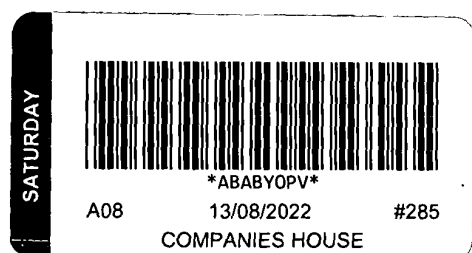


LLP Registration no: OC345142

**OPTIONS UK PERSONAL PENSIONS LLP**

**Annual Report and Audited Financial Statements  
for the year ended 31 December 2021**



**OPTIONS UK Personal Pensions LLP - LLP Registration no: OC345142**

**Contents of the financial statements for the year ended 31 December 2021**

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## **OPTIONS UK PERSONAL PENSIONS LLP**

### **LLP Information for the year ended 31 December 2021**

#### **Designated Members**

CAH Limited (formerly Carey Administration Holdings Limited)  
Chrysalis Pension Consulting LLP

#### **Executive Board**

C Hallett  
S Cole  
D Hatch  
G Kettleborough  
A Filbin

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
The Hanover Building  
Corporation Street  
Manchester  
United Kingdom  
M4 4AH

#### **Registered Office**

1st Floor, Lakeside House  
Shirwell Crescent  
Furzton Lake  
Milton Keynes MK4 1GA  
England

#### **LLP Registration No.**

OC345142

## **OPTIONS UK PERSONAL PENSIONS LLP**

### **Report to members for the year ended 31 December 2021**

The Executive Board presents its annual report to the members and the audited financial statements of Options UK Personal Pensions LLP ("the LLP") for the year ended 31 December 2021.

The members of the LLP are known and referred to by both clients and staff as partners. Throughout the financial statements references to partners should be taken as referring to members, as defined by the Limited Liability Partnerships Act 2000.

#### **Principal activity**

The principal activity of the LLP is pensions administration.

#### **Designated members**

The designated members (as defined in the Limited Liability Partnerships Act 2000) during the year were Chrysalis Pension Consulting LLP and CAH Limited (formerly Carey Administration Holdings Limited).

#### **Results for the year and allocation to members**

The loss for the financial year available for discretionary division among members was £7,314 (2020: £99,647 loss). The key area that has impacted the results and increased loss is that the levels of new business was slower than expected. However, the turnover for the period has increased by 5.2% demonstrating the robustness of our administration annuity. Increased expenses of 14% has been a direct result of a major business systems migration of the administration systems.

The UK pension market remains in a position of uncertainty due to the extent of the duties of SIPP providers. Disappointingly in April 2022 the Supreme Court refused Carey (Options) permission to appeal on the Adams case bringing the long standing case relating to Mr Adams SIPP investment in 2012 to a close. This decision has no direct impact on the partnership financially due to its ability to recover under the professional insurance indemnity insurance in place at the time, but it has meant that the partnership has made a provision for similar fact cases. In consultation with its professional advisors, its auditors and professional indemnity insurers the partnership has agreed a balance sheet provision of £21.4 million, with a corresponding recovery from the professional indemnity insurers on the asset side of the balance sheet.

#### **Partners' drawings and capital**

All partners are equity partners and share in the profits or losses and subscribe the entire capital of the LLP. Each partner's capital subscription is linked to his or her share of profit and is repaid in full on ceasing to be a partner, subject to replacement capital being provided by other members.

The profits for each accounting period shall be divided among the members' in the respective proportions and credited to members' current accounts with the LLP, as soon as the financial statements for the accounting period have been approved by the members. Save as may otherwise be resolved by the Executive Board, no member shall be entitled to draw on account of its share of the profits.

#### **Going concern**

The Executive Board considers that at the balance sheet date the financial resources available to the LLP are adequate to meet its operational needs. The Executive Board also note the commitments made in the LLP agreement for the members to supply further support if required.

Having considered the above, and the commitment given by the STM Group Plc, the Executive Board have an expectation that the LLP has adequate resources to continue in operational existence for a period of 12 months from the date of approval of these financial statement, accordingly the Executive Board have continued to adopt the going concern basis in preparing the financial statements.

