Company registration number: 06758825 (England and Wales)

CURTIS BANKS LIMITED

Annual Report and Financial Statements for
the year ended
31 December 2018

Contents

Company information

Directors	William Self - Chief Executive Officer Paul Tarran - Chief Financial Officer Jane Ridgley - Chief Operating Officer Ian Stone James Scott Nicola Presley Nigel Rodgers Paul Keepin
Company Secretary	Gemma Millard
Registered Office	3 Temple Quay Temple Back East Bristol BS1 6DZ
Company registration	06758825
Auditor	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

Strategic Report

The directors present their Strategic Report for the year ended 31 December 2018.

Fair review of the business

At the date of this report, Curtis Banks Limited ("the Company") administers over 41,000 Self Invested Personal Pension schemes ("SIPPs") and over 330 Small Self-Administered Pension Schemes ("SSASs"). The Company currently has assets under administration of over £12.0 billion.

The increase in turnover arose from organic growth with new Full and Mid SIPP numbers totalling 2,504, a growth rate of 11%, and 823 new eSIPPs, a growth rate of 9%. The number of SIPPs administered as at 31 December 2018 totalled 24,987 Full and Mid SIPPs, 9,467 eSIPPs and 6,893 SIPPs administered under third party administration contracts. Attrition levels on Full, Mid and eSIPPs remains at 6%. The high attrition levels (13%) in SIPPs administered for third parties are outside the control of the Company but do not significantly affect rates negotiated to carry on these administrative activities.

Average staff numbers for the year have decreased to 259 (2017: 275) reflecting closure during the year of the Company's Market Harborough office.

The Company retains a strong balance sheet with £18.7m of total equity compared to £18.1m at 31 December 2017. Cash balances remain strong at £10.5m compared to £10.1m at 31 December 2017. At 31 December 2018 the Company was holding 134% of the required regulatory capital.

During the year ended 31 December 2018 further integration took place between the Company and the Suffolk Life Group of companies, acquired by Curtis Banks Group Plc in May 2016. The Directors will continue to explore and develop opportunities and synergies between the Company and the Suffolk Life Group in the current year.

Principal risks and uncertainties

The current and emerging risks to the Company have been fully assessed and mitigated to every extent possible and full risk registers are maintained. The key area of risk facing the Company is seen to be cyber risk, which also encompasses financial crime and fraud. Full details of the individual risks and uncertainties facing the Company are disclosed in the consolidated financial statements of the ultimate parent company Curtis Banks Group PLC.

Oversight of risk management across for the Company is performed by the Group Risk Committee, chaired by a Non-Executive Director of Curtis Banks Group PLC. The committee's role is to ensure the effectiveness of the overall risk framework and that key risks to the Group and the Company are being identified and assessed relative to the appetite, and monitored and controlled in line with the Curtis Banks Group Risk Appetite. Ongoing monitoring and tracking mitigating actions is then delegated to the Group Risk, Audit & Compliance Committee (GRACC) and the Group Asset & Liability Committee (Group ALCO).

Key performance indicators

The directors utilise a range of measures in their on-going assessment of the Company's performance. The key measures along with their full year results are detailed below:

	Year ended 31-Dec-18	Year Ended 31-Dec-17
Revenue (£'000)	21,918	20,750
Profit before tax, non-recurring costs, and amortisation (£'000)	6,554	5,854
Number of pensions administered	41,347	40,701
Number of properties administered	2,617	2,391

On behalf of the board

Paul Tarran
Director
19 March 2019

Directors' Report

The directors present their report and audited financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the Company continued to be that of the provision of pension administration services principally for Self Invested Personal Pension schemes ("SIPPs") and Small Self-Administered Pension Schemes ("SSASs").

Results and dividends

The Statement of Comprehensive Income for the year is set out on page 9.

During the year an ordinary interim dividend of £4,000,000 was declared and paid (2017: £2,500,000).

The Directors' Report does not include a fair review of the business, details of the risks and uncertainties and future developments, as this information is documented within the Strategic Report as required under s414C(11) of The Companies Act 2006.

Future developments and events after the reporting date

Future developments of relevance to the Company and events after the reporting date can be found within the Fair Review of the Business section of the Strategic Report.

Directors

The following directors have held office since 1 January 2018 and up to the date on which the financial statements were signed:

William Self	
Paul Tarran	
Jane Ridgley	(Appointed 29 May 2018)
Ian Stone	
James Scott	
Nicola Presley	
Nigel Rodgers	
Paul Keepin	
Richard Valentine	(Resigned 06 April 2018)
Rupert Curtis	(Resigned 31 December 2018)

Financial risk management

The Company's approach to risk management is described in the Strategic Report of these financial statements.

