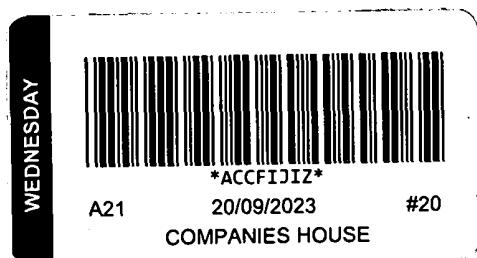

Parmenion Capital Partners LLP

Annual report and financial statements

Registered number OC322243

For the year ended 31 December 2022



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Designated Members and Advisers

Designated members

Shillay Bidco 1 Limited
Shillay Bidco 2 Limited

Registered office

Aurora
Counterslip
Bristol
BS1 6BX

Independent auditor

CLA Evelyn Partners Limited
Chartered Accountants and Statutory Auditor
45 Gresham Street
London
EC2V 7BG

View from the Chairman – Richard Houghton

Against a backdrop of steadily rising interest rates, the war in Ukraine, political uncertainty and the challenge of high inflation, Parmenion continued to make excellent progress in 2022. We were particularly pleased to win the blue ribbon 'UK Platform of the Year' for a second time, which underlined the quality and capability throughout our business.

It's heartening to be recognised for our achievements during such difficult times. I was also very pleased to see that staff morale, as measured by our Monthly Temperature Check survey, trended steadily upwards despite the market's challenges.

Apart from a summer rally and some respite in October and November, retail investors saw their wealth fall over the course of the year, making the work of financial advisers much more difficult. Mid-risk portfolios - the staple, recommended investment - lost around 10% in nominal value and gave up an equivalent amount in terms of purchasing power. ESG investing suffered particularly in a market dominated by energy, banking and armaments. Another major feature was the almost unprecedented correlation of bond and equity returns which adversely affected 'balanced' portfolios. Lower risk portfolios, heavily weighted towards fixed interest holdings, fell more than higher risk equity portfolios. It therefore came as no surprise that advisers were placing much less business than in more optimistic times.

Yet despite these external challenges, Parmenion has delivered excellent financial results.

In July, we announced the forthcoming launch of our Advisory Models PRO service - a significant step forward for advisers without discretionary permissions looking to improve control over their fund-based model portfolios. Its secure messaging, model version control and concise reporting will give the advisers who bring their fund selections to our platform greater confidence and fewer slip ups in administration and compliance.

Our senior management team has been strengthened during the year by the arrival of Mike Morrow as Chief Commercial Officer.

We were pleased to announce the addition of ebi Portfolios to the group at the back end of the Year. ebi will strengthen our investment offering and we welcome them to the Parmenion family.

Relations with advisers remain excellent. We gathered many of our key supporters to our second annual 'Let's Grow' conference at the Barbican Conservatory and took the opportunity to hear their views on our performance and priorities. We have continued to maintain a very high rate of communication, adding a new channel to our output in the form of our monthly podcast.

View from the Chairman – Richard Houghton

In addition to winning UK Platform of the Year, our platform once again secured a Defaqto Gold rating for Platform service, a 5 Star proposition rating for DFM, Pension and Drawdown and we increased our number of 5 Diamond rated portfolio ranges to 12, more than any other manager.

Looking ahead, we aim to add new firms to the platform and to win a higher share of existing customers' assets under management. We will continue to enhance the functionality of our technology and broaden our service offering to advisers. We feel confident in our ability to meet or exceed Consumer Duty obligations and consistently strive to make working with Parmenion a rewarding experience for financial advisers and their clients.

Everyone in the business can be rightly proud of what has been achieved and can look with confidence to further success.

Richard Houghton

View from the CEO – Martin Jennings

2022 was Parmenion's first full year of independence and we are exceptionally pleased that we have demonstrated our resilience in one of the most challenging economic and geopolitical climates in recent times.

Our recent change in ownership has allowed us to accelerate the strategic imperatives in investment breadth, retirement and adviser support and services announced at last year's Let's Grow - our flagship event for advice firms held at Kew Gardens - in November 2021. Doubling down on our core values of progress, achievement and authenticity, our business enjoyed another strong year that culminated in us winning the coveted Schroders Platform of the Year award, for the second time.

Broadening our investment proposition

With consumers feeling more uncertain about investing than they have for over a decade, we leaned in to help advisers reassure their clients. Focussing on what our partners have told us they need, we delivered on our promise to expand our investment proposition. By the end of 2022, we offered eight alternative Discretionary Managers alongside our own in-house investment solutions. We also welcomed new Affinity partners to work with the growing Parmenion Investment Management team as their appointed investment adviser. We now support over a dozen Affinity partners with AUM in excess of £2bn.

In the year our Defaqto Diamond rated ESG solutions celebrated their 10th birthday, we introduced a new PIM Strategic Passive ESG Solution, giving advisers even more choice for clients looking for values-based investing.

We launched a new app to help clients access key documents and valuations and tested a new, innovative service – Advisory Models PRO – with selected partners. Advisory Models PRO is designed to make managing advisory portfolios, without discretionary permissions, simple and hassle-free, dramatically reducing the time and effort needed for client consent and version control; making sure advisers' clients are in the right portfolio at the right time, more of the time.

Co-collaborating on new products and services from vision to execution is how we can be confident everything we deliver is designed specifically to solve the challenges in advisers' businesses.

Bolstering our retirement capability

Supporting good outcomes before, at and during retirement is a responsibility and privilege we take very seriously. Throughout 2022, we continued to enhance our SIPP capabilities, opening up

View from the CEO – Martin Jennings

the ability to choose any payment dates and making it easier to initiate immediate drawdown. 2023 will see significant useability enhancements to maximise the benefits of our multi-pot architecture, making it even easier to support the complex needs of clients in and at retirement

In November, Parmenion Investment Management (PIM) introduced a ground-breaking Strategic Asset Allocation change to PIM Strategic Guardian, further mitigating downside risk through the addition of a new 'Hedge Assets' asset class, which includes a new "Volatility" asset.

Enhancing our market-leading technology, data and service

Our move early in 2022 to an agile scrum methodology supported a fortnightly delivery cadence, with regular sharing and celebration of achievements and the opportunity to learn from experiences across our development teams. The year saw us introduce 264 new features across 24 releases from a team committed to continuous improvement.

With the rise in cybercrime and data breaches sparked during lockdown, we were able to support our customers with our information security expertise.

In 2022, our cyber security partners penetration tested our Parmenion platform, our Parmenion mobile app, our internal network and ran a phishing test against our staff. We also ran our own quarterly phishing tests, physical security audits of our offices and issued monthly security newsletters to our staff.

Vantage, our management information reporting service, continued to provide our customers with valuable insight for their decision making, while supporting their reporting obligations: a tool that will become increasingly important in the light of 2023's deadlines for implementing Consumer Duty.

