>	<u>(52,025)</u>

4 - ADMINISTRATIVE EXPENSES

Administrative expenses are recognised on an accruals basis as services are provided. Included within total administrative expenses are recharges from other Group companies in relation to employee benefit expenses including employee share-based payments.

	2021	2020
	£'000	£'000
Fees payable for the audit of the Company	43	41
Fees payable for audit-related assurance services	6	7
Audit and non-audit fees	<u>49</u>	<u>48</u>
Other administrative expenses	6,403	5,202
Administrative expenses	<u>6,452</u>	<u>5,250</u>

The Company does not have direct staff costs. Benchmark Capital Limited employs staff and recharges a proportion of those costs to the Company. The recharged costs are a part of "Other administrative expenses" above.

The Benchmark Capital Group operates a defined contribution pension scheme where contributions are made by Benchmark Capital Limited, a proportion of those costs to the Company. The recharged costs are a part of "Other administrative expenses" above.

NOTES TO THE FINANCIAL STATEMENTS

5 - FINANCE AND OTHER COSTS

	2021	2020
	£'000	£'000
Interest expense	9	-
Unrealised loss on investment held at fair value (note 8)	-	7
	<u>9</u>	<u>7</u>

6 - FINANCE AND OTHER INCOME

	2021	2020
	£'000	£'000
Finance income	29	87
Unrealised gain on investment held at fair value (note 8)	9	-
Interest income	50	36
	<u>88</u>	<u>123</u>

7 - TAXATION AND DEFERRED TAXATION

The Company is based in the UK and pays taxes according to the rates applicable in the jurisdictions in which it operates. Most taxes are recorded in the income statement and relate to profits earned in the reporting period (current tax) but there are also amounts relating to timing differences between the accounting recognition of profits and the tax recognition (deferred tax).

(a) Analysis of the tax charge

The current tax charge for the year was as follows:

	2021	2020
	£'000	£'000
UK corporation tax	165	139
Prior year adjustment	61	4
Total current tax charge/(credit)	<u>226</u>	<u>143</u>

Deferred tax charge for the year was as follows:

	2021	2020
	£'000	£'000
Deferred tax for the current period		
Deferred tax – adjustment for prior years	(64)	-
Deferred tax – rate change	(20)	-
Total deferred tax charge/(credit)	<u>(84)</u>	<u>-</u>
Tax on profit/(loss) for the period	<u>142</u>	<u>143</u>

(b) Reconciliation of total tax charge included in Statement of Profit or Loss and Other Comprehensive Income

The tax assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£'000	£'000
Profit/(loss) before tax	888	727
Profit/(loss) before tax multiplied by corporation tax in the UK of 19% (2019 - 19%)	169	138
Effects of:		
Expenses not deductible for tax purposes	(2)	2
Deferred tax – rate change	(20)	-
Adjustments due to adoption of UK-adopted international accounting standards	(2)	(1)
Prior year adjustment	(3)	4
Total tax charge/(credit)	<u>142</u>	<u>143</u>

NOTES TO THE FINANCIAL STATEMENTS

7 - TAXATION AND DEFERRED TAXATION - continued

(c) Factors that may affect future tax charges

The UK corporation tax rate is currently 19%. The UK Chancellor announced in the March 2021 budget that the rate will increase to 25% from April 2023. The rate increase was substantively enacted in May 2021 and the UK deferred tax balances have been revalued accordingly.

Deferred tax assets and liabilities represent amounts of tax that will become recoverable and payable in future accounting periods. They generally arise as a result of temporary differences, where the time at which profits and losses are recognised for tax purposes differs from the time at which the relevant transaction is recorded in the accounts. A deferred tax asset represents a tax reduction that is expected to arise in a future period. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the year end date.

(d) Reconciliation of deferred tax assets

	2021	2020	As at 1 Jan 2020
	£'000	£'000	£'000
As at 1 January	1	-	-
Change in provision	83	1	-
As at 31 December	<u>84</u>	<u>1</u>	<u>-</u>

8 - FINANCIAL ASSETS HELD AT FAIR VALUE

The Company holds investments in certain underlying investment funds that have been designated as investments held at fair value through profit or loss. Financial assets are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value. Financial assets at fair value through profit or loss are recognised in the statement of financial position with net changes in fair value reported in the statement of profit or loss and other comprehensive income. Listed investments in funds are unit trust investments and were valued on an open market basis on 31 December 2021. Dividends on listed equity investments are recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

