INTERACTIVE INVESTOR LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR YEAR ENDED 31 DECEMBER 2021

Company Registration No. 04752535 (England and Wales)

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General Information

Directors

Alison Bragg
Barry Bicknell
Gavin Oldham
Gordon Wilson (appointed 26 April 2021)
Hugo Vredenburch (resigned 3 March 2021)
John Baines
John McLaughlin
John Veichmanis
Jonathan Cox
Richard Wilson
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Company number
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Strategic Report

The Directors present their strategic report for Interactive Investor Limited ('the Company) together with its subsidiaries ('the Group') for the year ended 31 December 2021.

Principal activities

The business of the Group is the provision of direct to consumer investment services in the UK via the Interactive Investor ("ii") and thesharecentre brands (until November 2021), and provision of white label brokerage services under the Stocktrade brand (until January 2021).

During 2021, the Group contained entities that are regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In April 2021, Alliance Trust Savings Limited had its banking regulatory permissions rescinded and the entity is in the process of being wound down.

Review of the business

The KPI's in the review of the business relate to customer activity on the ii trading platform.

In another year of change and uncertainty, the Group has again demonstrated it has the team and operating model to deliver growth in revenue, customers and net inflows in Assets Under Administration ('AUA'). The Group has also maintained robust capital and liquidity positions while also delivering on its strategic objectives including two major inbound client migrations, the roll out of a number of proposition and pricing initiatives and the maintenance of its industry leading customer service.

On 2nd December, the shareholders agreed to sell the Group to abrdn plc ("abrdn"), one of the largest European investment and wealth managers. In this transaction, after considering the options, the Board concluded that this sale represents the best outcome for shareholders, customers and staff.

This transaction represents a key milestone in ii's evolution and will enable the next phase of growth, building on ii's position as the UK's largest subscription platform (Source: Platforum Report Feb 22).

The headline price being paid by abrdn is £1.49bn. However, this will be subject to adjustments including those linked to the regulatory capital requirements of the Group at 31st March 2022, the deduction of transactions related costs and customary lock box adjustments. The transaction received approval from abrdn's shareholders on 15th March 2022 and received approval from the Financial Conduct Authority on 28th April 2022. The transaction is expected to complete in Q2 2022.

Revenue for the year was £143m (2020 restated: £135m), a year-on-year increase of 6%. This is despite a 60% reduction in interest income following the reduction in base rates to historic lows.

The market volatility resulting from COVID-19 continued into the first quarter and then reduced to more normalised levels. However, the increase in ii's customer base from organic growth and M&A activity has increased transactional income to £84m (2020: £68m), a year on year increase of 24%. The trend of clients increasingly including international markets in their investment criteria has continued and we saw our international trades increase 52% in 2021.

Our increasing customer base has also driven a 13% year on year increase in our fee income. Fee income, which is not dependent on stock market levels or interest rates increased to £50m (2020 restated: £44m).

We welcomed 47,152 new clients in the year (2020: 41,796) onto our platform, an increase of 13% on the previous year, with an average AUA of £65k (2020: £60k). New and existing customers created net AUA inflow of £5.8bn (2020: £4.3bn), an increase of 35%. The average AUA of an ii customer is currently £138k (2020: 132k).

Our focus on our SIPP product continues, in the year, we added a total of 14k SIPP accounts (2020: 10k), up 35%, with net AUA inflows of £2.3bn (2020 £1.3bn), up 72%, with an average value of £230k (2020: £217k restated).

Adjusted operating profit is down 13% as a result of the losses incurred in Share Limited and its subsidiaries ('Share') as we continue to operate the company during its wind down.

The capital generation in our business model is self evident. In the last four years we have completed 4 major acquisitions without the need to raise funds from shareholders. In August 2021, we also paid our first dividend of £23m. In order to facilitate this transaction, we carried out a capital reduction, converting a £151.8m share premium into distributable reserves.

Strategic Report

During 2021 the Group successfully implemented the following notable strategic objectives which the Directors believe have delivered a considerable increase in value for shareholders:

- Following the acquisition of Alliance Trust Savings ("ATS") in June 2019, its remaining activity was transferred to a third party, Embark Investment Services Limited (Embark) in January 2021, realising a gain on disposal of £4.5m to the Consolidated Statement of Comprehensive Income presented in discontinued operations. Subsequently, ATS's banking regulatory permissions were rescinded on 26th April 2021.

- In February 2021, the vast majority of the Share's core clients were migrated to the ii platform. These clients have been taking advantage of ii's product offering, in particular investing in international markets, opening SIPP and ISA accounts and consolidating their assets onto the ii platform. The residual D2C clients were migrated in November 2021 and non-core activities were disposed of for £1.8m. In March 2022, an application was made to rescind Shares regulatory permissions. The final investment activities of Share, its Fund of Funds business, was sold in April 2022.

- On 5th March 2021 we announced the acquisition of the EQi D2C business from Equiniti Group Plc. This transaction completed in June 2021, and the vast majority of the EQi D2C clients were migrated to the ii platform with a smaller secondary migration carried out in September 2021. The consideration for this transaction was £47.25m.

At ii, the customer is at the heart of everything we do. We strive to deliver market leading customer service, constantly add features to our customer proposition, and all this is underpinned by simple, transparent subscription pricing that offers choice and value to the UK retail investor. These guiding principles are codified through a suite of Policies and Control Standards which ensure that conduct risks are effectively managed and good customer outcomes are achieved.

We recognise the importance of sound operational resilience and have policies, structures, roles, responsibilities and processes in place to ensure the stability and resilience of our investment platform and continuity of our operations.

In the light of continued high trading activities and two major inbound customer migrations in quick succession, we decided to increase our operational capacity to ensure we could maintain our high levels of customer service, and our Trustpilot score ended the year at 4.7 (2020: 4.7) consistently the highest of our peers.

We made a number of improvements to our proposition including a new website and mobile app launched and the introduction of a personalised website.

We continue to innovate our pricing bundles. During the year we launched our Friends and Family pricing. This enables up to five friends and family of existing clients to each join ii without paying a monthly subscription fee. This innovation is designed to attract younger clients and clients with smaller investment portfolios and we hope this will accelerate our client growth in the future.

Key Performance Indicators

The Directors use the following measures to judge performance:

	Year ended 31 December 2021	Year ended 31 December 2020 Restated
Revenue	£142,731,000	£135,223,000
Revenue growth	6%	50%
Revenue per customer	£363	£490
Profit before tax	£23,817,824	£37,192,000
Adjusted operating profit	£36,011,606	£41,399,000
Total customers at year end	403,305	276,676
Net AUA inflow	£5.8 billion	£4.4 billion

Average revenue per customer (calculated on average customers) has fallen year on year partly as a result of client acquisitions, where migrated client populations have a relatively lower revenue per customer than the previous base. In addition, treasury income per client reduced as the full impact of the reductions in UK base rates during 2020 materialised.

Total customers gives an indication of the Group's subscription fee revenue stream. Net inflows of assets under administration ('Net AUA inflow') is a measure of the net inflows and outflows arising from customer activity on the ii investment platform. Revenue per customer is the average revenue earned per customer on the ii trading platform.

The adjusted operating profit is presented to eliminate the impact of non-recurring expenses incurred by the Group during the year.

The following adjustments were made to arrive at the adjusted operating profit:

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 Restated £'000
Operating profit		21,975	36,718
Adjustments for costs relating to:			
Restructuring and corporate transaction costs	5	8,881	927
Amortisation and impairment of acquired customer lists	11	5,156	3,754
Adjusted operating profit		36,012	41,399

Details of the prior year restatements are included in Note 28.

Restructuring and corporate transaction costs are material costs by virtue of their size and or incidence and are considered to be outside of the normal operating practice of the Group. Operating profit is adjusted for these costs in order to improve a reader's understanding of the financial statements, enable analysis of the ongoing revenue and expenses of the Group, and transparent comparison of year-on-year performance.

The Adjusted operating profit figures shown above include operating losses incurred by Share, as we continued to operate the company during its wind down in 2021. During the year ended 31 December 2021, Share incurred operating losses of £14m (2020: £2m), of which £5m are included within the restructuring and corporate transaction cost adjustments in the above table and £9m of losses are included in adjusted operating profit. If Share's operating losses are fully excluded from the Group's results, adjusted operating profit for year ended 31 December 2021 would be £45m (2020: £43m). In 2022, the majority of further costs in Share were wind down costs which were incurred by the end of Q1 2022. It is not expected it will have any significant costs beyond Q2 2022.

Future developments

We have an exciting pipeline of new developments. The first of these, our ultra low cost pension builder proposition, was launched in February 2022. We hope this product will further accelerate our SIPP growth as people realise the savings they can make by moving their pension to ii.

The Group will continue to invest in technology in relation to the customer proposition and look for strategic business opportunities to enhance growth during the forthcoming year.

Risk Management

The Group maintains a Risk Appetite Framework which includes a full suite of Risk Appetite Statements for all risk categories within its risk nomenclature. Ultimate accountability for setting Risk Appetite sits with the Directors, and the Enterprise Risk function works closely with Executive members to communicate and embed corresponding risk controls across the business, building a strong risk aware culture and informing decision making. A full suite of Key Risk Indicators ('KRIs') and Key Control Indicators ('KCIs') has been developed to allow for the timely and accurate identification of when the Group's risk exposures are nearing, or breaching, agreed appetite. The status of all KRIs and KCIs are reported monthly, with a focus on any management actions required to manage any identified exposures appropriately. The underlying risks of the business are comprised of both 'bottom up' risks, which are identified, assessed and subsequently monitored through the Group's Risk and Control Self Assessment ('RCSA'), and 'top down' risks which are developed through regular discussion between Directors and at Executive Committee meetings, and are typically more strategic in nature. The overall risk profile, incorporating both sets of risk information, is discussed on a regular basis with identified risk owners, and reported to the Directors and Executive Committee.

Principal risks and uncertainties

Operational risk

The Group is exposed to Operational risk, being the risk that people, system or process failure could result in financial loss, regulatory breach or reputational damage, including risks arising as a result of cyber-attacks, data security, fraud and conduct.

As the Group is regulated by the Financial Conduct Authority and under the scope of the Client Assets ('CASS') rules, this includes the risk of failure to adequately protect clients' assets. The Group manages these risks through documented operational processes and controls, and strong governance and oversight from Risk, CASS and other board committees. The Group has a suite of policies that provide clear standards for the management of fraud and conduct risks, while cyber-attacks and data security is managed through the Group's information security team. The Group has in place a portfolio of technology solutions to prevent cyber security attacks and undertake regular penetration testing of both externally and internally facing applications/infrastructure. All Group infrastructure is regularly patched and upgraded, and vulnerability management processes are in place to regularly scan and track the remediation of issues identified.

These risk mitigations have been brought to bear following the COVID-19 pandemic outbreak. The Group enabled the majority of staff to work remotely in line with government guidelines, its platform has been able to withstand significant demand shocks, and it has sought confirmation from suppliers of financial and operational continuity and maintains contingency plans in the event of any key supplier outages. The Group's operational services have maintained continuity across the pandemic period.

Interest rate risk

Whilst the Group is exposed to interest rate risk, this is mitigated through careful management of its cash portfolio and interest payable on its product range. This management is particularly relevant given the ongoing uncertainty over the COVID-19 economic recovery, inflation rates, and any further impact on interest rates. These sensitivities are detailed in note 2. The Group has a diversified revenue stream and is not solely reliant on net interest as an income source. Management considers, therefore, that interest rate risk is adequately managed. In accordance with FCA regulations, the company stress tests interest rate risk on a quarterly basis against a 200 basis point (2%) parallel fall in interest rates. In the current near zero interest rate environment this means assuming no interest income.