Service, in the widest possible sense, is the jewel in our crown. Our client services team maintained their outstanding credentials throughout 2022, with almost 90% of calls answered within 20 seconds or less and a live chat rating across the year of 4.8/5. In our Operations team, 100% of new business applications were processed within 24 hours, 96% of emails were responded to within 48 hours and, where needed, 100% of transfers were chased within 10 days, earning our team silver STAR accreditation for both SIPP and ISA/GIA transfers. Our operational accuracy rate – the percentage of work processed right first time – is 99.88%. Room for improvement!

An addition to the family

The very last day of 2022 saw us complete our acquisition of Midlands based ebi Portfolios Ltd and welcome them to the Parmenion group. Inorganic growth is a key part of our strategy, and ebi are totally aligned with the values and customer centric culture that's so important to us all here at

View from the CEO – Martin Jennings

Parmenion.

We can see that 2023 will be another turbulent year, but the progress we've made already convinces us that our disruptive strategy is succeeding, stands us in good stead for the challenges ahead and intensifies our determination to make sure every financial planner in the UK has clients on Parmenion. Why? Because it's the best possible option, for advisers and their clients.

Martin Jennings

View from CFO – Emma Thomas

Revenue

2022 saw Parmenion deliver continued growth despite significant market volatility caused by the macro-economic environment.

Overall, assets under management (AUM) decreased by 10.6% in 2022. Despite generating positive net inflows of new business from our supporting advisers, the impact of volatile and weaker markets resulted in year-end AUM falling from £9.6bn in December 2021 to £8.6bn at December 2022. It was, however, a year in which active investment management proved itself, and our custody and investment management revenue grew from £35.8m to £40.2m.

Costs

Throughout 2022, overall costs were maintained at levels consistent with 2021. Staff costs declined from £15.7m to £14.0m, as our headcount reduced from 214 to 202. Other expenses rose as we made additional investment in our proprietary technology to deliver processing efficiencies, and to achieve and promote exciting propositional enhancements like Vantage, Affinity and Advisory Models PRO.

Our history of internal investment has enabled us to maintain a stable cost base while growing revenues, leading to a commensurate increase in margins. Our outstanding customer service is supported by the efficiencies that technology can deliver, and is a reflection on the quality of our teams. Our service levels give a significant competitive advantage to Parmenion and we continue to invest to improve on our current standards of excellence.

Operating Margin

Realising benefits from investments made in previous years, managing our cost base and the modest increase in revenues has helped improve our operating profit through a difficult economic period, from £4.6m in 2021 to £9.5m in 2022.

Cashflow

This shows strong cash generation in 2022, with cash inflow from operating activities at £15.6m compared to an inflow of £9.7m in 2021. The total cash increase in the period is £3.9m, after repaying a loan to our former owners, Standard Life Aberdeen of £8.5m.

In 2021, the comparable cash increase was £7.9m.

View from CFO – Emma Thomas

Financial Position

The balance sheet has further strengthened in the year, with net assets of £26.6m at the end of 2022, compared to £15.0m in 2021. Our headroom over the FCA capital requirements is more than £15.2m, as of 31 December 2022.

It's also worth noting the strength of our current asset liquidity base, with £27.8m held in cash – an increase of around 17% over 2021.

We are delighted that AKG again awarded Parmenion a financial strength rating of B (Strong), a positive affirmation of the underlying financial strength of our business.

Going Concern

Our accounts have been prepared on a going concern basis. The 2022 results have shown strong profitability, cash-generation and significant improvement in key areas of financial strength compared to 2021.

Our 5-year strategic growth plan is regularly reviewed and stress tested by the leadership team. This degree of challenge enables the Board to have confidence that Parmenion is both a going concern and a highly resilient business.

Emma Thomas

Members' Report

The members present their report on Parmenion Capital Partners LLP (the "LLP" or "Parmenion") for the year ended 31 December 2022.

Business review and future developments

The principal activity of the LLP during the year was to offer collective investment fund based discretionary management and platform custody services to the retail clients of UK authorised Independent Financial Advisers. There are no plans to change the principal activity of the LLP.

The LLP is authorised and regulated by the Financial Conduct Authority ("FCA").

On 30th June 2021, Aberdeen Asset Management PLC and Aberdeen Investments Limited sold Parmenion to Shillay Bidco 1 and Shillay Bidco 2.

Parmenion has maintained focus on ensuring that its systems and processes meet the highest industry standards. Parmenion has invested significantly, to ensure the robustness and scalability of its infrastructure. Faced with the ongoing impacts of the global pandemic, the LLP has continued to deliver, having maintained both cost savings and stable core revenues.

Separation from the SLA group (Standard Life Aberdeen, now Abrdn, the former ultimate owners of Parmenion) provided us with opportunities to review procurement of certain services, facilitated decision making and allowed us to reflect on and develop our approach to our regulatory footprint.

We undertook a strategic review during the year in conjunction with our new owners. The objective of this was to improve and widen our proposition. This review generated a number of new exciting opportunities for Parmenion to pursue, including allowing adviser firms access to certain third party DFMs on the Parmenion platform, improving our SIPP proposition and developing an advisory model solution.

Designated Members

The designated members during the year under review and up to the date of this report were:

Shillay Bidco 1 Limited
Shillay Bidco 2 Limited

Members' Report

Members' capital, interests, and rights

Each member's capital contribution is determined by the Limited Liability Partnership Agreement. No member is entitled to receive interest on their capital contributions to the LLP and their contribution is repayable on the date that they leave the partnership.

Details of changes in members' capital and interests in the year ended 31 December 2022 are set out in the financial statements.

Key performance indicators

The LLP tracks revenue and assets under management ("AUM") as key performance indicators.

The table below shows AUM movement from 31 December 2021 to 31 December 2022:

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Assets under management	8,612,776	9,634,188
Client money	274,978	278,489

Principal risks and uncertainties

The LLP is exposed to a range of significant risks and operates under the Parmenion risk management framework. The oversight and implementation of risk strategy for the LLP is managed at an executive level through the executive risk committee, together with the risk and compliance departments. The members of the committee meet bi-monthly and consider the risks facing the LLP and controls required to manage these risks, as well as the output from a number of governance committees held at an executive and senior management level.

The principal risks relating to the LLP are:

Investment mandate

This is the risk of intentional or unintentional errors (including exceeding client exposure limits or mandated risk levels) leading to compensation payments for breach of investment mandates.

Members' Report

Client and investment mandate restrictions are automated as far as possible to reduce areas where judgement or manual intervention is required. Timely and accurate monitoring of solution activities are reviewed by the Senior Investment Oversight Manager. If an investment breach is identified, the factors leading to the breach are promptly analysed and the position corrected.

There is segregation of duties between all conflicting roles and there are also overarching controls in various committees.