United Kingdom employees

It is the Company's policy to treat its staff without discrimination and to operate equal opportunity and employment practices designed to achieve this end. It is the aim of the Company to employ a workforce which reflects the diverse community within which it operates. Furthermore, it is the Company's policy to give full and fair consideration to applications for employment made by disabled persons, to continue, wherever possible, the employment of staff who become disabled and to provide equal opportunities for the training and career development of disabled staff. The Company's approach to recruitment, promotion, training or any other benefit is on the basis of aptitude and ability with all staff helped and encouraged to develop their full potential.

The Company places considerable value on the involvement of its staff in the business, recognising that to succeed, the Company needs to empower its staff to develop skills and experiences they need to thrive and deliver to its customers. The Company aims to establish and maintain a culture that values lifelong learning and development amongst its staff who are actively encouraged to train and develop through both structured and 'on the job' training. All vacancies are filled internally whenever possible.

Consultation with staff or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all staff are aware of the financial and economic performance of their business units and of the Company as a whole. Employee Forums are in place in all locations and they continue to ensure that consultation with staff is inclusive, open and equitable.

Staff are remunerated with packages designed to align the interests of staff with those of shareholders, with an appropriate portion of total remuneration dependent on performance. In 2018, staff were given the further opportunity to participate in a variety of share schemes, designed to encourage their participation in the on-going success of the Group.

Communication with all staff continues through regular electronic and face-to-face updates from the directors, scheduled departmental meetings and regular one-to-one meetings between staff and their managers. Internal surveys are carried out on a regular basis to assess staff satisfaction levels - these are now aligned across the Group and reviewed by the directors with the aim of maximising the engagement of staff and addressing concerns at an early stage.

Corporate and social responsibility

The Company actively encourages support of charities and community organisations and activities throughout each of its offices. All offices regularly hold fund raising events for local charities or those charities where staff that have connections or have had need of those charities. As well as encouraging and funding the events, the Company and wider Group also gives further support through a variety of means, including matching contributions to the relevant charities.

Directors' indemnity

As permitted by the Articles of Association, the directors have qualifying indemnity cover totalling £10,000,000 which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and up to the date of approval of the financial statements.

Going concern

The directors have prepared the financial statements on a going concern basis, as in their opinion the Company is able to meet its obligations as they fall due for at least 12 months from the date of approval of the financial statements. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels.

Auditors and disclosure of information to auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Each of the directors who held office at the date the Directors' Report is approved, confirms that:

a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

b) he/she has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of all relevant audit information and to establish that the Company's auditors are aware of such information.

This confirmation is given in accordance with Section 418(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

On behalf of the board

Paul Tarran
Director
19 March 2019

Independent auditors' report to the members of Curtis Banks Limited

Report on the audit of the financial statements

Opinion

In our opinion, Curtis Banks Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position for the year ended 31 December 2018; the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Curtis Banks Limited (continued)

Report on the audit of the financial statements (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Christopher Weissberg

Christopher Weissberg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
19 March 2019

Statement of Comprehensive Income
For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Revenue		21,918	20,750
Administrative expenses		(15,364)	(14,896)
Operating profit before non-recurring costs and amortisation		6,554	5,854
Non-recurring costs	4	(475)	(3,254)
Amortisation	9	(942)	(804)
Operating profit		5,137	1,796
Finance income	7	41	17
Profit before tax		5,178	1,813
Tax	8	(985)	200
Profit and total comprehensive income for the year	5	4,193	2,013

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 - 31 form part of these financial statements.

Statement of Financial Position
For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
ASSETS			
Non-current assets			
Intangible assets	9	11,570	12,053
Property, plant, and equipment	10	634	758
Investments	11	93	94
Deferred tax asset	15	323	-
		12,620	12,905
Current assets			
Trade and other receivables	12	5,662	4,994
Cash and cash equivalents	13	10,455	10,135
Current tax asset		-	257
		16,117	15,386
Total assets		28,737	28,291
LIABILITIES			
Current Liabilities			
Trade and other payables	14	2,702	2,771
Deferred income		5,920	5,662
Current tax liability		539	-
Provisions	15	500	641
Deferred consideration		255	341
		9,916	9,415
Non-Current Liabilities			
Deferred tax liability	15	-	68
Provisions	15	-	259
Deferred consideration		125	453
		125	780
Total liabilities		10,041	10,195
Net assets		18,696	18,096
Equity attributable to owners of the parent			
Issued capital	16	11,285	11,285
Equity share based payments	17	504	398
Retained earnings		6,907	6,413
Total equity		18,696	18,096