Credit risk

Credit risk is a risk area for the Group due to trading activity by clients. This is managed through offering individual trading limits which incorporate concentration limits on certain stocks and sectors.

The Group is exposed to counterparty credit risk primarily through the placement of cash deposits with banking counterparties and through the operation of its services where third parties (covering suppliers, customers, and market counterparties) have contractual obligations to fulfil. The Group manages a significant element of this risk through its counterparty risk framework, including applying minimum credit criteria for counterparties, applying investment limits to ensure diversification and limit concentration risk across counterparties and countries, and undertaking ongoing due diligence.

Competition risk

Competition pressure in the UK is an ongoing risk for the Group, which could result in it losing customers to key competitors. The Group manages this risk by remaining competitive through offering an excellent standard of service to its customers and a compelling range of products.

Market risk

Market risk is defined as the potential reduction in net income, or decrease in value of the company's balance sheet, arising from adverse market movements. Primarily, this risk arises from foreign exchange movements, as the Group deals with stock and holds cash in a number of currencies and therefore has a small exposure to movements in the currency exchange rates. The Treasury function manages this risk through the appropriate purchase and sale of currencies to match clients' trading requirements. Foreign exchange risk is calculated in accordance with the "Capital Requirements Directive IV" ("CRD IV"). The Group is not exposed to other market movement risks, such as commodity risk.

Pillar III

The Group adopted Basel II on 1 January 2008. The Basel II Framework consists of three pillars: Pillar I prescribes the risk-focused regulatory capital requirements, Pillar II deals with supervisory review, and Pillar III with market disclosure as a consequence. Pillar III disclosures can be found on the Group website (www.ii.co.uk). The regulatory capital position of the Group is included as an appendix to these accounts. Under "Prudential Sourcebook for Investment Firms" ("IFPRU"), companies are required to disclose their capital resource requirement in respect of trading book and non-trading book activities. The company, however, does not have a trading book and as such no disclosures have been made in respect of market risk in respect of trading book activities.

Environmental, Social and Governance 'ESG'

The Directors recognise the importance of environmental, social and governance (ESG) factors in how the Group identifies and delivers against its strategic objectives.

The Groups' overriding social purpose is to enable long term financial wellbeing for its customers by giving them control of their financial futures so they can build their wealth and manage life events with confidence.

To deliver long term positive outcomes for all of the Group's stakeholders, the Directors ensure that sustainable practices are incorporated across the organisation.

During the year, the Group undertook a materiality assessment to identify the ESG issues of importance to Group and its stakeholders and developed an ESG strategy that was premised on these issues, structured across four key themes: Our Environment, Our Customers, Our People and Being a Responsible Corporate Citizen.

1. Our Environment
The Group acknowledges that environmental protection is key to the futures of its customers and for generations to come and has focussed on reducing the environmental impact of its operations across 2021.

Within the year, the Group rationalised its property portfolio with the exit of both its Leeds and London offices, into more sustainable, size appropriate local offices. The new Leeds and London offices increased the use of biophilic design, increasing colleagues' connectivity with the natural environment closer. The Group also switched the provision of its electricity supply, across all of its office locations, to 100% renewable sources as well as improved facilities to encourage increased recycling of waste.

The Group's emissions for 2021 are set out in the table below. Scope 1 emissions relate to the directly purchased fuel and operation of facilities, in this case gas, which ceased with the new Leeds office. Scope 2 emissions are the direct purchase of energy for the Group's own use. The Group's disclosure also includes the mandatory Scope 3 emissions. In line with SECR requirements, the Group is only required to include energy usage relating to entities that meet the SECR requirements to report. For the circumstances of the Group, this is aligned to entities on the ii investment platform therefore providing an appropriate comparative for future reporting.

In order to provide an intensity ratio for the Group's emissions disclosure, the Directors have calculated greenhouse gas emissions per employee. The Directors believe that the number of employees is the best indicator for a Group of its size and takes account of positive actions being taken by the Group. The number of employees used is the average number of full-time equivalent employees during the year.

Operational Scope	**Greenhouse gas emissions source**	**Year ended 31 December 2021 C02e (in Tonnes)**	**Year ended 31 December 2020 C02e (in Tonnes)**
Scope 1: Direct emissions	Combustion of fuel and operations	65.8	168.3
Scope 2: Indirect emissions	Purchase of electricity for own use*	127.4	221.2
Scope 3: Employee fuel claims and emissions from upstream and distribution losses. Excavation and transport of fuels		61	85.7
Total emissions for mandatory reporting		254.2	475.2
Intensity ratio: tC02e/ FTE		0.37	0.94

Methodology: GHG protocol Corporate Accounting and Reporting Standard 2014

* Location-based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory

Total energy consumption for the year ended 31 December 2021 was 974,408kwh (2020: 1,901,367kwh). The Group's emissions profile for 2021 demonstrates a reduction compared with 2020. This is due to the positive steps cited above and also because as the Group's experience of working across pandemic increased, management were better able to plan for anticipated office occupancy and therefore adjust heating and / or cooling requirements accordingly.

Notwithstanding, the Group acknowledges that both 2020 and 2021 do not necessarily reflect a normal emissions profile for the Group. Regardless, the Directors are working towards achieving carbon neutral status for the Group's emissions by using suitable carbon offsetting programmes to offset its residual emissions profile. This carbon neutral commitment will endure for all subsequent years.

2. Our Customers

The Group's overriding social purpose is to enable long term financial wellbeing for its customers, and it gives customers control of their financial futures by providing investing and saving services at simple, fair and transparent prices, offering a wide choice of investment opportunities and providing access to quality content to support customers in making informed investment decisions.

The Group commits to continued campaigning on behalf of UK retail investors, and across 2021 actively lobbied the Government, regulators and industry on topics including shareholder democracy, transparency and financial education.

Across 2021 the Group also continued to maintain its ACE40 rated list and ethical long list which offers customers the support to understand and make informed decisions on their sustainable investing choices. From 2022, the research informing the curation of the ACE40 list will be outsourced to a specialist third party, further strengthening the governance on which the Group's rated lists are premised.

3. Our People

The Group creates professional environments which are inclusive, diverse, and respect all colleagues and their contributions, and commits to diversity initiatives and support for colleagues that allows everyone to prosper.

Across 2021, the Group has focused on implementing programmes to drive positive change, including across recruitment, promotion, development, and retention of women.

The Group's approach is based on three principles:

- **Equality**: we promote equality of opportunity by seeking to remove barriers, eliminating discrimination and ensuring equal opportunity and access for all.
- **Diversity**: we accept each person as an individual. Our success is built on our ability to embrace diversity and respect others' beliefs and preferences. In 2021 within the ii leadership, 46% were female (2020: 44%).
- **Inclusion**: we create a working culture where differences are not merely accepted but valued. We want people to feel involved, respected and connected to our values.

The Group publishes its Gender Pay Gap reporting in accordance with the Equalities Act 2010 which, for the year ending 2021, was as follows.

	Year ended 31 December 2021	**Year ended 31 December 2020**
	Gender Gap (%)	**Gender Gap (%)**
Gender pay gap reporting metrics		
Average gender pay gap as a mean average	20.8	14.7
Average gender pay gap as a median average	16.8	20.1
Average bonus gender pay gap as a mean average	64.5	56.1
Average bonus gender pay gap as a median average	15.4	17.3

The Directors support the growth and success of all colleagues to help their careers across the Group, and across 2021 was pleased to support early careers schemes in the local communities across which it operates, including offering apprenticeships, interns and graduate positions.

The Group is committed to the health and wellbeing of its staff and invests in a range of benefits and support available to all colleagues, including private medical insurance, mental health support, an Employee Assistance Programme as standard, as well as other voluntary health benefits.

The pandemic brought further restrictions and unease across 2021, and the Group continued to support its colleagues' working flexibly. Recognising that the pandemic has significantly changed the way colleagues work, the Group agreed a new flexible working policy which will allow colleagues to work a mix of at home and in the office from 2022 onwards, ensuring the Group can continue to provide strong customer service and remain operationally resilient whilst also working for our colleagues.

4. A Responsible Corporate Citizen

The Directors recognise that the highest standards of corporate governance foster trust and integrity and the Group operates to a corporate governance structure that provides strong oversight and ownership, with best-in-class protections to keep its customers' assets and data safe.

The Board is accountable for the conduct of IIL's business and the direction of its strategy and following approval by the Directors, in 2022 the Group will establish a dedicated ESG Sub-Committee of the Board, and dedicated Head of Sustainability and Resilience within its senior management population to further develop and embed the Group's ESG strategy.

Further details of the Group's overall corporate governance framework are detailed across the Report.

S172 Statement

The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

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

The Board is committed to effective engagement with all of its stakeholders. The Board and its Committees regularly receive reports from management on issues concerning customers, the environment, communities, suppliers, employees, regulators and investors, which they take into account in their discussions and in their decision-making process under section 172.

The Board and its Committees undertake deep dive reviews to further develop their understanding of key issues impacting all stakeholders. In addition to this, the Board seeks to understand the interests and views of the Group's stakeholders by engaging with them directly as appropriate. Some of the ways in which the Board has engaged directly with stakeholders over the year are shown below:

Customers

Our customers are at the centre of what we do and the Board has sought to ensure that the customer's viewpoint is taken into account in its decision-making. The Board reviews strategy and monitors performance during the year with the aim of meeting customers' needs more effectively; receives regular competitor updates to understand the Group's competitive performance and its strengths and weaknesses as regards meeting customer needs; benchmarks the Group's performance in relation to customers using independent user experience metrics.

Employees

The growth of Interactive Investor as an organisation is heavily underpinned by the strength of our talent. We have built diverse and inclusive teams across technology, customer services, operations and central functions, and encourage collaboration with our regular town hall meetings and all staff calls. We have two employee-led forums, to voice opinions on areas that are central to our employee proposition: wellbeing and diversity and inclusion.

Autonomy and ownership are at the centre of our employee experience and we are building a learning portfolio to encourage our people to develop their personal and professional skills and grow with us. We are keen that our employer brand reflects how our people feel about working at interactive investor. Our engagement activity helps us continue to build our employee proposition, which will support in the acquisition of new talent to the business.

Regulators

As the Group is regulated by the FCA, proactive engagement with regulators is imperative, and Members of the Board regularly meet with regulators while maintaining regular ongoing correspondence.

Shareholders

The Board is committed to driving shareholder value and operating profit growth, while protecting shareholder investment through effective governance and risk management. The Directors openly engage with the Group's shareholders and investors, with regular communication of strategy and objectives, as well as of performance. All shareholder feedback is properly considered and responded to.

Decision making

The needs and interests of key stakeholders, and the impact of strategic decisions on these stakeholders, is considered by the board throughout the decision-making process. Furthermore, the Board delegates governance and decision-making authority to certain key committees, including the people committee, customer committee, and client asset oversight committee, who have specific regard for the factors relevant to their respective stakeholders.

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

Barry Bicknell
Director
3 May 2022

Directors Report

The Directors present their annual report and consolidated accounts for the year ended 31 December 2021. The registered number of the Parent Company is 04752535. Principal risks and uncertainties, future developments, risk management objectives and policies, employee engagement and business relationships and energy and carbon reporting disclosures have been considered and included within the Strategic Report.

Results and dividends

The results of the Group for the year are set out in the Consolidated Statement of Comprehensive Income on page 20. Interim dividend of £23m was paid to the equity shareholders (2020: Nil).