Product

There is a Grow the Business Committee which oversees the assessment and launch of all new products. New proposals and strategies are evaluated and approved by the Grow the Business Committee, which considers the risks, potential investor profiles and distribution channels to ensure suitability and commercial viability. Periodic post-sale product analysis is conducted to confirm products are performing as expected and meeting the needs of clients.

Distribution and client management

Client relationships are fundamental to the LLP's business and retention of AUM. The main source of business originates through two channels of distribution: directly from institutions and indirectly through investment intermediaries. There is therefore the risk of misleading clients or misrepresenting products to clients which could create regulatory censure as well as loss of clients. Poor management of client or distributor relationships is also a risk.

Client needs and expectations continue to evolve and change in profile, and there is a risk of failure to customise and tailor service models to suit their specific requirements.

The Board views meeting customers' needs and expectations as integral to the LLP's culture. Client relations teams keep in regular contact with clients to ensure their needs are addressed.

External service providers

The LLP uses a small number of strategic suppliers. This ensures a degree of competition, whilst ensuring the LLP has significant influence and leverage. However, it also exposes the LLP to concentration risk and dependence on strategic providers. Operations teams oversee these third-party administrators and monitor agreed service levels through a suite of key indicators, focusing on significant aspects such as service quality and risks. Contingency plans in the event of the

Members' Report

withdrawal or failure of a strategic supplier are reviewed by the Board. The LLP also regularly reviews the business recovery infrastructure and strategy of these suppliers. This includes meetings between senior executives and strategic suppliers during the year and on-going monitoring and review by control oversight functions.

Brand and marketing

Digital developments are transforming interactions with clients. There is a risk of reputational damage if the pace with how an increasing number of clients and stakeholders want, and expect, to interact with us is not met, and if brand or marketing activities are inconsistent with the LLP's culture or operations.

A dedicated marketing team oversees all social media communications, to ensure regulatory compliance, and to develop the digital offering to help communication with client audiences in an engaging way. Reputational standing and changes in reputation are tracked through a specialist company who analyse industry, media and social commentary to help understand what influences reputation and comparison with peers. The compliance team works closely with the business to check marketing materials are consistent with products and capabilities.

Loss of key investment personnel

Retaining, developing and investing in talent is fundamental to the LLP's stability and long-term success. The LLP's reputation and client retention could be damaged through significant changes in investment personnel. Failure to prevent the departure of qualified employees dedicated to overseeing and implanting current and future regulatory standards and initiatives could also negatively impact on the LLP's operations.

The LLP does not have "star" fund managers; instead, there are teams with complementary skillsets who discuss investment decisions and take collective responsibility. This team-based approach seeks to avoid reliance on any one individual. Appraisals and remuneration are designed to develop, attract, motivate and retain staff. Succession plans are in place to ensure there is cover for key roles, and these are formally reviewed and updated annually. This strategy is disseminated through all levels of the organisation, so each business area can engage with the LLP's ambitions of growth.

Members' Report

Technology and information security

The LLP's technological infrastructure is critical to the operation and the delivery of products and services to clients. Technology and information security risk relates to the risks that technology systems are inadequate or that they fail to adapt to changing requirements. It also covers cyber related risks where the LLP is exposed to financial loss or damage to reputation as a result of failure of information technology systems; a flaw or weakness in hardware, software or process that exposes a system to compromise by third parties; and, that data is held insecurely or breached. Technology and data innovation are also transforming many aspects of the investment process. There is a risk that systems and platforms do not have the flexibility to support a more diverse client base and the LLP fails to utilise data to gain a competitive advantage.

The Run the Business committee provides the overall strategic direction, framework and policies for technology and information security, with a particular focus, currently, on cyber-crime prevention. This is supported by the global cyber security programme which is focussed on the protection of the confidentiality and integrity of information assets. External global capacity is employed to support the management and protection of networks, critical internal assets and data. This includes an incident response service in real time as they occur to identify and thwart potential malicious activity. A periodic risk assurance review of information security and cyber risk framework is undertaken by a professional service firm, to benchmark against peers.

Business continuity

The LLP has an obligation to ensure the business can operate at all times. There is a risk that potential impacts and threats to the LLP are not identified, and therefore it is essential to build the resilience and capability required to ensure an effective response that safeguards the interests of key stakeholders, reputation, brand and value creating activities.

Business continuity management policies and recovery plans have been established, which define the standards and requirements for business continuity, pandemic preparedness, crisis management and recovery. These plans are regularly tested. Off-site backup facilities are in place to provide resilience and security that key operations can be moved and/or managed from one location to another at short notice if necessary.

The continued strength of the LLP's business continuity plans through 2022 has been demonstrated across the business. We have been able to continue to operate in a business-as-

Members' Report

usual manner and maintained our exceptional levels of service – rated highly commended for best overall service to paraplanners – new business – service award in 2022 at the Professional Paraplanner Awards. Right at the start of the pandemic, we carried out scenario tests on our business model and developed a strong cost savings initiative to ensure any negative impacts on our revenue were mitigated by these reductions. We have been cash generative in the year, with positive cashflow of £3.9m, thus ensuring we are in a strong position to weather any further impact of this pandemic or any other challenges the business may face. The business is therefore very well placed to continue as a going concern.

Legal and regulatory

The LLP is subject to regulatory oversight by the FCA and operates in a complex and dynamic regulatory environment. Risks arise from legal and regulatory obligations and the failure to correctly interpret law or changes in the law which may materially and adversely impact the LLP. The LLP may also be subject to regulatory sanctions or loss of reputation from failure to comply with regulations. Conduct and culture, and managing or avoiding conflicts of interest, are key responses to this risk.

The management of legal and regulatory risk is the responsibility of the senior management of all functions, supported by the in-house compliance team and external legal advisers. The legal advisers and compliance team track legal and regulatory developments to ensure the LLP is prepared for changes. In addition to developing policies, delivering training and performing monitoring checks, they provide advice to other departments to ensure compliance with legal and regulatory requirements. They also work with project groups to implement key regulatory changes. There is an open and constructive relationship with regulators and participation in industry forums and associations so that information is shared regarding possible legal and regulatory changes.

Capital management

Capital serves as a buffer to absorb unexpected losses on a going concern basis as well as to fund the ongoing activities of the LLP and to comply with the requirements of the FCA. The regulatory capital requirement of the LLP is established through reference to the Investment Firms Prudential Regime (IFPR). The LLP aims to maintain capital in excess of its regulatory requirements to ensure a safety margin is held.

Members' Report

All revenue of the LLP is derived from the UK and the LLP has no establishments overseas, therefore no Country-by-Country Reporting (CBCR) has been included in the financial statements. The disclosures required by MIFIDPRU 8 will be available on our website at www.parmenion.co.uk

Credit risk

The LLP's exposure to credit risk arises primarily from counterparty exposure in the form of exposures to a third-party lender and deposits placed with banks.