The financial statements on pages 9-31 were approved by the Board of Directors on 19 March 2019 and were signed on its behalf by:

Paul Tarran
Director
Company registration number: 06758825

Statement of Changes in Equity
For the year ended 31 December 2018

	Issued capital £'000	Equity share based payments £'000	Retained earnings £'000	Total equity £'000
At 1 January 2017	11,285	190	6,900	18,375
Profit and total comprehensive income for the year	-	-	2,013	2,013
Share based payments	-	208	-	208
Ordinary dividends paid	-	-	(2,500)	(2,500)
At 31 December 2017	11,285	398	6,413	18,096
Profit and total comprehensive income for the year	-	-	4,193	4,193
Share based payments	-	106	-	106
Deferred tax on share based payments	-	-	301	301
Ordinary dividends paid	-	-	(4,000)	(4,000)
At 31 December 2018	11,285	504	6,907	18,696

1 Corporate information

The Company is a private limited company, limited by shares and incorporated and domiciled in England and Wales. The financial statements are presented in pounds sterling, with all values rounded to the nearest thousand pounds except when otherwise indicated.

The nature of the Company's operations and its principal activities are set out in the Strategic Report.

The Company forms part of a wider group of companies (the "Group") whose ultimate parent company is Curtis Banks Group Plc.

2 Significant accounting policies

The following principal accounting policies have been used consistently in the preparation of the financial statements.

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by financial assets and financial liabilities at fair value through profit or loss and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share-based payment*

b) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*

c) the requirements of IFRS 7 *Financial Instruments: Disclosures*

d) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*

e) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*

f) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:

   i. paragraph 79(a)(iv) of IAS 1 *Presentation of Financial Statements*

   ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*

   iii. paragraph 118(e) of IAS 38 *Intangible Assets*

g) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 *Presentation of Financial Statements.*

h) the requirements of IAS 7 *Statement of Cash Flows*

i) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

j) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*

k) 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

l) the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets.*

2 Significant accounting policies (continued)

New standards adopted by the Company

The Company has applied the following standards for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*

IFRS 9 now requires the Company to recognise provision for impairment of trade and other receivables based on an 'expected credit loss' model, which replaces the old 'incurred loss' model required under IAS 39. Consequently, the Company has changed its methodology for estimating expected credit losses on trade and other receivables following the adoption of IFRS 9. There was no material impact to the financial statements on adoption of IFRS 9 as at 1 January 2018.

Following adoption of IFRS 15, the Company has reworded its revenue recognition accounting policy to reflect specific terminology used in the new accounting standard. There was no material impact to the financial statements on adoption of IFRS 15 as at 1 January 2018.

Going concern

The Company is required to assess whether it has sufficient resources to continue its operations and to meet its commitments for the foreseeable future, and at least 12 months from the date of approval of these financial statements. The directors have prepared the financial statements on a going concern basis, as in their opinion the Company is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months from date of approval based on current and expected market conditions together with current performance levels.

Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange of control of the acquiree's business, plus any costs directly attributable to the business combination. Any deferred consideration is included as part of the initial fair value, with a corresponding liability being recognised. The acquiree's identifiable assets, liabilities and contingent liabilities that meet conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date.

Segment reporting

All business arose in the United Kingdom. In the opinion of the directors, the Company operates in a single business segment, being that of administration of personal pension schemes.

Pensions

The Company contributes to defined contribution schemes for the benefit of its employees. Contributions payable are charged to the Statement of Comprehensive Income in the year they are payable.

Research and development

Research expenditure is written off to the Statement of Comprehensive Income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the Company is expected to benefit.

2 Significant accounting policies (continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activity. Revenue is shown net of value added tax ("VAT"), returns, rebates and discounts. The Company recognises revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for the Company's activity as described below.

- Set up and initial transaction fees, as well as ad hoc transaction fees charged in relation to pension schemes are recognised as incurred, net of VAT.
- Annual renewal fees are raised in advance and spread, net of VAT, evenly over the year to which they relate, and held as deferred income at the year-end where the annual fee period spans multiple accounting periods.
- Recurring fees which are received in arrears, including property annual fees and property acquisition fees, are accrued over the period in which services are provided.
- Any interest received in excess of that payable to clients is retained by the Company and is included within revenue. Interest income receivable by the Company is recognised as it accrues, using the effective interest rate method.