No dividend was proposed or paid by the Directors at the end of the year (2020: Nil).

Share capital

During the year, the Group restructured its capital to enable payment of the interim dividend.

Details of Share Capital are disclosed in Note 22 of the financial statements.

Directors

The Directors holding office during the year ended 31 December 2021 and to the date of this report were as follows:

Alison Bragg
Barry Bicknell
Gavin Oldham
Gordon Wilson (appointed 26 April 2021)
Hugo Vredenburch (resigned 3 March 2021)
John Baines
John McLaughlin
John Veichmanis
Jonathan Cox
Richard Wilson
Tim Hanford

Directors' Indemnities

The Group maintains liability insurance for its Directors. This is a qualifying provision under Companies Act 2006. During the years ended 31 December 2021 and 31 December 2020, the Group had in force an indemnity provision in favour of one or more directors of the Group, against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

Disabled employees

The Group gives full consideration to application for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Events after the reporting period

The interest rate environment has changed significantly, with a 15bp's increase in base rate in December 2021 followed by a 25bp's increase in February 2022, and a further 25bp's increase in March 2022. These changes are expected to have a positive impact on the Group's revenue and profitability.

There has been a significant increase in geopolitical risk this year with Ukraine – Russian conflict and there is uncertainty as to how events will evolve and the impact this may have on the wider economy. We continue to monitor the situation closely. However, the Group currently has no direct exposure to the region and trading volume has not changed in response to the conflict. Additionally, the Group's operational resilience combined with its financial strength make it very well placed to continue to trade profitably in all but the most extreme situations

Specific events after the reporting period regarding the acquisition by abrdn and wind up of subsidiary operations have been set out in the review of the business.

The post balance sheet events are non-adjusting and due to the uncertainty of how they were developed, it is not possible to quantity the impact.

Political donations

The Group made no political donations in the year ended 31 December 2021 (2020: Nil).

Going concern

The Directors have given careful consideration to the future prospects of the Group in deciding upon the appropriateness of the going concern basis of preparation. This consideration has included current budgets and applying stresses to those budgets reflecting what the board considers to be reasonable adverse developments.

As part of this assessment, the directors have considered the Covid-19 pandemic, the current conflict situation in eastern Europe and the announcement that interactive investor is to be acquired by abrdn plc. Management assesses the potential impacts on profitability, liquidity, working capital and regulatory capital, as well as the Group's operational resilience.

The Group has maintained its service and support to its customers throughout the Covid-19 pandemic while also maintaining the safety and well-being of staff. Most staff have been supplied with laptops and other resources to work from home in line with government guidelines. The majority of ii staff now enjoy a hybrid style of working split between the office and home. The Group has sought confirmation from suppliers of financial and operational continuity and maintains contingency plans in the event of any key supplier outages. The Group's operational services continued to operate normally during the lockdown periods and its operating platform and other IT systems have demonstrated the required capacity to absorb the demands of customer trade volumes.

The Group is well capitalised and retains a high level of cash and cash equivalents. During the year, the Group continued to benefit from an increase in profits from trade volumes driven by market volatility driven by Covid-19 related news. The Group has a sufficiently diversified revenue stream such as not to be over reliant on interest income or trading activity for profitability. The Group's fixed-fee business model ensures a level of revenue stability during material fluctuations in trading volumes.

In Q1 2022, we have all seen a significant increase in geopolitical risk with the Ukraine – Russian conflict and there is uncertainty as to how events will evolve and the impact this may have on the wider economy. We continue to monitor the situation closely however the Group currently has no direct exposure to the region and client behaviour has not changed in response to the conflict. Additionally, the Group's operational resilience combined with its financial strength make it very well placed to continue to trade profitably in all but the most extreme situations.

Management do not consider the ongoing Covid-19 circumstances or the Russia / Ukraine conflict to have any material threat to the Group's ability to continue as a going concern.

On 2nd December, it was announced that interactive investor, subject to the necessary approvals, will join the abrdn Group. The transaction received approval from abrdn's shareholders on the 15th March 2022 and regulatory approval was received by abrdn on 28th April 2022. Announcing the agreement of the transaction, abrdn stated "abrdn intends to operate the interactive investor Group as a discrete consumer-focused business within the abrdn Group. interactive investor will retain its own management team and operational platform, to ensure continuation of high-quality service for both existing and future customers. Richard Wilson, the Groups Chief Executive Officer, will join abrdn as part of the acquisition and will lead interactive investor in its next phase of growth under abrdn's ownership". Management do not consider that this news will have a negative impact on the Group's ability to continue as a going concern. The transaction will give ii access to abrdn's additional capabilities across research, advice, and wealth management services. ii will benefit from being part of one of Europe's largest investment and wealth management firms with a near 200-year history and a vision and values closely aligned to our own.

The Group maintains a liquidity position in excess of internal and regulatory requirements.

Stress testing performed as part of the ICAAP considered malware attack, pandemic and interest rates and concluded that the Group could expect to retain sufficient regulatory capital and liquidity throughout a period of stress caused by these scenarios.

On this basis the board considers the Group to be a going concern.

Auditor

Deloitte have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed, subject to the outcome of the expected acquisition by abrdn.

Directors' statement as to disclosure of information to auditor

Having made enquiries of fellow Directors and of the Group's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Barry Bicknell
Director
3 May 2022

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Consolidated 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 International Financial Reporting Standards ("IFRSs") in accordance with 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 the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Barry Bicknell
Director
3 May 2022

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Interactive Investor Limited (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group's financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs);
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated statement of other comprehensive income;
- the consolidated and Company statements of financial position;
- the consolidated and Company statements of changes in equity;
  the consolidated statement of cash flows; and
- the related notes 1 to 30

The financial reporting framework that has been applied in the preparation of the Group's financial statements is applicable law, and United Kingdom adopted international accounting standards and IFRSs. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Group and 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 (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 Group's and 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.

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 Group's and 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 Group or 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Audit Committee about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included compliance with FCA regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, and ITspecialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud to relate to the accuracy of commission revenue recognised in relation to trading activity. We designed and performed specific procedures to address this risk which involved obtaining an understanding of the Group's bargain trading process and relevant controls around the recognition of commission revenue and FX income, using data analytics to recalculate the commission expected to be applied to individual trades, based on the Group's rate cards, and testing a sample of transactions to supporting evidence. A sample FX income was agreed to third party remittances and a sample of transactions selected to test that the income had been calculated accurately.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance,reviewing internal audit reports and reviewing correspondence with the FCA.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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.

We have nothing to report in respect of these matters.

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.

Andrew Partridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom

3 May 2022

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 Restated £'000
Revenue	**3, 28**	142,731	135,223
Cost of sales		(19,894)	(17,279)
Gross profit		**122,837**	**117,944**
Operating expenses	**5**	(100,009)	(79,156)
Impairment loss on trade receivables	**28**	(853)	(2,070)
Operating profit		**21,975**	**36,718**
Finance income	**4**	370	588
Finance costs	**4**	(325)	(339)
Other income	**28**	1,798	225
Profit before taxation		**23,818**	**37,192**
Tax expense	**8**	(1,583)	(5,905)
Profit for the year from continuing operations		**22,235**	**31,287**
Profit/(Loss) for the year from discontinued operations	**9, 28**	3,575	(4,872)
Profit for the year		**25,810**	**26,415**

All of the profit for the current and preceding periods is attributable to the owners of the Company and is from continuing operations, except for the profit (2020: loss) for the year from discontinued operations relating to business in the subsidiary Alliance Trust Savings Limited that has been disposed of or was a disposal group that was held for sale.

Details of prior year restatements are included in note 28.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Other Comprehensive Income

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit for the year		**25,810**	**26,415**
Items that will not subsequently be reclassed to profit or loss:			
Loss on revaluation of equity investments		-	(59)
Exchange losses on equity investments		-	(103)
Deferred tax released on disposal of equity investments		-	1,687
Corporation tax due on disposal of equity investments		-	(649)
Total comprehensive income for the year		**25,810**	**27,291**

The net gain on disposal of equity instruments in the prior year relates to investments held by Share plc ("Share") as financial instruments held at fair value through other comprehensive income. These were sold shortly after the acquisition date as part of an overall strategy of simplifying the Group's business and focussing on core activities. The fair value of these instruments at the date of disposal was £9.2m. The tax effect on the disposal above consists of a release of deferred tax of £1.7m and an accrual of current tax of £0.6m.

Other comprehensive income is stated net of tax effects.

Consolidated Statement of Financial Position

	Notes	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Non-current assets			
Goodwill	**10**	33,894	33,894
Intangible assets	**11**	63,620	19,072
Property, plant and equipment	**12**	2,877	2,278
Right-of-use assets	**16**	6,366	8,182
Net investment in sub-lease	**16**	-	197
Deferred tax asset	**8**	5,806	6,766
Other non-current financial assets	**15**	137	137
		112,700	70,526
Current assets			
Trade and other receivables	**17**	323,562	452,261
Corporation tax asset	**8**	1,992	-
Cash and cash equivalents	**14**	83,410	126,727
Assets classified as held for sale	**9**	-	236,548
Total assets		521,664	886,062
Current liabilities			
Trade and other payables	**18**	301,376	432,001
Lease liabilities	**16**	2,426	3,459
Provisions	**20**	766	4,359
Contract liability	**19**	601	417
Held for sale asset liabilities	**9**	-	231,708
		305,169	671,944
Non-current liabilities			
Deferred tax liabilities	**8**	2,785	2,784
Lease liabilities	**16**	5,145	6,056
Total liabilities		313,099	680,784
Net assets		**208,565**	**205,278**
Equity			
Share capital	**22**	343	343
Share premium	**22**	0	151,813
Share based payment reserve	**23**	2,466	1,989
Retained earnings		205,756	51,133
Total equity		**208,565**	**205,278**

The accompanying notes form an integral part of these consolidated financial statements.

The financial statements were authorised for issue, approved by the Board and signed on its behalf by:

Barry Bicknell
Chief Financial Officer
3 May 2022

Company Statement of Financial Position

Interactive Investor Limited Company Number 04752535

	Notes	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Non-current assets			
Right-of-use assets		-	24
Net investment in sub-lease	**16**	-	197
Investment in subsidiaries	**13**	101,928	128,789
		101,928	129,010
Current assets			
Trade and other receivables	**17**	21	-
Cash and cash equivalents	**14**	5,797	688
Total assets		107,746	129,698
Current liabilities			
Trade and other payables	**18**	10,541	9,614
Lease liabilities	**16**	-	246
Provisions	**20**	10	69
Total liabilities		10,551	9,929
Net assets		**97,195**	**119,769**
Equity			
Share capital	**22**	343	343
Share premium	**22**	-	151,813
Share based payment reserve	**23**	2,466	1,989
Retained earnings/(losses)		94,386	(34,376)
Total equity		**97,195**	**119,769**

The Company has taken exemption under Companies Act Section 408 (4) to not disclose the Company Statement of Comprehensive Income.

The Company profit for the year ended 31 December 2021 was £0.1m (31 December 2020; loss £7.6m).

The accompanying notes form an integral part of the financial statements.