Due diligence and regular review of our banking providers is carried out as part of our CASS monitoring.

Liquidity risk

The LLP aims to have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the LLP's reputation.

The LLP's cash position, available facilities and forecast cash flows are monitored on a weekly basis by the LLP's finance team and access to appropriate liquidity is made available where necessary. Compliance with the LLP's regulatory capital requirements is also regularly monitored to ensure no breaches occur.

Equal opportunities

At Parmenion we view diversity as a valuable business asset. By having a workforce that reflects the communities where we work, we gain an important competitive advantage. We do not tolerate harassment or bullying. The LLP gives full and fair consideration to applications for employment from disabled persons. If employees become disabled, we provide continuing employment wherever possible and subject to local laws and regulations. For the purposes of training and career development, all employees are treated equally.

Health and safety

The LLP has in place a health and safety policy which can be accessed by all staff via an internal database. The aim is to provide both staff and visitors with a safe and healthy working environment. The LLP is committed to adhering to the high standards of health and safety set out by its policies and procedures and to providing training as necessary.

Members' Report

Energy consumption and emissions

This section has been included in accordance with the Streamlined Carbon and Energy Reporting requirement as applicable in the UK (SECR). The "Emissions Scope" categories have been created in accordance with the Greenhouse Gas (GHG) Protocol and UK government guidance on SECR. Calculations for the below have utilised 2022 conversion factors as provided by the UK government website. Emissions are stated through the use of carbon dioxide equivalents (CO₂e).

Usage Type	Emissions Scope*	UK Energy consumption (kWh)		UK Emissions (tonnes of CO ₂ e)	
		2022	2021	2022	2021
Gas	Scope 1	87,555	119,685	16.0	21.8
Electricity	Scope 2	208,149	185,242	40.3	35.8
Transport (business mileage)	Scope 3	72,506	30,972	18.0	7.8
Total		368,210	335,899	74.2	65.5

Intensity Measure	2022	2021
Emissions per full time employee, tonnes of CO ₂ e	0.37	0.31

**Scope 1 includes direct emissions and Scope 2 includes indirect emissions. Scope 3 includes amounts not in direct control of the business. Scope 3 is outside of the scope of SECR for emissions reporting but in this instance consists of business travel that is in-scope for energy consumption reporting under SECR. We have included Scope 3 business travel emissions anyway for the purposes of enhanced disclosure.*

Parmenion's goals for emission reduction will be aided going forward with the recent establishment of a Net Zero Working Group.

Post Balance Sheet Events

Please see Note 22 on page 50 for further details.

Disclosure of information to auditor

The designated members at the date of approval of this Members' Report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditor is unaware; and each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Members' Report

Independent Auditor

During the year CLA Evelyn Partners Limited was appointed as auditor.

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Statement of members' responsibilities in respect of the Members' Report and the financial statements

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members 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 LLP and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

On behalf of the members:



Martin Jennings

On behalf of Shillay Bidco 1 Limited, a Designated Member

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARMENION CAPITAL PARTNERS LLP

Opinion

We have audited the financial statements of Parmenion Capital Partners LLP (the 'limited liability partnership') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Members' Equity Interests, the Statement of Cash Flows, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' 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 limited liability partnership'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.

Independent Auditor's Report

Our responsibilities and the responsibilities of the members 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 and Financial Statements other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the members' responsibilities statement set out on page 17 of the Members Report, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic

Independent Auditor's Report

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.

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 obtained a general understanding of the limited liability partnership's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations and how management identify breaches of the applicable Financial Conduct Authority (FCA) rules. We also drew on our existing understanding of the limited liability partnership's industry and regulation. We understand that the limited liability partnership complies with requirements of the framework through:

- The members managing and overseeing a legal and compliance function;
- Internal and external reviews and reporting;
- Updating internal procedures and controls as necessary as legal and regulatory requirements change;
- The Members' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly and are considered at members' meetings.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements, which are central to the limited liability partnership's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the limited liability partnership:

- The Companies Act 2006 and UK-adopted international accounting standards in respect of the preparation and presentation of the financial statements;

Independent Auditor's Report

- Applicable regulatory principles, including those governed by the Financial Conduct Authority ("FCA").

To gain evidence about compliance with the significant laws and regulations above we reviewed the limited liability partnership's breaches register, reviewed members' meeting minutes, inspected correspondence with the FCA relating to the year and obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries, incorrect recognition of revenue, inappropriate capitalisation of intangible assets and incorrect recognition of lease liabilities. These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included;

- Testing of a sample of revenue transactions to underlying documentation;
- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the limited liability partnership's processes and controls surrounding manual journal entries;
- Testing of a sample of intangible assets to supporting documentation; and
- Reviewing the accounting treatment applied to leases.

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

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Independent Auditor's Report

L Manson

Lindsay Manson

Senior Statutory Auditor, for and on behalf of

CLA Evelyn Partners Limited

Statutory Auditor

Chartered Accountants

45 Gresham Street

London EC2V 7BG

24th April 2023

Statement of Comprehensive Income

Parmenion Capital Partners LLP (Company number: OCOC322243)
For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Revenue	4	40,243,187	35,841,656
Other income		134,821	26,885
Employee benefits expense	6	(14,016,494)	(15,728,232)
Depreciation, amortisation and impairment of non-financial assets		(1,846,822)	(2,235,034)
Other expenses		(14,987,399)	(13,255,627)
Operating profit	5	<u>9,527,293</u>	<u>4,649,648</u>
Financial income	7	2,340,975	75,841
Financial expense	7	(276,548)	(270,478)
Profit and total comprehensive income for the financial period available for discretionary division among members		<u>11,591,720</u>	<u>4,455,011</u>

Revenue and operating profit arise from continuing operations in the UK.
The accompanying notes form an integral part of the financial statements.

Statement of Financial Position

Parmenion Capital Partners LLP (Company number: OCOC322243)
At 31 December 2022

	Note	As at 31 December 2022 £	As at 31 December 2021 £
Assets			
Non-current			
Other intangible assets	8	3,105,155	1,700,094
Property, plant and equipment	9	474,106	903,683
Right-of-use asset	10	4,130,511	4,859,424
Investments	11	104	104
Non-current assets		<u>7,709,876</u>	<u>7,463,305</u>
Current			
Prepayments and other short-term assets		1,823,391	1,805,071
Trade and other receivables	12	6,382,991	3,850,928
Cash and cash equivalents	14	27,782,783	23,881,708
Current assets		<u>35,989,165</u>	<u>29,537,707</u>
Total assets		<u>43,699,041</u>	<u>37,001,012</u>

Statement of Financial Position

Parmenion Capital Partners LLP (Company number: OCOC322243)
At 31 December 2022

Liabilities and equity

Liabilities

Non-current

Lease liabilities	16	4,390,642	5,303,028
Non-current liabilities		<u>4,390,642</u>	<u>5,303,028</u>