Intangible assets - Purchased Client Portfolios

Purchased client portfolios are included in the Statement of Financial Position at cost to the Company less accumulated amortisation and provisions for impairment.

The carrying value of client portfolios is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount. The carrying value of client portfolios is also reviewed for impairment annually at each reporting date.

Client portfolios are amortised on a straight line basis over their estimated useful life of 20 years.

Intangible assets - Computer Software

Computer software is included in the Statement of Financial Position at cost to the Company less accumulated amortisation and provisions for impairment.

The carrying value of computer software is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount. The carrying value of computer software is also reviewed for impairment annually at each reporting date.

Where software costs are separately identifiable and measureable, they are capitalised at cost and amortised on a straight line basis over their expected useful life of 4-5 years.

2 Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are included in the Statement of Financial Position at cost to the Company less accumulated depreciation and provisions for impairment.

The carrying value of property, plant and equipment is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount.

Property, plant and equipment is depreciated on a straight line basis at rates sufficient to write off the cost less estimated residual values of individual assets over their estimated useful lives. The depreciation rates for the principal categories of assets are as follows:

Leasehold improvements	4 years	straight-line
Computer equipment	4 years	straight-line
Office equipment, fixtures & fittings	4 years	straight-line

Non-current asset investments

Non-current asset investments are stated at cost less provision for impairment.

Impairment

The Company reviews the carrying value of its assets at each Statement of Financial Position date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the carrying value of its assets is impaired, the carrying value is reduced through a charge to the Statement of Comprehensive Income.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently at fair value and subsequently held at amortised cost using the effective interest method.

2 Significant accounting policies (continued)

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, the trade receivables have been grouped based on shared credit risk characteristics and overall credit quality.

Trade receivables are written off when there is no reasonable expectation of recovery.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same.

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model; individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Share capital

Ordinary shares are classified as equity.

Current and deferred income tax

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

Current tax comprises tax payable on current period profits, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous periods. Current tax is recognised in the Statement of Comprehensive Income unless it relates to items which are recognised in Other Comprehensive Income. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent that it is probable that future taxable profits will arise against which the losses can be utilised. Deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Management regularly assess the likelihood that deferred tax assets will be recovered from future taxable income. No deferred tax asset is recognised when Management believe that it is more likely than not that a deferred asset will not be realised.

2 Significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

Non-recurring costs

Non-recurring costs are classified as such when the nature of the expense is significant and expected to be a 'one-off' business event or activity that does not form part of usual day-to-day operations. Where costs are classified as non-recurring due to their nature, these are described in full within a note to the financial statements.

Leases

Rentals payable under operating leases, net of lease incentives, are charged to the Statement of Comprehensive Income on a straight-line basis over the year of the lease. Where property lease contracts contain guaranteed minimum incremental rental payments, the total committed cost is determined and is amortised on a straight-line basis over the life of the lease.

Share based payments

Curtis Banks Group PLC, the ultimate parent company, operates several share based payment schemes, under which certain employees in the Curtis Banks Group receive part of their remuneration package for the financial year in the form of options to purchase shares in Curtis Banks Group Plc.

The share options granted become exercisable at varying future dates. If certain conditions are met, following the vesting period, employees will be eligible to exercise their option at an exercise price determined on the date the share options are granted. Assumptions regarding the fair value of Curtis Banks Group Plc's shares and assumptions regarding employee fluctuation are taken into account when measuring the value of share-based payments for employees, which are required to be accounted for in accordance with IFRS 2 Share-based payments.

The resulting staff costs under each share based payment scheme are recognised pro rata in the Statement of Comprehensive Income to reflect the services rendered as consideration during the vesting period.

The fair value of share options granted is determined by applying the Black Scholes model. The model utilises inputs for the risk free rate, expected volatility in share price, dividend yield and the current share price at market value, which are factors determined on the date the share options are granted.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the financial statements the Company has selected and applied various accounting policies which are described in the notes to the financial statements. In order to apply these accounting policies the Company has made estimates and judgements concerning the future.

There are no critical judgements in the application of accounting policies.

3 Critical accounting estimates and judgements (continued)

The key sources of estimation uncertainty are disclosed below:

Client portfolios

Client portfolios acquired are amortised over their useful economic life (UEL) which management estimate to be 20 years. This estimated UEL is based upon management's historical experience of similar portfolios and expectation of the future persistency of the portfolio. The reasonableness of this estimated is assessed annually by comparison to actual lapse rates and consideration of factors that may affect it in the future, for example, changes to products.