#### **Indication of future developments**

The Directors expect the general level of activity to increase in the forthcoming year. This is as a result of new business coming in 2022. The LLP was acquired by the STM Group Plc on 12 February 2019, who continue to remain committed to supporting the LLP by assisting in its growth both organically and/or by acquisition and increased efficiencies.

## OPTIONS UK PERSONAL PENSIONS LLP

### Report to members (continued) for the year ended 31 December 2021

#### Statement of partners' responsibilities

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the partners to prepare financial statements for each financial period. Under that law the partners have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102, the financial reporting standard applicable in the UK and the Republic of Ireland. The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the partners are required to:

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

The partners are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The responsibilities are exercised by the Executive Board on behalf of the members.

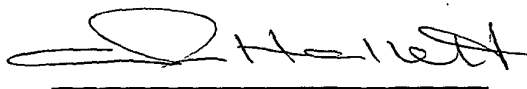
#### Statement as to disclosure of information to auditor

So far as the partners are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor are unaware, and each partner has taken all the steps that he or she ought to have taken as a partner in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor are aware of that information.

#### Auditor

Pursuant to Section 487 of the Companies Act 2006, the retiring auditor are Deloitte LLP, who are eligible for reappointment.

Approved for issue on behalf of the Executive Board :



Mrs C.P Hallett

11th August 2022



Mr D Hatch

11th August 2022

## Independent auditor's report to the members of Options UK Personal Pensions LLP

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Options UK Personal Pensions LLP (the 'limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership's members affairs as at 31<sup>st</sup> December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in members interests;
- the cash flow statement; and
- the related notes 1 to 19

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the limited liability partnership's members 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 limited liability partnership or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

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

#### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the limited liability partnership's industry and its control environment, and reviewed the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and

those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the limited liability partnership's operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Limited Liability Partnership Act 2008; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the limited liability partnership's ability to operate or to avoid a material penalty.

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Key management estimates on liquidity of underlying assets and recoverability of outstanding fees have significant impacts on the provisioning level: in addressing this risk of fraud we have tested samples of trade debtors to verify and conclude that the underlying investments held by these debtors are sufficient to ensure recoverability of the outstanding fees.
- Litigation provisions: We performed the following audit procedures on the valuation of litigation provisions:
  - Obtained an understanding of the relevant controls which management performed in relation to the determination of the litigation provision balance.
  - Tested the completeness and accuracy of the key reports used by management to determine an estimate of the provision.
  - Obtained and re-performed management's calculation of its best estimate of the provision.
  - Assessed the appropriateness of the key assumptions used in respect of the cohort of claims deemed to have similar characteristics to the Adams -v- Options case within the calculations.
  - Assessed the professional indemnity insurance cover held by the group.
  - Evaluated the appropriateness of disclosures within the Financial Statements in respect of the provision and insurance asset recorded.

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

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

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



## Report on other legal and regulatory requirements

### Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the limited liability partnership and its environment obtained in the course of the audit, we have not identified any material misstatements in the member's report.

### Matters on which we are required to report by exception

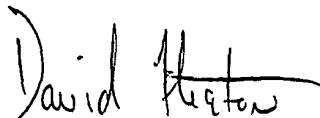
Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

### Use of our report

This report is made solely to the 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 (Application of Companies Act 2006) Regulations 2008. 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.



David Heaton (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom  
11th August 2022

## OPTIONS UK PERSONAL PENSIONS LLP

### Statement of Comprehensive Income for the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	2	2,564,496	2,438,727
		2,564,496	2,438,727
Administrative expenses	3, 4	(2,521,098)	(2,485,266)
Profit/(loss) for the year before members' remuneration and interest	3	43,398	(46,539)
Members' remuneration charged as an expense	5	-	-
Interest payable and similar expense		(50,712)	(53,108)
Loss for the year		<u>(7,314)</u>	<u>(99,647)</u>

#### Continuing operations

None of the LLP's activities were acquired or discontinued during the current year or previous year.

#### Total Recognised Gains and Losses

The LLP has no recognised gains or losses other than the loss for the current year and the loss for the previous year.

The accompanying notes on pages 12 to 20 form an integral part of these financial statements.