Current

Employee obligations		780,469	1,419,220
Borrowings	13	-	8,568,559
Lease liabilities	16	935,329	914,984
Trade and other payables	15	10,906,334	5,700,674
Current liabilities		<u>12,622,132</u>	<u>16,603,437</u>

Total liabilities		17,012,774	21,906,465
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Equity

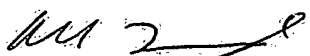
Equity attributable to owners of the LLP

Members' capital classified as equity	20	17,500,100	17,500,100
Retained earnings		9,186,167	(2,405,553)
Total equity		<u>26,686,267</u>	<u>15,094,547</u>

Total equity and liabilities		<u>43,699,041</u>	<u>37,001,012</u>
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The accompanying notes on pages 28 to 50 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the designated members of the LLP on 24 April 2023 and were signed on its behalf by:



Martin Jennings

On Behalf of Shillay Bidco 1 Limited, a Designated Member

Statement of Members' Equity Interests

At 31 December 2022

	Members' capital (classified as equity)	Net Income Reserve	Total Equity
	£	£	£
Balance at 1 January 2022	17,500,100	(2,405,553)	15,094,547
Profit for the year	-	11,591,720	11,591,720
Balance at 31 December 2022	17,500,100	9,186,167	26,686,267
Balance at 1 January 2021	17,500,100	(6,860,564)	10,639,536
Profit for the year	-	4,455,011	4,455,011
Balance at 31 December 2021	17,500,100	(2,405,553)	15,094,457

Members' capital (classified as equity) represents amounts injected into the LLP by present and historic members of the LLP. Net Income Reserve includes the profit or loss available for distribution to members.

Statement of cash flows

For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Cash flows from operating activities			
Profit/(loss) for the year		11,591,720	4,455,011
Adjustments for:			
Depreciation, amortisation and impairment		1,846,822	2,235,035
Financial income		(2,340,975)	(75,841)
Financial expense		276,548	270,478
		<u>11,374,115</u>	<u>6,884,683</u>
(Increase)/decrease in trade and other receivables		(2,139,899)	703,158
Increase/(decrease) in trade and other payables		5,205,660	(4,105)
(Decrease)/increase in provisions and employee benefits		(638,751)	2,016,129
		<u>13,801,125</u>	<u>9,599,865</u>
Interest received		1,812,672	66,821
Net cash from operating activities		<u>15,613,797</u>	<u>9,666,686</u>
Cash flows from investing activities			
Interest received		117,819	7,624
Acquisition of property, plant and equipment	9	(76,188)	(16,467)
Capitalised development expenditure	8	(2,017,205)	(614,777)
Net cash from investing activities		<u>(1,975,574)</u>	<u>(623,620)</u>
Cash flows from financing activities			
Repayment of loan		(8,500,000)	-
Interest paid		(183,033)	(40,465)
Payment of lease liabilities		(1,054,115)	(1,054,114)
Net cash from financing activities		<u>(9,737,148)</u>	<u>(1,094,579)</u>
Net increase in cash and cash equivalents		3,901,075	7,948,487
Cash and cash equivalents at 1 January		23,881,708	15,933,221
Cash and cash equivalents at 31 December	14	<u>27,782,783</u>	<u>23,881,708</u>

Notes to the financial statements

1. General information

Parmenion Capital Partners LLP (the "LLP") is an LLP incorporated and domiciled in England and Wales.

The address of the registered office is:

Aurora

Counterslip

Bristol

BS1 6BX

The LLP's business activities, together with expected future developments and key risks facing the LLP are detailed in the Members' report.

These financial statements were authorised for issue by the designated members on 24 April 2023.

2. Accounting policies

The following accounting policies have been applied consistently to all periods presented when dealing with items which are considered material in relation to the LLP's financial statements.

Basis of preparation

The financial statements have been prepared and approved by the members in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). The functional currency of presentation is £ sterling and amounts are reported to the nearest £.

The LLP holds £104 (2021: £104) investment in subsidiary undertakings. The LLP applies the exemption from the requirement to consolidate subsidiaries that are not material for the purpose of giving a true and fair view of the LLP and its subsidiaries as a whole, set out in Regulation 10 of The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Further details are set out in note 11 to the accounts.

The financial statements have been prepared under the historical cost convention and in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Notes to the financial statements

UK adopted IFRS standards and amendments applied in the period

Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract was issued on 14 May 2020, which specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is periods beginning on or after 1 January 2022. This has had no material impact on the financial statements.

UK-adopted IFRS standards and amendments not yet effective

As at the date of these financial statements the following UK-adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements was issued on 12 February 2021, which requires entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is periods beginning on or after 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current was issued on 23 January 2020, which clarifies that classification of liabilities to current and non-current should be based on rights that are in existence at the end of the reporting period. The effective date for adoption of this amendment has been deferred to periods beginning not earlier than 1 January 2024.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors was issued on 12 February 2021, which introduced a new definition for 'accounting estimates' and included amendments to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is periods beginning on or after 1 January 2023.

Amendments to IFRS 16: Leases - Lease Liability in a Sale and Leaseback was issued on 22 September 2022, which clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The effective date for adoption of this amendment is periods beginning on or after 1 January 2024.

Notes to the financial statements

Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants was issued on 31 October 2022. The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The effective date for adoption of this amendment is periods beginning on or after 1 January 2024.

Going concern

The LLP's business activities, together with the factors likely to affect its future development and financial position, are set out in the Members' report.

Management, on behalf of the Members of the LLP, conducted a rigorous assessment of the financial position of the LLP, which included consideration of the liquidity of the assets, expected cash flows and cash requirements, and projected regulatory capital, through stress testing which included a severe but plausible downside scenario.

Based upon the assessment undertaken, the LLP has a reasonable expectation that it has adequate resources to continue in operational existence, including discharging its liabilities as required, for a period of at least 12 months from the date of this report.

Accordingly, the Members of the LLP continue to adopt the going concern basis in preparing the financial statements.

Revenue

Revenue is recognised at a point in time, to the extent it is probable that economic benefits will flow to the LLP, and such revenue can be reliably measured. Revenue is recognised as services are provided and includes management fees, custody fees and other income.

Management and custody fees are based on the value of the LLP's assets under management.

The LLP collects discretionary fund management (DFM) fees related to its own solutions as well as on behalf of a number of third-party discretionary fund managers. The DFM fees are all recognised within revenue as they are all payable regardless of who manages the portfolio. The DFM fees collected on behalf of third parties are paid away and are included as a cost within administrative expenses. DFM payaways amounted to £6,063,165 in 2022 (2021: £6,172,369). Revenue net of payaways was therefore £34,180,022 (2021: £29,669,287).

Other income represents recharges to other group companies and third-party portfolio management fees.