Additionally, the Company reviews and judges whether acquired client portfolios show any indicators of impairment at least on an annual basis by considering actual versus forecast lapse rates and comparing the carrying value and recoverable amount. An impairment would exist where the recoverable amount determined is less than the carrying value of the asset.

Assessing recoverable amount through value in use comprises an estimation of future cash flows expected to arise from each client portfolio, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset, together with an estimated rate of attrition for each portfolio. The estimation of future cash flows is derived by taking the current earnings before tax, interest, depreciation and amortisation ("EBITDA") margin of the Company and applying this against forecast revenue from the relevant client portfolio. The key source of estimation uncertainty arises from the attrition rates used because the recoverable amount is most sensitive to this assumption. A 20% increase to the attrition rate assumption would result in no change to the carrying value of the book. A 40% increase to the attrition rate assumption would result in a cumulative £74,000 decrease in the carrying value of client portfolios.

Provisions

As part of the consolidation and integration exercise undertaken in the past year management initiated a review of data records relating to properties held within SIPPs administered by the Company.

Based on a detailed review of a sample of properties and extrapolation of the initial findings across the full population of relevant properties, the directors recognise that additional direct costs will be incurred in completing this data cleansing exercise. These costs include incremental costs of completing the review, as well as some potential costs of remediation. A provision of £500,000 has been recognised made for this matter, being the directors' best estimate of the direct costs the Company may have to bear.

In estimating the amount provided, the main areas of uncertainty include:

- The number of properties within the population that may require remediation; and
- The nature and financial impact of the remediation required

If the number of properties requiring remediation were to increase by 10% the potential cost of the exercise would increase by £39,000.

IFRS 9 impairment

Trade and other receivables are impaired based on the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables. The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of shared credit risk characteristics, days past due, existing market conditions as well as forward looking estimates at the end of each reporting period. The loss rates are considered the key source of estimation uncertainty because the impact of a change in these could result in a material change in the expected credit loss.

4 Non-recurring costs

Non-recurring costs include the following significant items:

	2018 £'000	2017 £'000
Exceptional legal fees	-	29
Set up costs associated with the take on of SIPPs under third party administration agreements	-	20
Exceptional impairment charge	-	2,124
Redundancy and restructuring	(70)	1,081
Hargreaves Hale acquisition	45	-
Data cleansing provision	500	-
	475	3,254

Exceptional impairment charge

During the year ended 31 December 2017 the Company completed the review if its operating systems following the acquisition of the Suffolk Life business by Curtis Banks Group Plc in May 2016. As a result of this review the Company concluded that the most cost effective, appropriate and lowest risk solution was, subject to contract, to implement a material upgrade of the existing back office operating system at the Company.

As a result of this decision, costs of approximately £2.1 million incurred and capitalised on the initial development, installation, evaluation and testing of an alternative system over recent years was written off as an exceptional impairment charge in the financial statements for the year ended 31 December 2017. Other than £0.1m, all of these costs were originally incurred in accounting periods up to and including the year to 31 December 2016.

Redundancy and restructuring

During the year ended 31 December 2017 a full strategic review of all the office locations used by the Company was carried out. As a result of that review, and after full consultation with all relevant staff, the decision was taken to close the Company's office in Market Harborough. The closure was effective from the end of January 2018. Full provision was made in the financial statements for the year ended 31 December 2017 for all the financial costs arising from the decision to close that office including redundancy payments, amounts due under onerous leases and cost of relocating the activities of that office to other Company locations.

During the year ended 31 December 2018, a tenant was procured for the Company's office in Market Harborough providing sub-let income equivalent to the head lease rent payable over the remainder of the lease term. Consequently, onerous lease costs provided for during the year ended 31 December 2017 were written back. Please see note 15 for further details of the movement in provisions.

Hargreave Hale acquisition

During the year ended 31 December 2018 the Company acquired a book of SIPPs from Hargreave Hale Limited. The company incurred legal and professional fees in connection with this that have been expensed and treated as non-recurring costs. Note 9 to the financial statements contains further information about the Hargreave Hale acquisition.

4 Non-recurring costs (continued)

Data cleansing provision
As part of the consolidation and integration exercise undertaken in the past year management initiated a review of data records relating to properties held within SIPPs administered by the Company.

Based on a detailed review of a sample of properties and extrapolation of the initial findings across the full population of relevant properties, the directors recognise that additional direct costs will be incurred in completing this data cleansing exercise. These costs include incremental costs of completing the review, as well as some potential costs of remediation. A provision of £500,000 has been recognised for this matter, being the directors' best estimate of the direct costs the Company may have to bear.