	2021	2020	As at 1 Jan 2020
	£'000	£'000	£'000
As 1 January	66	72	59
Fair value adjustment	9	(6)	13
At 31 December	<u>75</u>	<u>66</u>	<u>72</u>

NOTES TO THE FINANCIAL STATEMENTS

9 - TRADE AND OTHER RECEIVABLES

Trade receivables are recorded initially at fair value and subsequently at amortised cost, after the deduction of provisions for impairment. Apart from prepayments, this represents amounts the Company is due to receive from third parties, including related parties, in the normal course of business. Prepayments arise where the Company pays cash in advance for services not yet received. As the service is provided, the prepayment is recorded in the Statement of Profit or Loss and Other Comprehensive Income as an administrative expense.

Loans receivable 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. Interest receivable on loan entitlements is recognised on an accruals basis in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method.

(a) Current

	2021	2020	As at 1 Jan 2020
	£'000	£'000	£'000
Financial assets:			
Loans due from members	970	744	1,587
Corporation tax receivable	-	-	192
Trade receivables	1	1	1
Accrued income	6,810	5,696	5,262
Amounts owed by related parties (note 15)	3,160	487	1
	<u>10,941</u>	<u>6,928</u>	<u>7,043</u>
Non financial assets:			
Prepayments	382	353	20
	<u>11,323</u>	<u>7,281</u>	<u>7,063</u>

(b) Non-current

	2021	2020	As at 1 Jan 2020
	£'000	£'000	£'000
Financial assets:			
Loans due from members	2,789	3,128	2,255
	<u>2,789</u>	<u>3,128</u>	<u>2,255</u>
Total trade and other receivables	<u>14,112</u>	<u>10,409</u>	<u>9,318</u>

Included within trade receivables is an amount in respect of fees due from financial institutions that the management consider a reasonable estimate for services provided by the Group during the year that have not yet been settled.

Included within the line items above are an allocation of expected credit losses totalling £8,722 (2020: £7,107, 2019: £6,362) of which £2,530 (2020: £405, 2019: £nil) is allocated to amounts owed by related parties.

10 - CASH AND CASH EQUIVALENTS

	2021	2020	As at 1 Jan 2020
	£'000	£'000	£'000
Cash held at bank	9,914	4,694	3,414
Cash held with custody bank	3	3	3
	<u>9,917</u>	<u>4,697</u>	<u>3,417</u>

As at 31 December 2021, the Company held a portfolio of investments managed by Fusion Wealth Limited of which £3,383 (2020: £3,138, 2019: £2,675) was held in cash.

NOTES TO THE FINANCIAL STATEMENTS

11 - TRADE AND OTHER PAYABLES

Trade and other payables (excluding deferred income) represent amounts the Company is due to pay to third parties in the normal course of business. This includes expense accruals as well as settlement accounts (disbursements due to Appointed Representatives). Trade payables are costs that have been billed, but not yet paid. Accruals represent costs including compensation, that are not yet billed or due for payment. Trade payables, are recorded initially at fair value and subsequently at amortised cost. Trade payables are derecognised when they have been paid in full or transferred to another party.

(a) Current

	2021	2020	As at 1 Jan 2020
	£'000	£'000	£'000
Financial liabilities at amortised cost:			
Trade creditors	7,163	6,142	8,269
Amounts owed to related parties (note 15)	7,268	3,799	638
Corporate tax payable	164	13	-
Deferred income	372	340	-
VAT payable	-	27	22
Accrued expenses	458	430	429
	<u>15,425</u>	<u>10,751</u>	<u>9,358</u>

12 - PROVISIONS

Provisions are liabilities where there is uncertainty over the timing or amount of settlement and therefore usually require the use of estimates. They are recognised when three conditions are fulfilled: when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Company will incur a loss in order to settle the obligation and when a reliable estimate can be made of the amount of the obligation. They are recorded at the Company's best estimate of the cost of settling the obligation. Any differences between those estimates and the amounts for which the Company actually becomes liable are taken to the Statement of Profit or Loss and Other Comprehensive Income as additional charges where the Company has underestimated and credits where the Company has overestimated. Where the estimated timing and settlement is longer term, the amount is discounted using a rate reflecting specific risks associated with the provision.

	2021	2020	As at 1 Jan 2020
	£'000	£'000	£'000
As at 1 January	413	24	18
Change in provision	-	400	6
Utilised during the period	(405)	(11)	-
As at 31 December	<u>8</u>	<u>413</u>	<u>24</u>

13 - FINANCIAL RISK MANAGEMENT

The risk management processes of the Company are aligned with those of the Group as a whole. Details of the Group's risk management processes are outlined in the Business review section and in the Schroders Report. Sensitivities are measured against market risk movements which the Group believes could reasonably occur within the next calendar year.