Notes to the financial statements

Financial assets

IFRS 9 Financial Instruments was adopted on 1 January 2019, replacing IAS 39. There was no material impact on the recognition, measurement or disclosure of financial assets as a result of this adoption.

Classification

- Loans and receivables – These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These instruments are included in current assets and consist of trade debtors, amounts due from group undertakings and loans and borrowings.
- Other financial assets – These instruments include cash and cash equivalents, other debtors and prepayments and accrued income.
- Cash and cash equivalents – These include both cash at bank and highly liquid investments.

Recognition and measurement

- Loans and receivables – These instruments are initially recognised at transaction value net of any transaction costs, and subsequently at amortised cost using the effective interest rate method.
- Other financial assets – These instruments are initially recognised at transaction value and subsequently at amortised cost using the effective interest rate method, with the exception of cash and cash equivalents, where cost is deemed to represent a fair value.

The LLP has adopted trade date accounting. Accordingly, a financial investment is recognised on the date the LLP commits to its purchase and derecognised on the date on which the LLP commits to its sale.

Impairment of financial assets

The carrying amount of all financial assets are formally reviewed for impairment purposes at the end of each reporting period, or during the period where objective evidence exists that an impairment exists. Trade receivables are reviewed for impairment on an ongoing basis where any impairment is offset against the carrying amount of the balance. Impairment of intangibles is discussed further in the section 'other intangible assets' on page 39.

The Company recognises loss allowances for expected credit losses (ECLs), where material, on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk has not increased significantly since initial recognition which are measured as 12-month ECL.

Notes to the financial statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

- 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date

Measurement of ECLs

- ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Financial liabilities

Classification

- Other financial liabilities - These instruments include trade and other payables, borrowings, and pension and other employment obligations.

Recognition and measurement

- Other financial liabilities - These instruments are initially recognised at transaction value and subsequently at amortised cost using the effective interest rate method.

Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost, and are subsequently measured at cost less accumulated depreciation.

Notes to the financial statements

Depreciation is charged on all property, plant and equipment on a straight-line basis calculated to write each asset down to its estimated residual value over its expected useful life at the following annual rates:

Fixtures and fittings	- 33% on cost
Computer equipment	- 33% on cost
Leasehold improvements	- 20% on cost

Intangible assets and amortisation including intangible assets under development

Expenditure on the research phase of web development projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Website development costs are stated at cost less amortisation.

Amortisation is provided on a straight-line basis over the estimated useful economic life of five years.

Where a qualifying project is still in its development phase at the year end and is yet to launch, these assets are held at cost in the balance sheet and classified as assets under development.

The carrying amounts of the LLP's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Notes to the financial statements

Pension costs

The LLP contributes to a personal pension plan. The assets of the scheme are held separately from those of the LLP in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Contributions to defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Employee benefit expense

- **Defined contribution plans** – A defined contribution plan is a post-employment benefit plan under which the LLP pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.
- **Short-term benefits** – Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
- **Share-based payments** - In 2020 as part of the SLA Group (Standard Life Aberdeen, now Abdn, the former ultimate owners of Parmenion), employees were able to join the Save as you Earn scheme which offered all eligible employees the opportunity to buy shares at a pre-determined price in SLA through saving from their monthly salary over a 3- or 5-year term. These were all cashed in or exercised by Parmenion employee members of the plan by 31 December 2021, following the sale of the LLP on 30 June 2021.

Leased assets

The LLP leases office space on a 10-year rental contract. At lease commencement date, the LLP recognised a right-of-use asset and a lease liability in its balance sheet. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability and any initial direct costs incurred by the LLP. Initial measurement of the lease liability is the present value of the lease payments unpaid at that date, discounted using SLA group's incremental borrowing rate. The

Notes to the financial statements

LLP depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the end of the lease term. Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Impairment of non-financial assets

In respect of investments in subsidiaries, an impairment loss is recognised when events or changes in circumstances indicate that the recoverable amount of the asset may not exceed its carrying value. If any such indication exists, the asset's recoverable amount is estimated and any provision for impairment recognised. Any impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

3. Critical accounting judgements and estimates

The preparation of the financial statements necessitates the use of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, contingent or otherwise, at the balance sheet date as well as affecting the reported profit or loss for the year. Although the estimates are based on management's best knowledge of current facts as at the balance sheet date, the actual outcome may differ from those estimates.

Critical estimates and assumptions are disclosed below:

- *Intangible assets* - Determination of amounts to be recognised as internal website development and determination of the useful lives of these assets. Items are capitalised up to the time the project goes live and then amortised over their determined useful economic life from that point. Any subsequent capital expenditure is capitalised and amortised immediately. See note 8.
- *Property lease under IFRS 16* - There is no implicit borrowing rate included within the office lease and therefore Parmenion have adopted the incremental borrowing rate (IBR) of 2.2235% in their calculation of the present value of the discounted lease payments. This IBR is both country specific and has taken into account the lease term.

Notes to the financial statements

4. Revenue

Revenue arose wholly within the United Kingdom, analysis of revenue by class of business is as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Management and custody fees	40,243,187	35,841,656
Other income	134,821	26,885
	<u>40,378,008</u>	<u>35,868,541</u>

No customers represent more than 10% of revenue.

5. Operating profit is stated after charging:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Depreciation of right-of-use asset	728,913	728,913
Depreciation of property, plant and equipment	505,765	839,321
Amortisation of intangible assets	612,144	666,800
<i>Auditor remuneration:</i>		
Statutory audit	70,000	115,000
Supply of other services	<u>193,183</u>	<u>176,087</u>

Notes to the financial statements

6. Employees and members

The average number of persons employed by the LLP, not including members with contracts of employment, during the period was as follows:

	Year ended 31 December 2022 number	Year ended 31 December 2021 number
Selling and administration	202	214

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Salaries and bonuses	11,463,646	12,823,362
Social security costs	1,372,528	1,491,757
Pension costs	871,105	1,467,770
Other benefits	309,215	(54,657)
	<u>14,016,494</u>	<u>15,728,232</u>

Other benefits in 2021 includes a one-off release of a group recharge provision for employee healthcare insurances

Notes to the financial statements

7. Net financial income/(expense)

	31 December 2022	31 December 2021
	£	£
<i>Financial income</i>		
Bank interest receivable	117,819	5,907
Bank interest receivable – client money	2,219,843	66,821
Loan interest income	2,854	3,113
Gain on investments	459	-
	<u>2,340,975</u>	<u>75,841</u>
<i>Financial expense</i>		
Bank interest payable	(4,346)	-
Interest on third party borrowings	(110,128)	(108,404)
Interest on the lease liability	(162,074)	(162,074)
	<u>(276,548)</u>	<u>(270,478)</u>
Net financial income/(expense)	<u>2,064,427</u>	<u>(194,637)</u>