In estimating the amount provided, the main areas of uncertainty include:

- The number of properties within the population that may require remediation; and
- The nature and financial impact of the remediation required

5 Profit for the year

Profit and total comprehensive income for the year is arrived at after:

	2018 £'000	2017 £'000
Charging:		
Amortisation of intangible assets	942	804
Depreciation of property, plant and equipment	345	327
Auditors remuneration:		
-audit of the annual accounts of the Company	49	38

6 Employees and directors

	2018 £'000	2017 £'000
Wages and salaries	9,516	9,349
Social security costs	787	816
Other pension costs	334	287
Share based payments	311	208
	10,948	10,660

The monthly average number of employees during the year was:

Directors	9	10
Administration	250	265
	259	275

Details of emoluments (including pension) paid to the directors are as follows:

	2018 £'000	2017 £'000
Total emoluments paid to directors:		
Wages and salaries	610	763
Compensation for loss of office	98	85
Social security costs	66	88
Post-employment costs	30	28
Share-based incentive awards	109	169
Total directors' compensation	913	1,133

	2018 £'000	2017 £'000
Highest paid director		
Aggregate emoluments and benefits of highest paid director	177	166
Company pension contributions to money purchase schemes	6	4

All employees and directors' contracts of service (with the exception of the non-executive directors of the ultimate parent company, Curtis Banks Group Plc) are with either Curtis Banks Limited or Suffolk Life Pensions Limited. The employees and directors' remuneration expenses are included in the Statement of Comprehensive Income of the respective company with which their contract of service exists.

The ultimate parent company discloses the full consolidated remuneration for each director of the ultimate parent company.

7 Finance income

	2018 £'000	2017 £'000
Interest income	41	17
	41	17

8 Taxation

	2018 £'000	2017 £'000
Current year tax		
UK Corporation tax	1,074	(25)
Total current tax	1,074	(25)
Deferred tax		
Origination and reversal of temporary differences	(89)	(175)
Total deferred tax	(89)	(175)
Total tax	985	(200)
Factors affecting the tax charge for the year		
Profit before tax	5,178	1,813
Profit before tax multiplied by standard rate of UK Corporation tax of 19% (2017: 19.25%)	984	349
Effects of:		
Group relief surrendered	(108)	(191)
Adjustment in respect of prior years	171	(105)
Non-taxable income	(10)	(9)
Non-deductible expenses	9	13
Other tax adjustments	(61)	(257)
Total tax (credit)/charge	985	(200)

9 Intangible assets

	Development costs £'000	Purchased Client Portfolios £'000	Computer software £'000	Total £'000
Cost				
At 1 January 2018	152	14,637	430	15,219
Additions	-	433	26	459
Disposals	-	-	-	-
At 31 December 2018	152	15,070	456	15,678
Amortisation				
At 1 January 2018	(38)	(2,942)	(186)	(3,166)
Charge for the year	(114)	(734)	(94)	(942)
At 31 December 2018	(152)	(3,676)	(280)	(4,108)
Net book value				
31 December 2017	114	11,695	244	12,053
31 December 2018	-	11,394	176	11,570

Development Costs

Development costs represent costs incurred for the development of new SIPP products. Amortisation is provided as products are released to the market. The costs are being amortised over their useful economic life of four years on a straight-line basis.

Client Portfolio acquisitions

Client portfolios represent individual client portfolios acquired through business combinations and accounted for under the acquisition method. The directors consider that there is no impairment to assets as at the year end. The client portfolios are being amortised over a period of 20 years.

The brought forward balance relates to the purchase of the trade and assets of Montpelier Pension Administration Services Limited on 13 May 2011, the full SIPP business of Alliance Trust Savings Limited on 18 January 2013, the full SIPP business and certain assets of Pointon York SIPP Solutions Limited on 31 October 2014, the full SIPP business of Rathbones Pension & Advisory Services Limited on 31 December 2014, and a book of full SIPPs from Friends Life Limited on 13 March 2015. These acquisitions have been accounted for under the acquisition method of accounting.

Additions in the year comprise the purchase of a book of 578 SIPPs from Hargreave Hale Limited for cash consideration of £433,000, all of which was settled on the acquisition completion date of 10 December 2018. Acquisition related costs of £45,000 were incurred in relation to this which have been expensed as non-recurring costs.

Computer Software

Computer software contains costs that meet the recognition criteria under IAS 38 as Intangible Assets. General small computer software costs are amortised over their useful economic life of four years on a straight-line basis. Computer software costs for significant projects are amortised over an estimated UEL on a project by project basis.