# **OPTIONS UK PERSONAL PENSIONS LLP**

Registered no: OC345142

## **Balance Sheet**

**as at 31 December 2021**

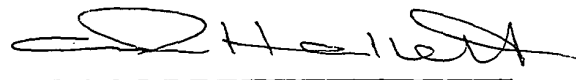
	Notes	2021	2020
		£	Restatement* £
<b>Fixed assets</b>			
Tangible fixed assets	6	37,239	16,128
Investments	7	10	10
<b>Total fixed assets</b>		<b>37,249</b>	<b>16,138</b>
<b>Current assets</b>			
Cash at bank and in hand	8	237,193	97,246
Trade and other receivables	9	1,901,783	1,902,221
Receivables due from insurers	10	21,400,000	3,600,000
<b>Total current assets</b>		<b>23,538,976</b>	<b>5,599,467</b>
<b>Creditors: amounts falling due within one year</b>	11	(833,791)	(765,857)
Provisions	15	(21,400,000)	(3,600,000)
<b>Total current liabilities</b>		<b>( 22,233,791 )</b>	<b>( 4,365,857 )</b>
<b>Total assets less current liabilities</b>		<b>1,342,434</b>	<b>1,249,748</b>
<b>Creditors: amounts falling due after one year</b>	12	<b>(1,050,010)</b>	<b>(950,010)</b>
<b>Net assets attributable to members</b>		<b>292,424</b>	<b>299,738</b>
<b>Members' interests</b>			
Members capital (classified as equity)	17	1,415,000	1,415,000
Profit and loss account		(1,122,576)	(1,115,262)
<b>Total members' interests</b>		<b>292,424</b>	<b>299,738</b>

\* The reinstatement relates to the reclassification of provisions as a separate line item on the balance sheet as well as an associated insurance receivable as detailed in note 10.

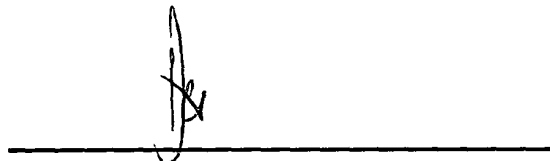
The accompanying notes on pages 12 to 20 form an integral part of these financial statements.

The financial statements of Options UK Personal Pensions LLP were approved and authorised for issue by the members of the LLP on [date] and were signed by:

**For and on behalf of the Executive Board:**



Mrs C P Hallett  
11th August 2022



Mr D Hatch  
11th August 2022

## OPTIONS UK PERSONAL PENSIONS LLP

Registered no: OC345142

### Statement of Changes in Member's Interests as at 31 December 2021

	Members' other interests	
	Members' capital (classified as equity)	Other Reserves
	£	£
Balance at 1 January 2021	1,415,000	(1,115,262)
Total comprehensive loss for the year	-	(7,314)
Members' interests after loss for the year	1,415,000	(1,122,576)
Balance at 31 December 2021	1,415,000	(1,122,576)

	Members' other interests	
	Members' capital (classified as equity)	Other Reserves
	£	£
Balance at 1 January 2020	1,415,000	(1,015,615)
Total comprehensive loss for the year	-	(99,647)
Members' interests after loss for the year	1,415,000	(1,115,262)
Balance at 31 December 2020	1,415,000	(1,115,262)

## OPTIONS UK PERSONAL PENSIONS LLP

### Cash Flow Statement for the year ended 31 December 2021

	Notes	2021 £	2020 £
Net cash from operating activities	13	<u>72,341</u>	<u>43,698</u>
<b>Cash flow from investing activities</b>			
Purchases of tangible assets		(32,395)	(4,942)
Net cash used in investing activities		<u>(32,395)</u>	<u>(4,942)</u>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		100,000	-
Net cash generated from financing activities		<u>100,000</u>	<u>-</u>
Net Increase in cash and cash equivalents		139,947	38,756
Cash and cash equivalents at beginning of year		<u>97,246</u>	<u>58,490</u>
Cash and cash equivalents at end of year		<u><u>237,193</u></u>	<u><u>97,246</u></u>

# OPTIONS UK PERSONAL PENSIONS LLP

## Notes to the Financial Statements for the year ended 31 December 2021

### 1 Accounting policies

#### General Information

Options UK Personal Pensions LLP is a limited liability partnership incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the companies registered office is shown on page 1.