The financial statements were authorised for issue, approved by the Board and signed on its behalf by:

Barry Bicknell
Chief Financial Officer
3 May 2022

Consolidated Statement of Changes in Equity

	Notes	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000	£'000
At 1 January 2020		**323**	**102,592**	**1,248**	**23,842**	**128,005**
Profit for the year		-	-	-	26,415	26,415
Other comprehensive income for the year		-	-	-	876	876
Share based payment expense		-	-	741	-	741
Share capital issued		20	49,221	-	-	49,241
At 31 December 2020		**343**	**151,813**	**1,989**	**51,133**	**205,278**
Profit and total comprehensive income for the year		-	-	-	25,810	25,810
Share based payment expense	**23**	-	-	477	-	477
Reserves transfer	**22**	-	(151,813)	-	151,813	-
Dividend paid		-	-	-	(23,000)	(23,000)
At 31 December 2021		**343**	**-**	**2,466**	**205,756**	**208,565**

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

	Notes	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained earnings/ (losses) £'000	Total equity £'000
At 1 January 2020		**323**	**102,592**	**1,248**	**(26,701)**	**77,462**
Profit for the year		-	-	-	(7,675)	(7,675)
Share based payment expense		-	-	741	-	741
Share capital issued		20	49,221	-	-	49,241
At 31 December 2020		**343**	**151,813**	**1,989**	**(34,376)**	**119,769**
Profit for the year		-	-	-	(51)	(51)
Share based payment expense	**23**	-	-	477	-	477
Reserves transfer	**22**	-	(151,813)	-	151,813	-
Dividend paid			-	-	(23,000)	(23,000)
At 31 December 2021		**343**	**-**	**2,466**	**94,386**	**97,195**

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Cashflows from operating activities			
Profit for the financial year		25,810	26,415
Adjustments for:			
Depreciation of property, plant and equipment	12	926	1,589
Depreciation of right of use assets	16	2,835	3,122
Amortisation of intangible assets	11	7,954	3,700
Impairment of property, plant and equipment		-	130
Impairment of intangible fixed assets		-	1,167
Tax expense	8	1,583	6,760
Share based payment expense	23	477	741
Net finance costs/(income)		(45)	(249)
Gain on disposal of part of ATS business	9	(4,500)	(4,500)
Operating profit before change in working capital		35,040	38,875
Decrease/(increase) in receivables		132,670	(137,470)
(Decrease)/increase in payables		(138,935)	128,141
Change in provisions	20	(3,593)	637
Interest received		370	590
Interest paid		(80)	(239)
Tax paid		(4,513)	(2,198)
Net cash flow from operating activities		**20,959**	**28,336**
Cashflows from investing activities			
Purchase of property, plant and equipment	12	(1,525)	(773)
Purchase of intangible assets	11	(52,502)	(1,465)
Rent receipts		197	221
Acquisition of subsidiary		-	(12,585)
Acquisition of subsidiary cash		-	15,062
Sale of financial investments		-	135,539
Transfer of client deposits		(200,616)	(257,639)
Net cash flow from investing activities		**(254,446)**	**(121,640)**
Cash flows from financing activities			
Net movement in ATS pooled cash arrangement	24	(16,428)	16,428
Capital repayments of lease liabilities	24	(2,981)	(2,681)
Dividend paid		(23,000)	-
Net cash flows from financing activities		**(42,409)**	**13,747**
Net change in cash and cash equivalents		(275,896)	(79,557)
Cash and cash equivalents at the beginning of the year		359,306	438,863
Cash and cash equivalents at the end of the year		**83,410**	**359,306**

The accompanying notes form an integral part of the financial statements.

1. Basis of preparation

1.1 General information

These financial statements are the consolidated financial statements of Interactive Investor Limited (the 'Company') and its subsidiaries (together, the 'Group'). The nature of the Company's operations and its principal activities are set out in the strategic report.

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office 201 Deansgate, Manchester, M3 3NW.

1.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') with interpretations issued by the IFRS Interpretations Committee ('IFRICs'), in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements are presented in pounds sterling, the functional currency of the Company and presentational currency of the Group, rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial asset, measured at fair value thorough other comprehensive income. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

1.3 Statement of compliance

The Company financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors;*
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures;*
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets.*

The Directors have approved these disclosure exemptions for the Company.

1.4 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries which are entities controlled by the Company made up to 31 December each year.

Control is achieved when the Group:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns

Subsidiaries are consolidated when the Group from the date control passes to the Group until the date control ceases. Uniform accounting policies are applied consistently across the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1.5 Going concern

The Directors have given careful consideration to the future prospects of the Group in deciding upon the appropriateness of the going concern basis of preparation. This consideration has included current budgets and applying stresses to those budgets reflecting what the board considers to be reasonable adverse developments.

As part of this assessment, the directors have considered the Covid-19 pandemic, the current conflict situation in eastern Europe and the announcement that interactive investor is to be acquired by abrdn plc. Management assesses the potential impacts on profitability, liquidity, working capital and regulatory capital, as well as the Group's operational resilience.

The Group has maintained its service and support to its customers throughout the Covid-19 pandemic while also maintaining the safety and well-being of staff. Most staff have been supplied with laptops and other resources to work from home in line with government guidelines. The majority of ii staff now enjoy a hybrid style of working split between the office and home. The Group has sought confirmation from suppliers of financial and operational continuity and maintains contingency plans in the event of any key supplier outages. The Group's operational services continued to operate normally during the lockdown periods and its operating platform and other IT systems have demonstrated the required capacity to absorb the demands of customer trade volumes.

The Group is well capitalised and retains a high level of cash and cash equivalents. During the year, the Group continued to benefit from an increase in profits from trade volumes driven by market volatility driven by Covid-19 related news. The Group has a sufficiently diversified revenue stream such as not to be over reliant on interest income or trading activity for profitability. The Group's fixed-fee business model ensures a level of revenue stability during material fluctuations in trading volumes.

In Q1 2022, we have all seen a significant increase in geopolitical risk with the Ukraine – Russian conflict and there is uncertainty as to how events will evolve and the impact this may have on the wider economy. We continue to monitor the situation closely however the Group currently has no direct exposure to the region and client behaviour has not changed in response to the conflict. Additionally, the Group's operational resilience combined with its financial strength make it very well placed to continue to trade profitably in all but the most extreme situations.

Management do not consider the ongoing Covid-19 circumstances or the Russia / Ukraine conflict to have any material threat to the Group's ability to continue as a going concern.

On 2nd December, it was announced that interactive investor, subject to the necessary approvals, will join the abrdn Group. The transaction received approval from abrdn's shareholders on the 15th March 2022 and regulatory approval was received by abrdn on 28th April 2022. Announcing the agreement of the transaction, abrdn stated "abrdn intends to operate the interactive investor Group as a discrete consumer-focused business within the abrdn Group. interactive investor will retain its own management team and operational platform, to ensure continuation of high-quality service for both existing and future customers. Richard Wilson, the Groups Chief Executive Officer, will join abrdn as part of the acquisition and will lead interactive investor in its next phase of growth under abrdn's ownership". Management do not consider that this news will have a negative impact on the Group's ability to continue as a going concern. The transaction will give ii access to abrdn's additional capabilities across research, advice, and wealth management services. ii will benefit from being part of one of Europe's largest investment and wealth management firms with a near 200-year history and a vision and values closely aligned to our own.

The Group maintains a liquidity position in excess of internal and regulatory requirements.

Stress testing performed as part of the ICAAP considered malware attack, pandemic and interest rates and concluded that the Group could expect to retain sufficient regulatory capital and liquidity throughout a period of stress caused by these scenarios.

On this basis the board considers the Group to be a going concern.

1.6 Critical accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group has made critical accounting judgements in relation to the following matters:

Restructuring and corporate transaction costs

Restructuring and corporate transaction costs are items that are required to be separately disclosed by virtue of their size or incidence or have been separately disclosed within the strategic report, in order to improve a reader's understanding of the financial statements. Consideration of what should be included in this category required judgement to be applied. These costs are considered to be ones which are material and outside of the normal operating practice of the Group.

Expected useful life of customer intangibles acquired from Eqi

Within these financial statements, a key source of estimation uncertainty at the reporting date was the useful economic life of a client book purchased from Eqi for £47.25m. Management estimated the useful life to be 11 years based on assessments of potential average lifetime of an Eqi client. The analysis looked at various measures of average tenure and attrition rates. 11 years was derived from actual attrition data of the Eqi client book between acquisition and the year end reporting date. Overall, Management's analysis indicated a plausible range of between 7 and 13 years, equating to an annual amortisation charge range between £3.6m and £6.7m. Amortisation of £2.1m was included in the year ending 31 December 2021 in relation to this asset.

1.7 New standards, amendments to standards and interpretations adopted in the 2021 financial statements

There are no new standards, amendments and interpretations issued by the IASB that are effective for the first time for periods beginning on or after 1 January 2021 that have a material effect on the Group; as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies so have not been discussed in detail in the notes to the financial statements.

1.8 Future standards, amendments to standards and interpretations not early adopted in these financial statements

Certain new standards, interpretations and amendments to existing standards have been published by the IASB that are mandatory for the Group's annual accounting periods beginning after 1 January 2021. The Group has not early adopted these standards, amendments and interpretations. Although there are other new standards, interpretations and amendments to existing standards that have been published, they are not expected to have a significant impact on the consolidated financial statements of the Group.

2. Accounting policies

The Group has consistently applied the accounting policies as set out in Note 2 to all periods presented in these consolidated financial statements.

The significant accounting policies used in the preparation of these consolidated financial statements, as set out below, have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

2.1 Revenue

Revenue represents the amounts (excluding value added tax) derived from trading transactions, account fees, treasury income and advertising.

Point in time revenue is derived from the following types of transactions: commission from the sale of unit trusts and ISA's, equity, derivative and FX trades. All such revenue is billed and recognised as revenue in the period that the transaction occurs i.e. the performance obligation is fulfilled at the point in time of the transaction.

Account fee revenue represents both custody services that has performance obligations that are fulfilled over time and an element where the performance obligation is fulfilled at the point in time of the transaction via a trading credit. Consequently, the application of IFRS 15 "Revenue from Contracts with Customers" requires allocation of turnover from account fees between transaction-related revenue and global custody services.

Treasury income represents interest earned on client money held within Group products by clients and is accounted for on an accruals basis, based on the client money balances held with third party banks and by reference to the applicable interest rates.

Advertising revenue is earned in the form of point in time sales for online and print advertising on the Group website, and the Moneywise and Money Observer websites and magazines. In 2020, the Group decided to close the Money publishing Limited. Therefore in 2021, Advertising revenue was nil (2020: £1.1m).

All revenue presented in the income statement is derived from the continuing operations of the business within the UK. Revenue relating to business that has been disposed of or is held for sale is included in discontinued operations. The Directors consider that the Company operates in a single business unit and geographical segment.

2.2 Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using pounds sterling, the currency of the U.K., which is the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in pounds sterling, which is the presentation currency.

Transactions and balances

Transactions in a foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction.

Monetary items denominated in a foreign currency are translated using the closing rate as at the reporting date. All differences are taken to the income statement. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on translation are recognised in the income statement.

2.3 Intangible assets

Internally developed software

Internally developed software is stated at cost, net of accumulated amortisation and accumulated impairment losses. Such costs include those incurred in improving the brokerage platform. It is assumed that these enhancements provide benefit over a period of time and as such these costs are amortised over a period of 3 years.

Amortisation of the asset begins when development is complete and the asset is available for use, and is charged to administrative expenses within the Income Statement. Costs associated with maintaining software are recognised as an expense when incurred. Individual projects are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development.

Purchased intangible assets

Purchased books of client records are stated at cost which was deemed to be their fair value as at the acquisition date less amortisation and any impairment. Intangible assets are amortised over 7-11 years on a straight-line basis given past knowledge of similar acquisitions.

Externally purchased software is amortised over 3-5 years on a straight-line basis, based on estimated useful lives of the assets. Amortisation is charged to administrative expenses within the Income Statement.