10 Property, plant, and equipment

	Leasehold improvements	Computer equipment	Office equipment, fixtures, and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2018	54	1,694	317	2,065
Additions	-	172	49	221
Fixed assets written off or disposed of	(54)	-	-	(54)
At 31 December 2018	-	1,866	366	2,232
Depreciation				
At 1 January 2018	(42)	(1,113)	(152)	(1,307)
Charge for the year	(12)	(276)	(57)	(345)
Fixed assets written off or disposed of	54	-	-	54
At 31 December 2018	-	(1,389)	(209)	(1,598)
Net book value				
31 December 2017	12	581	165	758
31 December 2018	-	477	157	634

11 Non-current asset investments

	Shares In group undertakings £'000	Total £'000
Cost		
At 1 January 2018	94	94
Disposals	(1)	(1)
At 31 December 2018	93	93
Netbook value		
At 31 December 2017	94	94
At 31 December 2018	93	93

The directors are satisfied that no impairment has occurred in the carrying value of the non-current asset investments at 31 December 2018.

Name of entity	Registered Office Address	Principal activity	Country of Incorporation	% of Ordinary Shares held by Company
Curtis Banks Investment Management Limited	A	Provision of financial advice	England and Wales	90
Colston Trustees Limited	A	Dormant	England and Wales	100
Montpelier Pension Trustees Limited	A	Dormant	England and Wales	100
Tower Pension Trustees Limited	A	Dormant	Scotland	100
SPS Trustees Limited	A	Dormant	England and Wales	100
Crescent Trustees Limited	A	Dormant	England and Wales	100
Tower Pension (S-B) Trustees Limited	B	Dormant	England and Wales	100
Bridgewater Pension Trustees Limited	A	Non-Trading	England and Wales	100
Temple Quay Pension Trustees Limited	A	Dormant	England and Wales	100

The registered office address indicator included in the table above reflects the following current registered offices for each company:

(A) 3 Temple Quay, Temple Back East, Bristol, BS1 6DZ

(B) Suite 3, West Port House, 144 West Marketgait, Dundee, DD1 1NJ

12 Trade and other receivables

	2018 £'000	2017 *As restated** £'000
Trade receivables	3,539	2,887
Loss allowance	(825)	(285)
Other receivables	1,138	749
Amounts owed by group undertakings	107	89
Prepayments and accrued income	1,703	1,554
	5,662	4,994

Trade receivables are amounts due from customers for services performed in the normal course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of the consideration due. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Information about the Company's impairment policies is provided in note 2 to the financial statements.

Due to the short term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

**Accrued interest income of £1,038,000 as at 31 December 2017 was previously reported within other receivables. To better reflect the underlying nature of this balance the amount is now included within prepayments and accrued income.*

13 Cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	10,455	10,135
	10,455	10,135

All cash at bank is held on overnight deposit.

14 Trade and other payables

	2018 £'000	2017 £'000
Trade payables	382	396
Amounts owed to group undertakings	113	82
Taxes and social security cost	531	843
Other payables	526	550
Accruals	1,150	900
	2,702	2,771

15 Provisions for liabilities

Deferred income tax

As a result of the taxation position set out in note 8, a deferred tax asset has arisen as follows:

	2018 £'000	2017 £'000
Deferred tax on temporary differences	316	(75)
Non-trade tax losses available	7	7
	323	(68)

The deferred tax asset with respect to temporary differences is analysed as follows:

	2018 £'000	2017 £'000
Temporary differences on equity share based payments	360	-
Temporary differences on plant and equipment	(44)	(75)
	316	(75)

15 Provisions for liabilities (continued)

Provisions	Other provision* £'000	Restructuring provision £'000	Onerous lease provision £'000
Balance as at 1 January 2017	-	-	-
Amounts introduced	-	534	366
Balance as at 31 December 2017	-	534	366
Amounts introduced	500	-	-
Amounts utilised	-	(532)	(197)
Amounts written back unused	-	(2)	(169)
Balance as at 31 December 2018	500	-	-

**See note 3 for details*

16 Issued capital

	2018 £'000	2017 £'000
Allotted, issued, and fully paid		
11,285,000 Ordinary shares of £1 each	11,285	11,285
	11,285	11,285

There is one class of ordinary shares. The ordinary shares rank equally for voting purposes. On a show of hands each member shall have one vote and on a poll each member shall have one vote per share held. Each ordinary share ranks equally for any dividend declared and rank equally for any distribution made on a winding up.