The Company's specific risk exposures are explained below.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause the Company financial loss by failing to discharge an obligation.

The Company has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due. The Company's counterparties are predominately its related parties and therefore there is limited credit risk exposure outside the Group on these balances. The balances are monitored regularly and historically, default levels have been nil.

Fee debtors are monitored regularly. Historically default levels have been insignificant.

NOTES TO THE FINANCIAL STATEMENTS

13 - FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - continued

Expected credit losses are calculated in accordance with International Financial Reporting Standards (IFRS) 9 on all of the Company's financial assets that are measured at amortised cost and all debt instruments that are measured at fair value through other comprehensive income. The gross carrying values are adjusted to reflect these credit losses.

The Company has internal processes designed to assess the credit risk profile of its financial instruments, and to determine the relevant stage for calculating the expected credit losses. These processes include consideration of internal, external, historic and forward-looking information about specific loans and securities as well as market data.

For financial assets held with rated counterparties (such as cash and cash equivalents), the Company calculates expected credit losses based on default information published by rating agencies and considers any known factors not yet reflected in this information. The Company's cash and cash equivalents is invested primarily in current accounts and on deposit with an A+ rated UK and overseas banks (2020: A+ rated).

For trade and other receivables, the Company has established a provision matrix that incorporates the Company's historical credit loss experience, counterparty groupings and whether a receivable is overdue or not.

Factors considered in determining whether a default has taken place include how many days past the due date a payment is, deterioration in the credit quality of a counterparty, and knowledge of specific events that could influence a counterparty's ability to pay.

(b) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due or can only do so at a cost. The Group's liquidity policy is to maintain sufficient liquidity to cover any cash flow funding, meet all obligations as they fall due and maintain solvency. The Company has access to sufficient liquid funds to cover normal operating requirements. Outside the normal course of business the Company can request to borrow through intra-Group loans to maintain sufficient liquidity. Overall liquidity of the Group's capital (and for each entity) is monitored on a regular basis.

(c) Capital management

The Company holds capital required to meet the Company's working capital requirements. The policy of the Company is to hold sufficient capital, keep an appropriate standing with counterparties and meet working capital requirements. Where this is surplus to immediate working capital requirements it is managed by the Group Treasury function and may be distributed to the shareholder.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company does not have significant interest bearing assets or liabilities and therefore is not subject to material interest rate risk.

(e) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Statement of Financial Position date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income. The Company's policy in relation to currency exposure is not to hedge as this is considered part of the business.

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NOTES TO THE FINANCIAL STATEMENTS

14 - SHARE CAPITAL AND SHARE PREMIUM

Share capital represents the number of issued ordinary shares multiplied by their par value of £1 each.

(a) Share capital

Authorised, allotted, issued and fully paid:

	Class	Number	Nominal Value	£
At 1 January 2020	Ordinary	1,000	£1	1,000
At 31 December 2020	Ordinary	1,000	£1	1,000
At 31 December 2021	Ordinary	5,000	£1	5,000

The restriction on authorised share capital was removed by shareholders resolution on 22 December 2021

(b) Share premium

	Class	Number	Nominal Value	Total £
At 1 January 2020	Ordinary	-	-	-
At 31 December 2020	Ordinary	-	-	-
At 31 December 2021	Ordinary	4,000	£999	3,996,000

During the year 4,000 ordinary shares were issued at a nominal value of £1 giving rise to £3,996,000 of share premium.

15 - RELATED PARTY DISCLOSURES

(a) Transactions between related parties (entities)

Transactions between the Company, its parents, its own subsidiaries and its fellow group undertakings, which are related parties of the Company, together with details of transactions between the Company and other related parties are disclosed below.

	2021	
	Parent(s)	Other related companies
	£'000	£'000
Revenues	-	2,891
Cost of sales & administrative expenses	3,900	864
Amounts owed to related parties	(1,094)	(5,522)
Amounts owed from related parties	-	3,162
	2020	
	Parent(s)	Other related companies
	£'000	£'000
Revenues	-	1,972
Cost of sales & administrative expenses	2,855	815
Amounts owed to related parties	-	(3,799)
Amounts owed from related parties	486	-

NOTES TO THE FINANCIAL STATEMENTS

15 - RELATED PARTY DISCLOSURES - Continued

(b) Director emoluments

	2021	2020
	£'000	£'000
Directors' remuneration	250	62
Directors' pension contributions to money purchase schemes	5	3
	<u>255</u>	<u>65</u>

The amounts set out above are in respect of 5 (2020: 2) Directors whose emoluments were charged either in part or in full to the Company during the year. There were 2 Directors (2020: 2) who were directly remunerated during the year by another Schroder Group entity or did not receive remuneration for their services as a Director.