Impairment

An impairment review is performed when management identify an indication that an asset may be impaired. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

2.4 Property, plant, and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the cost of replacing major parts of the property, plant and equipment. All other repairs and maintenance costs are recognised in the income statement as incurred.

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

The nature of assets held includes leasehold improvements, fixtures and fittings and computer equipment.

Depreciation is charged to income statement on a straight-line basis to write down the cost of the asset to its residual value over its estimated useful life as follows:

• Freehold property	over 50 years
• Leasehold improvements	over 7 years
• Fixtures, fittings & office equipment	over 3-5 years
• Computer equipment	over 3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, if there is an indication of a significant change since the last reporting date.

An impairment review is performed when management identify an indication that an asset may be impaired. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

2.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the income statement as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.6 Goodwill

The recognition of goodwill arises on the acquisition of a business and represents the premium paid over the fair value of the Group's share of the identifiable asset and liabilities acquired at the date of acquisition.

Goodwill is initially recognised and measured as set out above. The Group's operating strategy is not to run the acquired businesses as separate cash-generating units in their own right; instead, the customer base of each acquired business is migrated onto the Group's existing platform. As such, the lowest CGU is considered to be the Group, to which all Goodwill is allocated.

The goodwill is not amortised but is tested for impairment annually and more frequently when there is an indication that the unit may be impaired. Goodwill impairment is assessed by considering the recoverable amount of the Group and is the greater of fair value less costs to sell or value in use.

The value in use is determined based on cash flows from the Group's three year profit forecasts, discounted to present value using the Group's weighted average cost of capital of 13.9% (2020: 13.9%). The EBITDA figure within the profit forecast takes into account past experience, adjusted for projected growth and one-off costs. Post the three-year forecasts, the growth rate used to determine the terminal value in the impairment assessment approximates to the UK long term growth rate of 2% (2020: 2%)

A sensitivity analysis is performed on the recoverable amount assessed by increasing the discount rate and reducing the terminal growth rate to reflect extreme and unlikely downsides.

Any impairment loss is recognised immediately in the income statement and is not subsequently reversed.

2.7 Investment in subsidiaries

The Company's investment in subsidiaries is stated at cost less provision for impairment.

2.8 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation.

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that the reimbursement will be received, and the amount receivable can be measured reliably.

The expense relating to any provision is recognised in the income statement net of any reimbursement.

2.9 Financial Assets

All financial assets are recognised at their amortised cost less expected credit losses. The Group's financial assets include cash and short-term deposits, trade and other receivables and payments due from clients and counterparties. The subsequent measurement of financial assets depends on their classification as follows:

Cash and cash equivalents

Cash balances comprise cash on instant access. The Group also holds money on behalf of clients in accordance with the Client Money Rules of the FCA. This client money represents balances which are not held in respect of the settlement of transactions (i.e. free money). The client money is not shown on the face of the balance sheet as the Group is not beneficially entitled thereto. Disclosure of the amounts held is made in the note on cash accompanying the financial statements. Interest earned on client money balances is included within revenue as Treasury income in the income statement.

Financial assets held at amortised cost

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the Groups' business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost.

Financial assets held at fair value through other comprehensive income

Any gain or loss on financial assets which held at fair value through other comprehensive income is reported in other comprehensive income.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

In accordance with IFRS 9, the Group applies the 'simplified approach' in calculating expected credit losses from trade receivables. The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has identified appropriate groupings and segments of trade receivables as follows:

- Amounts due from market maker counterparties
- Amounts due from clients in respect of brokerage commissions
- Amounts due from clients in respect of account fees
- Advertising revenue

The Group writes off a trade receivable when there is information indicating that there is no realistic prospect of recovery. For amounts due from clients in respect of brokerage commissions, the loss allowance is determined on an individual basis, using historic analysis on losses and recoverability of financial assets to determine an estimate for expected credit losses. As the Group restricts clients from trading without cleared funds this minimises the level of historical losses experienced by the Group.

Amounts due from market maker counterparties are not written off by the Group, as there has historically been no issues in recovering these amounts from market makers and no history of losses.

Amounts due from clients in respect of account fees and advertising revenue are written off when, on individual assessment, the Group determines that there is no realistic prospect of recovery. Factors which determine this assessment include whether a client has cash in their account, or holds stock (which in line with contractual obligations may be sold by the Group to recover debt), or whether an advertising customer remains active and engaged with the Group on an ongoing basis. Therefore, expected credit losses on trade receivables for amounts due from clients in respect of account fees, and advertising revenue are estimated using a provision matrix by reference to past default experience.

De-recognition of financial assets

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial asset (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.10 Financial Liabilities

All financial liabilities are recognised initially at fair value and carried at amortised cost. This includes directly attributable transaction costs. The Group's financial liabilities include trade and other payables, payments due to clients and payments due to market. The subsequent measurement of financial liabilities depends on their classification as follows:

Trade and other payables

Trade and other payables are stated at amortised cost.

Payments due to clients and counterparties

Payments due to clients and counterparties consists of the balances received as a result of the client selling stock or application of corporate actions or dividends. All bargains entered into on behalf of clients are recorded in the financial statements on the date of the transaction. Payments due to counterparties consists of amounts that are due to settle against delivery of stock and are shown gross of charges. All bargains entered into on behalf of clients are recorded in the financial statements on the date of the transaction. All corresponding assets are recorded in 'amounts due from counterparties and clients' within trade and other receivables on the consolidated statement of financial position.

De-recognition of financial liabilities

A financial liability is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.11 Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a lease liability and a corresponding right-of-use asset with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially recognised at the commencement day and measured at an amount equal to the present value of the lease payments to be made over the lease term that are not yet paid. The discount rate used is the rate implicit in the lease if that can be readily determined or the Groups incremental borrowing rate if it can't.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) upon the occurrence of certain events such as change in lease term, change in variable rents based on an index or rate.

The lease liability is presented as a separate line item in the statement of financial position.

Right of use asset

The right-of-use asset is initially recognised at the commencement day and measured at the amount of the initial measurement of the lease liability, plus any lease payments made at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the Group.

They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The right-of-use assets are presented as a separate line item in the statement of financial position. In the income statement, depreciation expense is included within operating expenses and interest within finance costs.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

In the statement of cashflows, the principal cash paid is presented within financing activities and the interest paid within operating activities.

The Group as a lessor

As an intermediate lessor, the Group accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

2.12 Tax

Current taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. Current tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

Deferred taxation

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax relating to items recognised directly in equity is also recognised in equity and not in the income statement.

2.13 Contract liabilities

Following the application of IFRS 15 contract liabilities arise as a result of trading credits received with fees paid by every client. This allows the client to offset future commission payable when trading. The liability is calculated based on historical data giving the proportion of trading credits being used.

2.14 Interest income

Interest income is accrued on a time-apportioned basis, by reference to interest rates receivable from banks and other institutions.

2.15 Pension

The Group operates a defined contribution pension scheme for the benefit of its employees. Contributions payable are recognised in the income statement in the year they are payable. The scheme funds are held separately from those of the Group in an independently administered fund.

2.16 Share based payments

The Group operates a share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the parent entity, Antler Holdco Limited. This is recognised as an equity-settled share-based payment transaction in accordance with IFRS 2 'Share-Based Payment.' In accordance with the terms of the plan, employees purchase shares of Antler Holdco Limited. These shares are to be redeemed at the end of a vesting period for a price to be determined based on the valuation of the Group at that date, provided initial equity value exceeds a set Internal Rate of Return threshold. Redemption of the shares is conditional on employees remaining employed by the Group at the end of the vesting period, however the shares can be repurchased at an agreed price upon the employee leaving.

The value of employee equity settled share based payments are calculated at fair value at the grant date using the Black-Scholes option pricing model. Vesting conditions, which comprise service conditions and performance conditions, are not taken into account when estimating the fair value of such awards but are taken into account by adjusting the number of equity instruments included in the ultimate measurement of the transaction amount. The value of the awards is recognised as an expense on a systematic basis over the vesting period. Where an award of share based payments is cancelled by an employee, the full value of the award (less any value previously recognised) is recognised at the cancellation date.

2.17 Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

The results of discontinued activities are presented as a single line item in the consolidated income statement. All assets are combined and shown as a separate line item in the consolidated statement of financial position with a corresponding liability. The income statement and statement of financial position specifically relating to these operations can be found in the discontinued operations note accompanying the financial statements.

During 2021, Alliance Trust Services Limited ('ATS') was the only component of the Group that was classed and presented as a discontinued operation (same as prior year).

Assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

No assets are held for sale at 31 December 2021. At 31 December 2020, assets held for sale only applied to ATS.

2.18 Restructuring and corporate transaction costs

Restructuring and corporate transaction costs, being material in terms of size and/or nature, are presented separately from underlying business performance for analysis within the Group's strategic report. This enables analysis of the ongoing revenue and expenses of the Group, and transparent comparison of year-on-year performance.

2.19 Segmental reporting

All the Groups activities are in the United Kingdom. Therefore, no segmental analysis is presented on an operating or geographical basis.

2.20 Other income

For the year ending 2021 Other income was £1.8m (2020: £0.2m). In current year, other income includes gain on disposal of customer book of businesses in Share.

2.21 Cost of sales

Cost of sales are costs directly associated with customer trading and fluctuate in line with trading patterns.

3. Revenue

The Group derives its revenue from point in time trading transactions, point in time advertising revenue, over time account fees and over time treasury income.

	Year ended 31 December 2021	Year ended 31 December 2020 Restated
	£'000	£'000
Trading transactions	84,157	67,700
Account fees	49,578	44,034
Treasury income	8,996	22,350
Advertising revenue	-	1,139
	142,731	**135,223**

4. Finance income/costs

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Finance income		
Interest receivable from customers	310	156
Interest receivable from banks and other institutions	27	299
Interest receivable from related parties	33	133
	370	**588**
Finance costs		
Interest payable to banks and other institutions	80	239
Interest on lease liabilities	245	100
	325	**339**

Interest payable to banks and other institutions arises due to the Group paying interest on deposits denominated in Euros.

5. Operating expenses

Operating profit has been arrived at after charging:

	Year ended 31 December 2021	Year ended 31 December 2020 Restated
	£'000	£'000
Staff costs	46,273	46,596
Professional fees	16,640	14,729
Depreciation	3,761	4,698
Amortisation	7,954	3,700
Impairment	-	1,297
(Gain)/loss on foreign exchange	(159)	123
VAT	6,870	7,147
Other administrative costs	18,670	866
	100,009	**79,156**

Included within staff costs, professional fees and other administrative costs are restructuring and corporate transaction costs of £8.8m (2020: £0.9m) as described in note 1.6 and 2.18.

Other administrative costs have increased in the year due to costs incurred in Share which was acquired by the Group in June 2020.

During the year, Share incurred operating costs of £21m (2020: £13m), £5m of which are included within restructuring and corporate transaction costs noted above. The majority of outstanding costs in Share are wind down costs which were incurred by the end of Q1 22. It is not expected that it will have significant costs beyond Q2 2022.

6. Staff costs

The aggregate remuneration of employees and Directors' during the year was:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Salaries and wages	33,818	34,192
Social security costs	3,749	2,790
Pension costs	2,324	1,685
Bonus	3,584	4,574
Share based payments	477	741
Other staff costs	2,321	2,615
	46,273	**46,596**

During the year the Company had Nil staff costs as it does not employ any staff (2020: Nil).