17 Equity share based payments

Curtis Banks Group Plc, the ultimate parent company, seeks to facilitate equity ownership by employees of the Company through schemes that encourage and assist the purchase of shares in Curtis Banks Group Plc.

The Group operates several share option and share award plans. Employees of the Company participate in the Save As You Earn scheme ("SAYE"), the Long Term Incentive Plan ("LTIP"), and the Company Share Option Plan scheme ("CSOP"). Awards granted under these schemes vest over periods of 3 years.

The weighted average exercise price of all options outstanding at 31 December 2018 was 76.91p.

The following table reflects further information about share options outstanding as at the end of the year:

Scheme Name	Exercise Price	Latest Exercise Date
EMI Share Option Scheme	62.54p	8 April 2025
SAYE Share Option Scheme 2016	288.88p	1 February 2020
SAYE Share Option Scheme 2017	213.60p	1 February 2021
SAYE Share Option Scheme 2018	268.80p	1 February 2022
LTIP Long Term Incentive Plan Scheme 2017	0.00p	26 October 2027
LTIP Long Term Incentive Plan Scheme 2018	0.00p	18 September 2028

18 Financial Commitments

The only financial commitments of the Company are as lessee to various office premises. At the end of each of the lease terms, the Company has the option to renew the lease agreements. To exercise the renewal option, the lessee is required to give notice to the lessor of such renewal not later than 30 days before the end of the lease term.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 £'000	2017 £'000
Land and buildings		
No later than 1 year	392	386
Later than 1 year and no later than 5 years	562	954
Total	954	1,340

19 Pension costs - defined contribution

	2018 £'000	2017 £'000
Contributions payable by the Company for the year	334	287

20 Dividends

	2018 £'000	2017 £'000
Ordinary share dividends paid	4,000	2,500
	4,000	2,500

The dividends paid in 2018 and 2017 were 35.45 pence per share and 22.15 pence per share respectively.

21 Contingent liabilities

In-specie contributions

The Company has been in correspondence with HMRC regarding processes and documentation in respect of in specie contributions. HMRC have alleged that incorrect procedures were followed and is seeking to reclaim tax reliefs granted and interest thereon. This is an industry wide issue affecting other SIPP operators and is being challenged by the industry as a whole. It is not possible to determine when this matter will be resolved and the outcome and impact are not known at this stage. We do not believe that the net exposure arising from this will be material to the Group.

Data cleansing

As reported in note 3, management initiated a review of data records related to properties held within SIPPs administered by the Company.

This review requires a case by case assessment of each of the properties within the population in order to assess whether any remedial action is required by the Company in respect of that property or the associated SIPP.

In addition to the provision of £500,000 for the estimated direct costs that the Company may incur in respect of this exercise, the directors consider that it is possible that the Company may also be exposed to indirect costs in the future, depending on the outcome of the case by case reviews.

The directors' best estimate of this contingent liability is £1.5m, however there are inherent uncertainties in this estimate including due to the sampling and extrapolation approach adopted so far, the quality of data and potential significant variations in the assumed liabilities payable to rectify individual SIPP positions.

This estimate will be reviewed regularly, and any changes or refinements will be reported as appropriate. The directors currently expect that the review will be completed by the end of 2019 with any potential material follow up actions completed by 2020.

22 Related parties

At the year end, Curtis Banks Investment Management Limited, a subsidiary of the Company, owed £10,960 to the Company (2017: £57,345) arising as a result of expenses recharged by either party. The total amount of expenses recharged by Curtis Banks Limited in the year amounted to £142,627 (2017: £108,841). During the year ended 31 December 2018 the company received an ordinary dividend of £54,000 from Curtis Banks Investment Management Limited (2017: £45,000).

At the year end, the Company was due £26,586 (2017: due £31,285) from Curtis Banks Group Plc, the ultimate parent company. This relates to expenses paid by the Company on behalf of Curtis Banks Group Plc. The total amount of expenses recharged by Curtis Banks Limited in the year amounted to £220,374 (2017: £127,858).

During the year, the Company paid £138,000 gross emoluments to Chris Banks, a strategic advisor and significant shareholder of Curtis Banks Group Plc.

23 Control

The Company is a wholly owned subsidiary of Curtis Banks Group Plc a company incorporated in England and Wales and is included in the consolidated financial statements of Curtis Banks Group Plc which are available on the Group website, www.curtisbanks.co.uk or from the Company Secretary at the Registered Office, 3 Temple Quay, Bristol, BS1 6DZ. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.