Retirement benefits have accrued to 5 (2020: 1) Directors under a defined contribution pension scheme.

Information regarding the highest paid Director whose emoluments were charged either in part or in full to the Company during the year ended 31 December 2021 is as follows:

	2021	2020
	£'000	£'000
Emoluments	165	48
	<u>165</u>	<u>48</u>

(c) Key management personnel

All Directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel of the Company.

The amounts set out below are in respect of key management personnel whose emoluments were charged either in part or in full to the Company during the year:

	2021	2020
	£'000	£'000
Short-term employee benefits	283	69
Share-based payments	449	142
Other long-term benefits	24	1
Post-employment benefits	5	3
	<u>761</u>	<u>215</u>

16 - ULTIMATE CONTROLLING PARTY

The Company's immediate parent company is Benchmark Capital Limited.

The ultimate controlling party of the Company is Schroders plc and is the smallest group in which the results of the Company are consolidated. Schroders Administration Limited, a subsidiary of Schroders plc holds a 100% equity stake in Benchmark Capital Limited. The consolidated financial statements of Schroders plc are available from Companies House.

On 1 March 2021, Schroders Administration Limited increased its equity stake in Benchmark Capital Limited to 100% from 86.8%.

The books and records of the Company are maintained at the offices of Benchmark Capital Limited at Holmwood House, Broadlands Business Campus, Horsham in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

17 - POST BALANCE SHEET EVENTS

There were no adjusting or non-adjusting post balance sheet events between 31 December 2021 and the signing date of the Company's financial statements.

18 - FIRST-TIME ADOPTION OF UK-ADOPTED INTERNATIONAL ACCOUNTING STANDARDS

These financial statements, for the year ended 31 December 2021, are the first the Company has prepared in accordance with UK-adopted international accounting standards. For periods up to and including the year ended 31 December 2020, the Company prepared its financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Accordingly, the Company has prepared financial statements that comply with UK-adopted international accounting standards applicable as at 31 December 2021, together with the comparative period data for the year ended 31 December 2020, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 January 2020, the Company's date of transition. This note explains the principal adjustments made by the Company in restating its FRS 102 financial statements, including the statement of financial position as at 1 January 2020 and the financial statements as of, and for, the year ended 31 December 2020.

Exemptions applied

The Company has not applied any of the exemptions permitted by IFRS1 for first-time adopters, all requirements of UK-adopted international accounting standards applicable as at 31 December 2021 have been applied in full.

NOTES TO THE FINANCIAL STATEMENTS

18 - FIRST-TIME ADOPTION OF UK-ADOPTED INTERNATIONAL ACCOUNTING STANDARDS - Continued

Estimates

The estimates at 1 January 2020 and at 31 December 2020 are consistent with those made for the same dates in accordance with FRS 102.

Company reconciliation of the Statement of Financial Position as at 1 January 2020 (date of transition to UK-adopted international accounting standards)

	Notes	FRS 102 £'000	Reclassification and Remeasurement £'000	UK-IAS £'000
ASSETS				
Non-current assets				
Financial assets held at fair value		72	-	72
Trade and other receivables	B	2,255	-	2,255
		2,327	-	2,327
Current assets				
Trade and other receivables	B	7,068	(5)	7,063
Cash and cash equivalents		3,417	-	3,417
		10,485	(5)	10,480
Total assets		12,812	(5)	12,807
LIABILITIES				
Non-current liabilities				
Provisions		(24)	-	(24)
		(24)	-	(24)
Current liabilities				
Trade and other payables		(9,358)	-	(9,358)
		(9,358)	-	(9,358)
Total liabilities		(9,382)	-	(9,382)
NET ASSETS		3,430	(5)	3,425
EQUITY				
Issued capital		1	-	1
Retained earnings		3,429	(5)	3,424
TOTAL EQUITY		3,430	(5)	3,425

NOTES TO THE FINANCIAL STATEMENTS

18 - FIRST-TIME ADOPTION OF UK-ADOPTED INTERNATIONAL ACCOUNTING STANDARDS - Continued

Company reconciliation of the Statement of Financial Position as at 31 December 2020