The average number of employees (including Directors) from continuing operations during the year was:

	Year ended 31 December 2021	Year ended 31 December 2020
Operating and support functions	747	605
Administrative functions	111	149
	858	**754**

During the year, discontinued operations had an average headcount of 32 (2020: 198)

Aggregate Directors' remuneration:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Directors' emoluments	2,163	1,753
Pension costs	57	46
Share based payments	23	22
	2,243	**1,821**

The Directors are considered to be key management personnel.
Two Directors (2020: two) are members of the Group's defined pension contribution scheme.

Highest paid director

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Salaries and wages	989	794
Pension costs	32	28
Share based payments	3	4
	1,024	**826**

7. Auditor's remuneration:

Included in operating expenses are fees paid to the Groups auditors categorised as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Fees for audit of Group financial statements	70	125
Fees for audit of subsidiary financial statements	400	248
Fees for audit-related assurance services	315	75
Fees for other assurance services	282	212
	1,067	**660**

Audit related assurance services are in relation to the CASS audits of the regulated entities and the assurance services relate to work prior to the finalisation of the abrdn transaction.

8. Tax

		Year ended 31 December 2021 £'000	Year ended 31 December 2020 Restated £'000
a	**Taxation**		
	Current tax:		
	Current tax on profits for the year	1,739	3,432
	Adjustments in respect of prior years	(1,117)	(1,313)
	Total current tax	622	2,119
	Deferred tax:		
	Current year	3,095	5,048
	Adjustments in respect of prior years	(1,659)	
	Effect of changes in tax rates	(475)	(1,262)
		961	3,786
	Tax charge - P&L	**1,583**	**5,905**
b	**Reconciliation of effective tax charge**		
	Profit for the year - continuing operations	23,818	37,192
	Tax on the profit at standard UK rate of 19% (2020: 19%)	4,525	7,066
	Effects of:		
	Adjustments in respect of prior years	(2,775)	(1,313)
	Expenses not deductible	1,126	1,541
	Income not taxable and other deductible amounts	(66)	(92)
	Tax rate changes	(475)	(1,261)
	Group relief from discontinued operations	(621)	-
	Share Secure Trust tax	7	(36)
	Amounts not recognised	(138)	-
	Tax charge for the year	**1,583**	**5,905**
c	**Deferred tax**		
	Deferred tax asset		
	Provision at the start of the period	(6,766)	(10,671)
	Adjustments in respect of prior years	(1,636)	-
	Deferred tax charge to income statement for the period	2,596	-
	Movement in the year	-	3,905
	Provision at the end of the period	**(5,806)**	**(6,766)**

Deferred tax liability		
Provision at the start of the period	2,784	1,037
Adjustments in respect of prior years	(23)	-
Deferred tax charge to income statement for the period	24	-
Movement in the year	-	1,747
Provision at the end of the period	**2,785**	**2,784**
Fixed assets	(2,170)	
Temporary differences trading	(105)	
Losses	(746)	
	(3,021)	(3,982)
Unrecognised deferred tax		
Fixed assets	-	
Losses	(898)	
	(898)	-
d Current tax account		
Corporation tax (asset)/ liability	**(1,992)**	**1,513**

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. The proposal to increase the rate to 25% has been substantively enacted at the Group's balance sheet date, therefore its effects, where applicable, have been included in these financial statements.

Deferred tax assets are considered to be recoverable as the Group is expected to continue being profitable in the future.

9. Discontinued operations

In 2019, the Group entered into a sale agreement with Embark Investment Services Limited to dispose of Alliance Trust Savings Limited's ('ATS') non-core business relating to brokerage services to intermediaries and partnerships. The transfer happened in two migrations, the first in 2020 and the second in January 2021.

ATS is the only component of the Group that has been classified as discontinued operations and as 31 December 2021, it is in the process of being wound down.

ATS's results which have been included in Statement of comprehensive income were as follows:

	Year ended 31 December 2021	**Year ended 31 December 2020 Restated**
	£'000	**£'000**
Revenue	548	12,664
Expenses	(1,473)	(22,036)
Gross loss	(925)	(9,372)
Gain on disposal	1,587	4,500
Gain/ (loss) before taxation	**662**	**(4,872)**
Tax expense	-	-
Profit/ (loss) for the year	**662**	**(4,872)**
Group gain on disposal	2,913	-
Profit/(Loss) for the year from discontinued operations	**3,575**	**(4,872)**

ATS's assets and liabilities which have been included in the Consolidated statement of financial position, were as follows:

	As at 31 December 2021	As at 31 December 2020
	£'000	**£'000**
Current assets		
Other assets	-	3,969
Cash and cash equivalents	-	232,579
Assets classified as held for sale	**-**	**236,548**
Cash and cash equivalents	673	-
Other receivables	75	-
Total assets	**748**	**236,548**
Held for sale asset liabilities	-	231,708
Net assets of disposal group	**748**	**4,840**
Equity		
Share capital	-	107,941
Retained losses	748	(103,101)
Total equity	**748**	**4,840**

In 2020, there was a £4.5m gain on disposal of part of the ATS business which was presented within other income in the Statement of Comprehensive Income. This gain has been moved into discontinued operations and is shown as 'Gain on disposal' in ATSs Statement of Comprehensive Income above. Note 28 shows the effects of the prior year reclassification.

In readying the ATS business for wind down, during 2021 its share capital was reduced to £1 and a dividend of £28m was paid to its parent company.

During the year, ATS contributed £6.1m (2020: £7.7m) in respect of the Group's net operating cashflows, £201m (2020: £131m) in respect of investing activities and £16m (2020: paid £16m) in respect of financing activities.

10. Goodwill

	As at 31 December 2021	As at 31 December 2020
	£'000	£'000
Balance at the beginning of the period	33,894	3,423
Arising on acquisition of Share	-	30,676
Adjustment in respect of ATS	-	(205)
Balance at the end of the period	**33,894**	**33,894**

On 28 June 2019, the Group acquired 100% of the ordinary share capital of ATS. Cash consideration of £36,049k was paid for the ordinary shares. The acquisition resulted in the recognition of goodwill in the Consolidated statement of financial position of £3,423k being the excess of consideration over the fair value of the recognisable assets and liabilities acquired.

On 3 July 2020, the Group acquired 100% of the ordinary share capital of Share from the individual and institutional shareholders and subsequently delisted Share from the market. Share's main business was to provide execution only brokerage services to retail customers in the UK. Consideration of £61,827k was paid for the ordinary shares and the acquisition resulted in the recognition of goodwill in the Consolidated statement of financial position of £30,676k being the excess of consideration over the fair value of the recognisable assets and liabilities acquired.

The goodwill recognised is based on a number of factors, including: the ability to gain and retain clients in the future, the ability to achieve incremental margins from buyer-specific synergies, potential synergies from combining the acquired entities net assets with the Group's net assets.

The annual impairment test performed, using discounted cash flow forecast as detailed in note 2.6, continued to show that there was significant headroom in the recoverable amount over the carrying value of the Group. The goodwill model is subject to stress tests, including the impact of an increase in discount rates and the impact of a negative growth rate. None of the stress test scenarios have resulted in any indication of impairment. Thus, the Directors consider that there are no reasonably possible changes in assumptions that would cause impairment.

11. Intangible fixed assets

	Computer software	Internally developed software	Acquired customer lists	Total
	£'000	**£'000**	**£'000**	**£'000**
Costs				
As at 1 January 2020	30,600	29,910	34,190	94,700
Fair value acquired on business combination	2,152	-	11,957	14,109
Additions	944	521	-	1,465
As at 31 December 2020	33,696	30,431	46,147	110,274
Additions	3,990	1,275	47,237	52,502
De-recognition of asset	(4,791)	(658)	(3,922)	(9,371)
As at 31 December 2021	32,895	31,048	89,462	153,405
Amortisation				
As at 1 January 2020	(28,739)	(29,605)	(27,991)	(86,335)
Impairment for the year	(814)	-	(353)	(1,167)
Charge for the year	(1,740)	(42)	(1,918)	(3,700)
As at 31 December 2020	(31,293)	(29,647)	(30,262)	(91,202)
Charge for the year	(2,620)	(178)	(5,156)	(7,954)
De-recognition of asset	5,358	427	3,586	9,371
As at 31 December 2021	(28,555)	(29,398)	(31,832)	(89,785)
Net book value				
As at 31 December 2020	**2,403**	**784**	**15,885**	**19,072**
As at 31 December 2021	**4,340**	**1,650**	**57,630**	**63,620**

The following table splits out significant intangible assets:

Name	Cost £'000	Accumulated amortisation £'000	Carrying amount £'000	Amortisation period remaining (months)
Customer lists acquired in 2021	47,250	2,148	45,102	126
Customer lists acquired in 2020	11,094	1,585	9,509	66
Computer software - JHC	22,466	22,398	68	5
	80,810	26,131	54,679	197

The acquisition in 2021 relates to the customer portfolio purchased from Eqi for £47.25m, which is being amortised over an expected useful life of 11 years as detailed in the sources of estimation uncertainty note 1.6.

The customer lists acquired in 2020 relate to the business acquisition of Share and computer software – JHC relates to the main brokerage platform used by the Group.

£4.5m of additions in the year relate to development of internal and external applications which are not expected to be ready for use by the Group until late 2022 or early 2023. Therefore, no amortisation has been charged in relation to these balances.

12. Property, plant and equipment

	Leasehold improvements	Fixtures, fittings & office equipment	Computer equipment	Total
	£'000	**£'000**	**£'000**	**£'000**
Costs				
As at 1 January 2020	7,509	679	19,912	28,100
Additions	536	17	220	773
Fair value acquired on business combination	-	38	212	250
Disposal	(2,182)	(220)	(9,458)	(11,860)
As at 31 December 2020	5,863	514	10,886	17,263
Additions	1,002	-	523	1,525
De-recognition of asset	-	(53)	(455)	(508)
As at 31 December 2021	6,865	461	10,954	18,280
Depreciation				
As at 1 January 2020	(5,633)	(638)	(18,855)	(25,126)
Charge for the year	(724)	(20)	(845)	(1,589)
Impairment for the year	(130)	-	-	(130)
Disposal	2,182	220	9,458	11,860
As at 31 December 2020	(4,305)	(438)	(10,242)	(14,985)
Charge for the year	(313)	(202)	(411)	(926)
De-recognition of asset	44	189	275	508
As at 31 December 2021	(4,574)	(451)	(10,378)	(15,403)
Net book value				
As at 31 December 2020	**1,558**	**76**	**644**	**2,278**
As at 31 December 2021	**2,291**	**10**	**576**	**2,877**

13. Investment in subsidiaries

	Company As at 31 December 2021 £'000	Company As at 31 December 2020 £'000
Balance at the beginning of the period	128,789	86,768
Investment during the period	-	49,242
Share based payment capital contribution	477	741
Impairment of ATS investment	(27,338)	(7,962)
Balance at the end of the period	**101,928**	**128,789**

In 2020, the Company acquired 100% of the ordinary share capital of Share Limited (previously Share plc) which provided execution-only brokerage services to retail customers in the UK.

During the year, ATS paid a dividend as part of readying the subsidiary to be wound up. The impairment charge for the year and prior year relates to the investment in ATS which has been written down to the amount of ATS's net assets at 31 December 2021 and 31 December 2020 respectively.

Details of the investments in which the Company holds 20% or more of the ordinary share capital are set out below. The Company owns 100% shareholding in all the subsidiaries.