Notes to the financial statements

8. Other intangible assets

	Assets under construction	Website development	Total
	£	£	£
Gross carrying amount			
Balance at 1 January 2022	479,293	4,840,847	5,320,140
Work in progress	1,478,396	-	1,478,396
Additions	-	538,809	538,809
Balance at 31 December 2022	<u>1,957,689</u>	<u>5,379,656</u>	<u>7,337,345</u>
Amortisation and impairment			
Balance at 1 January 2022	-	3,620,046	3,620,046
Charge for the period	-	612,144	612,144
Balance at 31 December 2022	-	4,232,190	4,232,190
Carrying amount at 31 December 2022	<u>1,957,689</u>	<u>1,147,466</u>	<u>3,105,155</u>
Gross carrying amount			
Balance at 1 January 2021	-	5,601,961	5,601,961
Work in progress	479,293	-	479,293
Additions	-	135,484	135,484
Disposals	-	(896,598)	(896,598)
Balance at 31 December 2021	<u>479,293</u>	<u>4,840,847</u>	<u>5,320,140</u>
Amortisation and impairment			
Balance at 1 January 2021	-	3,849,844	3,849,844
Charge for the period	-	666,800	666,800
Impairment	-	(896,598)	(896,598)
Balance at 31 December 2021	-	3,620,046	3,620,046
Carrying amount at 31 December 2021	<u>479,293</u>	<u>1,220,801</u>	<u>1,700,094</u>

The LLP recognises as intangible assets website development which has been developed internally and other purchased technology which is used in managing and executing our business. Costs to develop software internally are capitalised after the research phase and when it has been established that the project is technically feasible, and the LLP has both the intention and ability to use the completed asset. Intangible assets are recognised at cost and amortisation is charged to the income statement over the length of time the LLP expects to derive benefits from the asset, starting from the point in time when the asset comes into use.

The allocation of the income statement charge to each reporting period is dependent on the

Notes to the financial statements

expected pattern over which future benefits are expected to be derived. Where this pattern cannot be determined reliably the charge is allocated on a straight-line basis over a period of five years.

9. Property, plant and equipment

	Fixtures & Fittings £	Leasehold Improvements £	Computer Equipment £	Total £
Gross carrying amount				
Balance 1 January 2022	579,651	1,560,980	1,488,390	3,629,021
Additions	-	-	76,188	76,188
Disposals	-	-	(431,996)	(431,996)
Balance at 31 December 2022	579,651	1,560,980	1,132,582	3,273,213
Depreciation				
Balance at 1 January 2022	561,305	909,672	1,254,361	2,725,338
Charge for the period	15,526	312,196	178,043	505,765
Disposals	-	-	(431,996)	(431,996)
Balance at 31 December 2022	576,831	1,221,868	1,000,408	2,799,107
Net Book Value				
Carrying amount 31 December 2022	2,820	339,112	132,174	474,106
Gross carrying amount				
Balance 1 January 2021	574,816	1,560,980	1,476,758	3,612,554
Additions	4,835	-	11,632	16,467
Balance at 31 December 2021	579,651	1,560,980	1,488,390	3,629,021
Depreciation				
Balance at 1 January 2021	412,267	597,476	876,274	1,886,017
Charge for the period	149,038	312,196	378,087	839,321
Balance at 31 December 2021	561,305	909,672	1,254,361	2,725,338
Net Book Value				
Carrying amount at 31 December 2021	18,346	651,308	234,029	903,683

Notes to the financial statements

10. Right-of-use asset

	Buildings £	Total £
Gross carrying amount		
Balance at 1 January 2022	7,289,135	7,289,135
Balance at 31 December 2022	<u>7,289,135</u>	<u>7,289,135</u>
Depreciation		
Balance at 1 January 2022	2,429,711	2,429,711
Charge for the period	728,913	728,913
Balance at 31 December 2022	<u>3,158,624</u>	<u>3,158,624</u>
Net Book Value		
Carrying amount at 31 December 2022	<u>4,130,511</u>	<u>4,130,511</u>
Gross carrying amount		
Balance at 1 January 2021	7,289,135	7,289,135
Balance at 31 December 2021	<u>7,289,135</u>	<u>7,289,135</u>
Depreciation		
Balance at 1 January 2021	1,700,798	1,700,798
Charge for the period	728,913	728,913
Balance at 31 December 2021	<u>2,429,711</u>	<u>2,429,711</u>
Net Book Value		
Carrying amount at 31 December 2021	<u>4,859,424</u>	<u>4,859,424</u>

Notes to the financial statements

11. Investments

	Subsidiary undertakings (unlisted) £
Cost	
At 1 January 2022	104
Net book value	
At 31 December 2022	<u>104</u>
At 31 December 2021	104

The following were subsidiary undertakings of the Company:

Name of undertaking	Country of registration	Direct/indirect holding	Total holding	Principal activity
Parmenion Nominees Limited	UK	Direct	100%	Dormant
Wise Trustee Limited	UK	Direct	100%	Dormant
Parmenion Capital Limited	UK	Direct	100%	Dormant
Wealth Horizon Limited	UK	Direct	100%	Dormant
Self-Directed Investments Limited*	UK	Direct	100%	Trading

* Self Directed Investments Limited was dissolved on 4 January 2022

The registered address for all the subsidiary companies listed above is:

Aurora
Counterslip
Bristol
BS1 6BX

Notes to the financial statements

12. Trade and other receivables

Current:	31 December 2022 £	31 December 2021 £
Trade receivables	3,046,591	3,523,960
Other receivables	82,921	326,968
Amounts owed by group undertakings	3,253,479	-
	<u>6,382,991</u>	<u>3,850,928</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. There are no contingent liabilities recognised.

13. Other interest-bearing loans and borrowings

	31 December 2022 £	31 December 2021 £
Current liabilities:		
Unsecured loan from third party	-	8,568,559
	<u>-</u>	<u>8,568,559</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 31 December 2022 £	Carrying amount 31 December 2022 £	Face value 31 December 2021 £	Carrying amount 31 December 2021 £
Unsecured loan from third party	GBP	BoE+0.86 %	2022	-	-	8,568,559	8,568,559

Notes to the financial statements

Changes in liabilities from financing activities

	Loans and borrowings £
Balance at 1 January 2022	8,568,559
Changes from financing cash flows	
Repayment of loans and borrowings	(8,500,000)
Total changes from financing cash flows	<u>(8,500,000)</u>
Other changes	
Interest expense	110,128
Interest paid	(178,687)
Total other changes	<u>(68,559)</u>
Balance at 31 December 2022	<u>-</u>
Balance at 1 January 2021	8,500,000
Changes from financing cash flows	
Proceeds from loans and borrowings	-
Payment of lease liabilities	-
Total changes from financing cash flows	<u>-</u>
Other changes	
Interest expense	108,404
Interest paid	(39,845)
Total other changes	<u>68,559</u>
Balance at 31 December 2021	<u>8,568,559</u>

Notes to the financial statements

14. Cash and cash equivalents

	31 December 2022 £	31 December 2021 £
Cash at bank	27,782,783	10,605,614
Liquidity fund	-	13,276,094
Cash and cash equivalents per the balance sheet	<u>27,782,783</u>	<u>23,881,708</u>
Cash and cash equivalents per the cashflow statement	<u>27,782,783</u>	<u>23,881,708</u>

15. Trade and other payables

Current

	31 December 2022 £	31 December 2021 £
Trade payables	278,661	627,228
VAT	83,896	74,858
Other creditors	1,403,217	666,767
Amounts owed to group undertakings	5,784,848	94,729
Accrued expenses	3,355,712	4,237,092
	<u>10,906,334</u>	<u>5,700,674</u>

Amounts owed to group undertakings are unsecured, interest free with no fixed date of repayment and are repayable on demand.