	Notes	FRS 102 £'000	Reclassification and Remeasurement £'000	UK-IAS £'000
ASSETS				
Non-current assets				
Financial assets held at fair value		66	-	66
Trade and other receivables	B	3,128	-	3,128
		<u>3,194</u>	<u>-</u>	<u>3,194</u>
Current assets				
Trade and other receivables	B	7,308	(27)	7,281
Cash and cash equivalents		4,697	-	4,697
Deferred tax assets	A	-	1	1
		<u>12,005</u>	<u>(26)</u>	<u>11,979</u>
Total assets		<u>15,199</u>	<u>(26)</u>	<u>15,173</u>
LIABILITIES				
Non-current liabilities				
Provisions		(413)	-	(413)
		<u>(413)</u>	<u>-</u>	<u>(413)</u>
Current liabilities				
Trade and other payables	C	(10,772)	21	(10,751)
		<u>(10,772)</u>	<u>21</u>	<u>(10,751)</u>
Total liabilities		<u>(11,185)</u>	<u>21</u>	<u>(11,164)</u>
NET ASSETS				
		<u>4,014</u>	<u>(5)</u>	<u>4,008</u>
EQUITY				
Issued capital		1	-	1
Retained earnings		4,013	(5)	4,008
TOTAL EQUITY		<u>4,014</u>	<u>(5)</u>	<u>4,009</u>

NOTES TO THE FINANCIAL STATEMENTS

18 - FIRST-TIME ADOPTION OF UK-ADOPTED INTERNATIONAL ACCOUNTING STANDARDS - Continued

Company reconciliation of the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

	FRS 102 £'000	Reclassification and Remeasurement £'000	UK-IAS £'000
REVENUE	57,886	-	57,886
Cost of sales	(52,025)	-	(52,025)
GROSS PROFIT	5,861	-	5,861
Administrative expenses	(5,249)	(1)	(5,250)
OPERATING PROFIT	612	(1)	611
Finance and other costs	-	(7)	(7)
Finance and other income	116	7	123
PROFIT BEFORE TAXATION	728	(1)	727
Tax on profit/(loss)	(143)	-	(143)
PROFIT FOR THE YEAR	585	(1)	584
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	585	(1)	584

Notes to the reconciliation of the Statement of Financial Position as at 1 January 2020 and 31 December 2020 and the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

A) Deferred tax

The various transitional adjustments resulted in various temporary differences. According to the accounting policies in note 7, the Company has to recognise the tax effects of such differences.

B) Trade and other receivables

The adoption of UK-adopted international accounting standards has changed the Company's accounting for impairment losses for financial assets by replacing the incurred loss approach under FRS 102 with a forward-looking expected credit loss (ECL) approach. UK-adopted international accounting standards requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to UK-adopted international accounting standards, the Company recognised additional impairment on its Trade and other receivables of £6,366 (31 December 2020: £747), which resulted in a decrease in retained earnings by the same amount.

Accrued income and accrued expenses – included within trade receivables under FRS102 was an amount in respect of fees due from financial institutions that management consider a reasonable estimate for services provided by the Company during the year that have not yet been settled, similarly within trade creditors was an amount in respect of these fees which would ultimately be due to ARs and advisers. Under UK-adopted international accounting standards, a portion of these fees has been presented as accrued income or accruals, as relevant, as this is deemed to be a more useful presentation for the users of the financial statements.

Benchmark Capital Limited holds the lease for the premises that the Company operates from. Under FRS102 each entity within the group accrued its share of the rent free period but under UK-Adopted International Accounting Standards rent free periods are taken account of in the initial measurement of the lease liability and right-of-use asset and only one Company can recognise the lease liability and right-of-use asset for a lease. An amount of £19,593 (31 December 2020: £nil) was released in relation to this.

NOTES TO THE FINANCIAL STATEMENTS

18 - FIRST-TIME ADOPTION OF UK-ADOPTED INTERNATIONAL ACCOUNTING STANDARDS - Continued

C) Trade and other payables

Accrued income and accrued expenses – included within trade receivables under FRS102 was an amount in respect of fees due from financial institutions that management consider a reasonable estimate for services provided by the Company during the year that have not yet been settled, similarly within trade creditors was an amount in respect of these fees which would ultimately be due to ARs and advisers. Under UK-adopted international accounting standards, a portion of these fees has been presented as accrued income or accruals, as relevant, as this is deemed to be a more useful presentation for the users of the financial statements.