Subsidiary	***Registered number***	***Country of incorporation***	***Holding***
Moneywise Publishing Limited	5034730	England & Wales	Direct
Interactive Investor Services Limited	2101863	England & Wales	Direct
Alliance Trust Savings Limited	SC098767	Scotland	Direct
Investor Nominees (Dundee) Limited	SC120563	Scotland	Indirect
Interactive Investor Services Nominees Limited	979423	England & Wales	Indirect
Investor Nominees Limited	7147714	England & Wales	Indirect
Investor SIPP Trustees Limited	10670459	England & Wales	Indirect
Share Limited	2966283	England & Wales	Indirect
The Share Centre (Administration Services) Limited	2957407	England & Wales	Indirect
Personal Retirement Account Limited	3173696	England & Wales	Indirect
The Shareholder Limited	2115162	England & Wales	Indirect
Sharesecure Limited	3987069	England & Wales	Indirect
The Share Centre Limited	2461949	England & Wales	Indirect
Share Nominees Limited	2476691	England & Wales	Indirect

Subsidiary	Principal activity	Registered address
Moneywise Publishing Limited	Magazine publisher	201 Deansgate, Manchester, M3 3NW
Interactive Investor Services Limited	Transactional services	
Investor Nominees Limited	Nominee company	
Investor SIPP Trustees Limited	SIPP bare trustee company	
Interactive Investor Services Nominees Limited	Nominee company	
Investor Nominees (Dundee) Limited	Nominee company	C/o Burness Paul LLP, 50 Lothian Road, Edinburgh, EH3 9WJ
Alliance Trust Savings Limited	Transactional services	
Share Limited	Share Limited is the parent company of the Share group of companies, with the principal business being The Share Centre Limited, providing retail stockbroking services	201 Deansgate, Manchester, M3 3NW
The Share Centre (Administration Services) Limited		
Personal Retirement Account Limited		
The Shareholder Limited		
Sharesecure Limited		
The Share Centre Limited		
Share Nominees Limited		

Moneywise Publishing Limited and Alliance Trust Savings Limited will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2021.

Investor Nominees Limited, Investor Nominees (Dundee) Limited, Share Nominees Limited, Investor SIPP Trustees Limited, Interactive Investor Services Nominees Limited and Personal Retirement Account Limited will also take advantage of the audit exemption set out within section 480 of the Companies Act 2006 for the year ended 31 December 2021.

14. Cash and cash equivalents

	Group As at 31 December 2021	Group As at 31 December 2020	Company As at 31 December 2021	Company As at 31 December 2020
	£'000	£'000	£'000	£'000
Cash and short-term deposits	83,410	126,727	5,797	688
ATS customer deposits	-	232,579		
	83,410	359,306		

As a bank, all customer deposits held by ATS are included in the 2020 balance sheet (within assets held for sale), with a corresponding balance included within 'held for sale asset liabilities' relating to amounts due to counterparties and clients. The Directors consider the fair value to be equal to the carrying value.

During the year, the customer deposits were transferred as part of the sale of the ATS business to Embark.

Client settlement balances are segregated from the Group's cash and cash equivalent balances in accordance with the requirements of the Financial Conduct Authority. Client money held by the Group on behalf of clients is excluded from the balance sheet.

Client settlement balances were as follows:

	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Client money	5,297,000	4,311,447

15. Other non-current financial assets

Other non-current financial assets includes an investment in equity instruments of £137k (2020: £137k).

16. Leases

Right-of-use assets

Group

	Buildings	Computer equipment	Total
	£'000	£'000	£'000
Costs			
As at 1 January 2020	9,838	1,175	11,013
Additions	1,793	-	1,793
Fair value acquired on business combination	1,004	74	1,078
As at 31 December 2020	12,635	1,249	13,884
Derecognition of right-of-use asset	(2,454)	88	(2,366)
Additions	1,107	-	1,107
As at 31 December 2021	11,288	1,337	12,625
Depreciation			
As at 1 January 2020	(2,358)	(235)	(2,593)
Charge for the year	(2,839)	(270)	(3,109)
As at 31 December 2020	(5,197)	(505)	(5,702)
Derecognition of right-of-use asset	2,366	(88)	2,278
Charge for the year	(2,561)	(274)	(2,835)
As at 31 December 2021	(5,392)	(867)	(6,259)
Net book value			
As at 31 December 2020	**7,438**	**744**	**8,182**
As at 31 December 2021	**5,896**	**470**	**6,366**

Following the implementation of IFRS 16 Leases on 1 January 2019, certain provisions for dilapidations costs on operating leases, previously capitalised as leasehold improvements under IAS 16 Property, Plant and Equipment, were reclassified as right-of-use assets.

The leases within Buildings consist of 5 properties, in Manchester, London, Leeds and Aylesbury. The Computer equipment leases relates to an IT cloud computing contract where the server used is separately identifiable.

The additions for the year comprise a new office building in Manchester and London. The Manchester lease was commenced in April 2021 and runs for term of 12 months 4 days. The London lease was commenced in June 2021 and runs for a term of 5 years with an option to exercise a break clause after 3 years.

During the year, 3 properties were exited as the lease contracts had come to the end of their term and were then derecognised from the Groups Statement of Financial Position. The cost and depreciation relating to these properties is shown as 'Derecognition of right-of-use asset' in the above table.

Lease liabilities

	Group Year ended 31 December 2021	Group Year ended 31 December 2020	Company Year ended 31 December 2021	Company Year ended 31 December 2020
	£'000	£'000	£'000	£'000
Maturity analysis:				
Year 1	2,426	3,459	-	246
Year 2	1,607	1,427	-	-
Year 3	1,354	1,470	-	-
Year 4	1,266	1,235	-	-
Year 5	918	1,084	-	-
Onwards	-	840	-	-
	7,571	**9,515**	**-**	**246**
Analysed as:				
Non-current	5,145	6,056	-	-
Current	2,426	3,459	-	246
	7,571	**9,515**	**-**	**246**
Lease liability movement				
Opening balance	9515	9,276	246	522
Lease contracts added in the year	756	2,820	-	-
Lease payments	(2,981)	(2,681)	(248)	(278)
Interest expense on lease liability	281	100	2	2
Closing balance	**7,571**	**9,515**	**-**	**246**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The expense relating to short-term leases recognised in the Statement of Comprehensive Income during the year was Nil (2020: Nil)

Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets recognised in the Statement of Comprehensive Income during the year was Nil (2020: Nil)

Net investment in sub-lease

	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Maturity analysis:		
Year 1	-	197
Net investment in lease	**-**	**197**

The Group entered into a sub-leasing agreement for a property in London which it had previously occupied and continued to lease. The sub-lease had the same term as the head-lease and was separate to the right of use asset recognised by the Group in relation to the property. During the year, both the head and sub lease contracts come to the end of their term and ceased.

17. Trade and other receivables

	Group Year ended 31 December 2021	Group Year ended 31 December 2020	Company Year ended 31 December 2021	Company Year ended 31 December 2020
	£'000	£'000	£'000	£'000
Amounts due from counterparties and clients	313,645	438,363	-	-
Amounts due from related parties	293	2,928	-	-
Accrued income	2,345	4,637	-	-
Prepayments	6,283	1,451	-	-
Other receivables	996	4,882	21	-
	323,562	**452,261**	**21**	**-**

Amounts due from related parties consist of a working capital loan made to Antler Holdco Limited, the Company's immediate parent company. This loan is repayable on demand and accrues interest at 1.5%.

Amounts due from counterparties and clients includes a provision for bad debt.

Movement in bad debt provision during the year is set out as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
At the beginning of the year	2,408	2,801
Arising during the year	853	2,439
On acquisition of share	-	593
Utilised	(777)	(3,425)
At the end of the year	2,484	2,408

As outlined in the accounting policy, expected credit losses on trade receivables for amounts due from clients in respect of account fees are estimated using a provision matrix by reference to past default experience.

The table below shows an analysis of the amounts due from counterparties and clients by aging and expected credit losses. The balances within the expected credit loss allowance relate to monthly account fees on immediate payment terms, no expected credit losses are recognised on balances not yet due. The Directors envisage that future economic conditions may result in changes to the recoverability of account fee receivables, as adverse market movements increase the Group's exposure to account fee debt. A 10% (2020:10%) increase to the historic loss rate has been applied to allow for potential future adverse market movements.

Year ended 31 December 2021

	Ageing	Expected credit loss allowance		
		Balance	Expected credit loss rate	Expected credit loss allowance
	£'000	£'000	£'000	£'000
Not due	301,212		0%	-
Past due:				
1-30 days	5,828	406	20%	80
31-60 days	730	369	21%	78
61-90 days	311	323	23%	73
91 days and over	8,048	4,297	52%	2,253
Provision for impairment	(2,484)			
Total	313,645	5,395	-	2,484

Year ended 31 December 2020

	Ageing	Expected credit loss allowance		
		Balance	Expected credit loss rate	Expected credit loss allowance
	£'000	£'000	£'000	£'000
Not due	428,501	68	29%	20
Past due:				
1-30 days	5,507	340	16%	54
31-60 days	396	401	13%	53
61-90 days	684	285	16%	45
91 days and over	3,275	4,871	46%	2,236
Impaired	2,408			
	440,771			
Provision for impairment	(2,408)			
Total	438,363	5,965	40%	2,408

The fair value of non-derivative financial instruments is determined using pricing models based on discounted cash flow analysis using prices from observable current market transactions; hence, all are classified as Level 2 in the fair value hierarchy.

All debtors are categorised as financial assets. The carrying value of the financial assets (inclusive of cash) is £407m (2020: £579m) and are considered equal to fair value.

18. Trade and other payable

	Group Year ended 31 December 2021	Group Year ended 31 December 2020	Company Year ended 31 December 2021	Company Year ended 31 December 2020
	£'000	£'000	£'000	£'000
Amounts due to counterparties and clients	286,520	412,076	-	-
Amounts owed to group undertakings	-	-	10,080	9,614
Accruals	13,327	15,141	451	-
Deferred income	-	477	-	-
Other creditors	1,529	4,307	10	-
	301,376	**432,001**	**10,541**	**9,614**

Amounts due to counterparties and clients are non-interest bearing and are normally settled within 21 days, in line with the contractual settlement date of client and counterparty trades.

Other payables are non-interest bearing and are normally settled within 30 day payment terms. All creditors are categorised as financial liabilities. The carrying value of the financial liabilities is £301m (2020: £432m) and are considered equal to fair value. The fair value of non-derivative financial instruments is determined using pricing models based on discounted cash flow analysis using prices from observable current market transactions; hence, all are classified as Level 2 in the fair value hierarchy.

In prior year, ATS held a banking licence and client deposits held on the balance sheet of £203m were included within 'Held for sale asset liabilities' with a corresponding asset included in cash within 'Assets classified as held for sale.' In January 2021, the Group successfully migrated the last remaining business that was being held for sale and subsequently, on 26 April 2021, the regulatory banking permissions of ATS were rescinded.

19. Contract liabilities

	As at 31 December 2021	As at 31 December 2020
	£'000	£'000
Contract liability	601	417

A contract liability arises in respect of trading credits in that the account fee paid by every customer allows them to use the amount to offset future commission payable within a 90 day period. The liability is calculated based on historical data giving the proportion of trading credits being used and all contract liabilities at the start of the year were recognised in the year.

20. Provisions

	Group Dilapidation	Group Onerous contract	Group Total	Company Dilapidation
	£'000	£'000	£'000	£'000
As at 1 January 2021	1,941	2,418	4,359	69
Arising during the year	132	-	132	57
Utilised during the year	(1,344)	(2,418)	(3,762)	(118)
Unwinding of discount	37	-	37	2
As at 31 December 2021	766	-	766	10

Dilapidations are expected to be utilised over the life of the respective operating leases, with estimates made as to the amount likely to be incurred. During the year, £1.3m was utilised to come to a dilapidation settlement agreement for two properties the Group exited.