16. Leases

Leases as a lessee

The LLP has leases for two floors of office space. These leases are reflected in the statement of financial position as a right-of-use asset and a lease liability. The LLP classifies its right of use

Notes to the financial statements

assets in a consistent manner to its property, plant & equipment.

There are no early termination options within the lease and there is a rent review on 3rd September 2023.

Each lease generally imposes a restriction that, unless there is a contractual right for the LLP to sublet the asset to another party, the right-of-use asset can only be used by the LLP. Leases may only be cancelled by incurring a substantive termination fee. The LLP must keep the building in a good state of repair and return the property in its original condition at the end of the lease.

Further, the LLP must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment.

Lease liabilities – non-current

	31 December 2022 £	31 December 2021 £
Right of use liability	4,390,642	5,303,028
	<u>4,390,642</u>	<u>5,303,028</u>

Lease liabilities – current

	31 December 2022 £	31 December 2021 £
Right of use liability	935,329	914,984
	<u>935,329</u>	<u>914,984</u>

Maturity schedule of the lease:

The lease runs for a period of ten years from 3rd September 2018. There was a rent-free period until 3rd October 2020.

The undiscounted cashflows connected to the lease are as follows:

Due in less than one year: £1,054,114

Due in one to five years: £4,216,456

Due in more than five years: £463,040

Notes to the financial statements

17. Save as You Earn (SAYE)

Under SLA ownership, the Group operated SAYE plans, which allowed eligible employees in the UK and Ireland the opportunity to save a monthly amount from their salaries, over either a three- or five-year period, which could be used to purchase shares in the Company. The shares can be purchased at the end of the savings period at a predetermined price. Employees are granted a predetermined number of options based on the monthly savings amount and duration of their contract. The conditions attached to the options are that the employee remains in employment for three years after the grant date of the options and that the employee satisfies the monthly savings requirement. Settlement is made in the form of shares. Following the sale of the LLP, employees who were members of the SAYE scheme were given the option to either have their invested funds returned to them or to exercise their options by 31 December 2021. All options were returned or exercised as at 31 December 2021.

18. Related party transactions

Identity of related parties with which the Company has transacted

The Group's related parties include its parent and subsidiaries and key management, as described below.

At the period end, the balance due from the LLP to one of its subsidiaries, Self Directed Investments Limited amounted to £NIL (balance due to LLP from Self Directed Investments Limited 2021: £94,729). In 2021 this related to the balance of funds in the SDIL bank account transferred to the LLP.

Transactions with key management personnel

Key management of the Group are Parmenion Capital Partners' Chairman and members of the executive council. Key management personnel remuneration includes the following expenses:

	31 December 2022 £	31 December 2021 £
Key management emoluments including social security costs	2,897,577	2,510,520
Company contributions to money purchase pension plans	99,237	141,280
	<u>2,996,814</u>	<u>2,651,800</u>

Notes to the financial statements

Other related party transactions

	31 December 2022 £	31 December 2021 £
Parent – interest on loan from parent	-	(40,465)
Subsidiaries – advance paid	-	(125,040)
	-	(165,505)

	Receivables outstanding		Payables outstanding	
	2022	2021	2022	2021
	£	£	£	£
Higher parent entity	3,253,479	-	5,784,848	-
Subsidiaries	-	-	-	94,729
	3,253,479	-	5,784,848	94,729

19. Financial instruments

(a) Fair values of financial instruments

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of all financial assets and financial liabilities approximate their carrying amounts. The significant unobservable inputs have not been disclosed as no financial assets and liabilities have been measured at fair value. There were no transfers between Level 1, Level 2 or Level 3 during the year ended 31 December 2022 and 31 December 2021.

Notes to the financial statements

(b) Financial risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The carrying amounts of financial assets represent the maximum credit risk exposure.

The LLP considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. Based on the above analysis, the Company does not expect any credit risk from its trade receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Following are the contractual maturities of financial liabilities at the reporting date. The carrying amounts represent gross and undiscounted contractual cash flow and include contractual interest payments.

2022 (£)	Carrying amount	Total	1 year or less	1-5 years	5 years and over
Borrowing	-	-	-	-	-
Lease liabilities	5,325,971	5,733,610	1,054,114	4,216,456	463,040
Total	5,325,971	5,733,610	1,054,114	4,216,456	463,040

2021 (£)	Carrying amount	Total	1 year or less	1-5 years	5 years and over
Borrowing	8,568,559	8,568,559	8,568,559	-	-
Lease liabilities	6,218,012	6,787,724	1,054,114	4,216,456	1,517,154
Total	14,786,571	15,356,283	9,622,673	4,216,456	1,517,154

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

- **Currency risk:** The LLP is not exposed to any currency risk. The currencies in which these transactions are denominated is £.
- **Interest rate risk:** The LLP's main interest rate risk arises from borrowings with variable interest rate, which expose the LLP to cash flow interest rate risk. However, this is not material.

Notes to the financial statements

20. Capital management

For the purpose of LLP's capital management, capital includes members' capital and retained earnings.

	2022	2021
	£	£
Total equity attributable to Members of the LLP	26,686,267	15,094,547

21. Ultimate controlling party

The LLP was under the control of the designated members during the period..

Shillay Bidco 1 Limited is the controlling designated member by way of its majority interest in the LLP. Shillay Bidco 1 Limited is incorporated and registered in Guernsey.

The results of the LLP are consolidated in the Group accounts of Shillay Topco Limited, a Guernsey registered company, which is the largest and smallest group that the results are consolidated within. The company number of Shillay Topco Limited is 68892.

22. Subsequent Events

Subsequent to the 2022 year end, the acquisition of a perpetual license for a software component of the Parmenion investment platform was approved by the board on 3rd April 2023. This will bring certain functionality and support frameworks in-house. This license will cost a total of £2.16m (including VAT) over 2 instalments, both of which will fall within 12 months of the signing of these accounts. This is considered to be a non-adjusting event, but a significant enough development for disclosure.