The onerous contract provision related to costs incurred following the sale of discontinued operations to Embark Group Limited. This was utilised during the year.

21. Pension commitments

The Group operates a defined contribution pension scheme, which is externally funded and covers all eligible staff employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. There were no unpaid contributions outstanding at the year-end (2020: £nil). Pension contributions from continuing operations of £2.3m have been recognised in the consolidated income statement for the year to 31 December 2021 (2020: £1.6m).

22. Share capital

	As at 31 December 2021		As at 31 December 2020	
	Number	**£'000**	**Number**	**£'000**
Authorised, called up and fully paid				
Ordinary shares of £0.20 each	1,715,134	343	1,715,134	343

Share premium

	As at 31 December 2021	As at 31 December 2020
	£'000	**£'000**
At the beginning of the year	151,813	102,592
Shares issued at premium	-	49,221
Transfer of share premium	(151,813)	-
	-	151,813

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

In July 2021, the Company cancelled its Share premium account and transferred the balance to the retained earnings account.

Dividends

	Year ended 31 December 2021	Year ended 31 December 2020
	£	**£**
Dividend paid during the year	23,000,000	-
Dividend per share during the year	13.41	-
Dividend proposed at year end	-	-
Cumulative preference dividends not recognised	-	-

23. Share based payments

The Group operates a share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the parent entity, Antler Holdco Limited. This is recognised as an equity-settled share-based payment transaction in accordance with IFRS 2 'Share-Based Payment.'

In accordance with the terms of the plan, employees purchase shares of Antler Holdco Limited. These shares are to be redeemed at the end of a vesting period for a price to be determined based on the valuation of the Group at that date, provided initial equity value exceeds a set Internal Rate of Return threshold. Redemption of the shares is conditional on employees remaining employed by the Group at the end of the vesting period, however the shares can be repurchased by the Antler Holdco Limited at an agreed price upon the employee leaving.

200 shares were issued during the year (2020: 4,350), with a weighted average fair value of £220.69 per share (2020: £220.69). The value of employee equity settled share based payments are calculated at fair value at the grant date using a Black-Scholes option pricing model. Vesting conditions, which comprise service conditions and performance conditions, are not taken into account when estimating the fair value of such awards but are taken into account by adjusting the number of equity instruments included in the ultimate measurement of the transaction amount. The value of the awards is recognised as an expense on a systematic basis over the vesting period. Where an award of share based payments is cancelled by an employee, the full value of the award (less any value previously recognised) is recognised at the cancellation date.

Equity settled share-based payment expensed during the year was £477k (2020: £741k).

Details of the shares outstanding during the year are as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	**£'000**
Outstanding at the beginning of the year	86,165	81,815
Granted during the year	200	4,350
Forfeited during the year	-	-
Cancelled during the year	-	-
Outstanding at the end of the year	86,365	86,165

Key inputs to the Black-Scholes option pricing model were as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Weighted average share price	35.41	£35.49
Discount for lack of marketability	20%	20%
Expected volatility	35.5%	35.5%
Expected life	0.4 years	2.1 years
Risk free rate	0.00%	0.00%
Dividend yield	0.00%	0.00%

24. Changes in liabilities arising from financing activities

Year ended 31 December 2021

	Lease liability	ATS Pooled cash	Total liabilities from financing activities
	£'000	£'000	£'000
Opening balance	9,515	16,428	25,943
Financing cashflows	(2,981)	(16,428)	(19,409)
New leases	756	-	756
Non-cash changes	281	-	281
Closing balance	7,571	-	7,571

Year ended 31 December 2020

	Lease liability	ATS Pooled cash	Total liabilities from financing activities
	£'000	£'000	£'000
Opening balance	9,276	-	9,276
Financing cashflows	(2,681)	16,428	13,747
New leases	2,820	-	2,820
Non-cash changes	100	-	100
Closing balance	9,515	16,428	25,943

25. Capital Management

The Group is regulated by the FCA and at the reporting date subject to the requirements under the Capital Requirement Directive ('CRD'), based on its classification as a €125k limited license IFPRU firm.

The Group actively manages its capital base to ensure it meets its minimum regulatory requirements and that it holds sufficient capital to cover the risks inherent in its business and to support future growth. These objectives are reflected in internal targets that the Group has established for capital adequacy and oversight of this is provided by the Group Governance Committees on a monthly basis.

The capital held to meet its requirements comprises share capital, premium, retained earnings and other reserves, whilst its requirement is determined by its fixed cost base. During the period, the firm has at all times, held a significant amount of capital above its minimum regulatory capital requirement.

Effective from 1 January 2022, the Investment Firm Prudential Regulation (IFPR) becomes the applicable regulation for the Group, replacing CRD. This new regulation refocuses prudential requirements away from the risk firms face, to also consider the potential harm firms can pose to consumers and markets. The Group has amended its capital management policies to reflect the new regulation and has assessed that it will continue to hold sufficient capital to meet the revised capital requirements on an ongoing basis.

26. Financial Risk Management, Objectives and Policies

The Group's principal financial liabilities comprise trade and other payables; amounts due to clients and counterparties. The main purpose of these financial liabilities is to finance the Group's operations and to support the open trading positions of the underlying clients. The Group has trade and other receivables and cash that arise directly from its operations.

The Group is exposed to market risk, concentration risk, interest rate risk and credit risk.

The Group's senior management oversees the management of these risks and is supported by an Internal Capital Adequacy Assessment Process (ICAAP) that advises on financial risks and the appropriate financial risk governance framework for the company. The ICAAP Committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. It is the Group's policy that no trading in derivatives shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices or the Group's ability to settle trades in a timely manner on behalf of its clients. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Market risk is managed through operational controls to ensure trades are carried out in a timely and accurate manner. Currency, commodity and other price risks are not material to the Group.

Concentration risk

The Group is exposed to concentration risk on its treasury and custodian services. The Group ensures that this risk is managed through carrying out full due diligence on all new counterparties, that they are regularly monitored, and that cash is placed in a diverse range of financial institutions approved by the board. Concentration risk affects the cash and the due to and from market positions on the statement of financial position and is deemed to have an immaterial cost value to the entity.

Interest rate risk

Interest rate risk arises due to reduction in interest earned on funds deposited within the portfolio. Interest rate risk is mitigated through careful management of its cash portfolio and interest payable on its product range. The Group has a diversified revenue stream and is not solely reliant on net interest as an income source. Management considers, therefore, that interest rate risk is adequately managed. In accordance with FCA regulations, the company stress tests interest rate risk on a quarterly basis against a 200 basis point (2%) parallel fall in interest rates. In the current low interest rate environment this means assuming no interest income. In the current year, a 0.25% fall in interest rates would have resulted in a £11.5m reduction in revenue (2020: £9.9m). The level of interest paid to Clients is monitored by net interest income forecasting which is presented to Senior Management where the results are assessed.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group is exposed to credit risks on its treasury, custodian and partner services. This also represents an exposure to liquidity risk, being the risk that cash requirements exceed the available sources of cash to the Group. The Group ensures that full due diligence is carried out on all new counterparties and that they are regularly monitored. Trade receivables and payables are on standard payment terms, thereby reducing long term liquidity risk.

The table below shows the maximum exposure to credit risk for balance sheet components:

	As at 31 December 2021	As at 31 December 2020
	£'000	£'000
Cash and cash equivalents	83,410	126,727
Trade and other receivables	323,562	452,261
	406,972	578,988

The below table outlines cash and short-term deposits, analysed by geographical segment and credit rating of counterparties. The Group uses credit ratings supplied by S&P, an external rating agency, to determine the credit worthiness of counterparties.

	As at 31 December 2021	As at 31 December 2020			
	A+ to A-	AAA to AA-	A+ to A-	BBB+ to B-	Total
	£'000	£'000	£'000	£'000	£'000
United Kingdom	69,390	25,174	82,151	1,402	108,727
Europe	14,001	-	17,000	-	17,000
Rest of the world	19	-	1,000	-	1,000
	83,410	25,174	100,151	1,402	126,727
Cash included within assets held for sale	-	232,579	-	-	232,579
	83,410	257,753	100,151	1,402	359,306

Included within the trade and other receivables note is an analysis of their ageing as well as details of provisions for bad debt.

27. Related party transactions

The Group provided a working capital loan to Antler Holdco Limited ('Antler'), the Company's parent company. As at 31 December 2021, the Group had a receivable of £293k (2020: £2,927k) from Antler in relation to this. This loan is interest bearing (1.5% per annum) and repayable on demand.

The remuneration of Directors who are key management personnel is included in the Directors remuneration in note 6.

As specified in note 1.3, the Company has taken advantage of the exemption under FRS 101 and IAS 24 Related Party Disclosures not to disclose transactions with wholly owned subsidiaries.

28. Prior year restatement

A number of prior year adjustments have been made to correct comparatives.

Presentational adjustments on the Consolidated Statement of Comprehensive Income relate to line-item reclassifications. Bad debt expense (£2m) previously netted off against 'Revenue' has been reclassed to 'impairment loss on trade receivables'. Gain on disposal of discontinued operations (£4.5m) previously included in 'Other income' has been reclassed to 'Profit/(Loss) for the year from discontinued operations'. The impact on profit for the year for the Group is Nil.

The table below shows the impact of the adjustments.

Extract for the year ended 31 December 2020

	As previously presented	Adjustments	As restated
	£'000	£'000	£'000
Revenue	133,153	2,070	135,223
Cost of sales	(17,279)	-	(17,279)
Gross profit	**115,874**	**2,070**	**117,944**
Operating expenses	(79,156)	-	(79,156)
Impairment loss on trade receivables	-	(2,070)	(2,070)
Operating profit	**36,718**	**-**	**36,718**
Finance income	588	-	588
Finance costs	(339)	-	(339)
Other income	4,725	(4,500)	225
Profit before taxation	**41,692**	**(4,500)**	**37,192**
Tax expense	(6,760)	855	(5,905)
Profit for the year from continuing operations	**34,932**	**(3,645)**	**31,287**
Profit/(Loss) for the year from discontinued operations	(8,517)	3,645	(4,872)
Profit for the year	**26,415**	**-**	**26,415**

29. Events after the reporting period

The interest rate environment has changed significantly, with a 15bp's increase in base rate in December 2021 followed by a 25bp's increase in February 2022, and a further 25bp's increase in March 2022. These changes are expected to have a positive impact on the Group's revenue and profitability.

There has been a significant increase in geopolitical risk this year with Ukraine – Russian conflict and there is uncertainty as to how events will evolve and the impact this may have on the wider economy. We continue to monitor the situation closely. However, the Group currently has no direct exposure to the region and trading volume has not changed in response to the conflict. Additionally, the Group's operational resilience combined with its financial strength make it very well placed to continue to trade profitably in all but the most extreme situations

Specific events after the reporting period regarding the acquisition by abrdn and wind up of subsidiary operations have been set out in the review of the business.

The post balance sheet events are non-adjusting and due to the uncertainty of how they were developed, it is not possible to quantity the impact.

30. Ultimate controlling party

Antler Holdco Limited, a company registered in Guernsey, owns 95.2% of the share capital of the Company. J.C Flowers IV L.P, a Limited Partnership registered in the Cayman Islands is the majority shareholder of Antler Holdco Limited and as such is the ultimate parent entity and ultimate controlling party.

The Company is the smallest and largest undertaking in the Group preparing consolidated financial statements.