#### Principal accounting policies

The financial statements have been prepared in accordance with accounting standards applicable in the United Kingdom ("UK GAAP"). The LLP has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

#### Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention and the Statement of Recommended Practice ("SORP") "Accounting by Limited Liability Partnerships" issued by the Consultative Committee of Accounting Bodies in 2006.

#### Basis of non-consolidation

The LLP has not prepared consolidated financial statements, as it meets the requirements of s405 of the Companies Act 2006. This exemption is taken in respect of MK SIPP Trustees UK Ltd (formerly Carey Pensions Trustees UK Ltd).

#### Turnover

Revenue is derived from the amounts earned for pension trustee and administration services and is recognised in the income statement in proportion to the stage of completion of the services at the reporting date on an accruals basis.

Revenue in respect of pension products is split between the establishment fee and the management fee. The establishment fee is recognised in full at the time of processing the application so as to reflect the completion of the performance obligation such as processing their application and setting up the pension. The management fees, which are billed annually, cover both the provision of trustee services and the administration of the pension funds. The current treatment of these fees, based on the existing profile of the client portfolio, is to recognise 50% at the time of charging and to defer the balance over the year of each policy as each of the performance obligations are satisfied.

#### Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of pension administration services to customers, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

#### Creditors and borrowings

The LLP's creditors and borrowings are initially recognised at fair value and subsequently carried at amortised cost.

#### Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows (when the effect of the time value of money is immaterial).

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

## OPTIONS UK PERSONAL PENSIONS LLP

### Notes to the Financial Statements (continued) for the year ended 31 December 2021

#### 1 Accounting policies (continued)

##### Tangible fixed assets

Tangible fixed assets are accounted for at cost less depreciation. Depreciation has been provided on the basis of equal annual instalments to write off the cost less estimated residual value of tangible fixed assets over their useful lives on a straight line basis as follows:

- computer equipment	25% per annum
- furniture	25% per annum
- office equipment	20% per annum
- leasehold improvements	20% per annum

##### Investments

Investments in subsidiaries are recorded at cost less provision for any impairment in value.

##### Going concern

In reaching their view on the preparation of the LLP's financial statements on a going concern basis, the partners are required to consider whether the LLP can continue in operational existence for a period of 12 months from the date of approval to of these financial statements. In considering this requirement the Executive Board and partners have considered the three-year business plan, three-year budgets and rolling cashflow forecast for the next 18 months and the level of professional indemnity insurance held by the partnership and the indemnity related to the Carey (Options) v Adams case. In addition, the risks included on the partnership's risk register that could impact on the LLP's liquidity and solvency over the next 12 months. These show that the LLP should continue to be cash generative, and have sufficient resources to meet its business objectives, both in the short term and in relation to its strategic priorities.

Having considered the above, and the commitment given by the STM Group Plc, the partners have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly the partners have continued to adopt the going concern basis in preparing the financial statements.

##### Taxation

This LLP is transparent for tax purposes and therefore no provision has been made for tax in these financial statements.

##### Critical judgements and key sources of estimation

In applying LLP's accounting policies, which are described above, the partners are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

##### Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the partners have made in the process of applying the LLP's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

•Revenue recognition - The management fees, which are billed annually, cover both the provision of trustee services and the administration of the pension funds. The current treatment of these fees, based on the existing profile of the client portfolio, is to recognise 50% at the time of charging and to defer the balance over the year of each policy as each of the performance obligations are satisfied. This split is assessed annually.

•Provision for liabilities – Relating to the quantification of payable claims and the related insurance receivable - refer note 10 and note 15.

##### Company as a lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

## OPTIONS UK PERSONAL PENSIONS LLP

### Notes to the Financial Statements (continued) for the year ended 31 December 2021

#### Key sources of estimation

The following are the key sources of estimation that the partners have made, in the process of applying the LLP's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Disputes and potential legal matters

The LLP may at times be involved in disputes arising in the ordinary course of business. In accordance with applicable accounting requirements, the LLP provides for potential losses that may arise out of these disputes when the potential losses are probable and estimable. Disputes in respect of legal matters are subject to many uncertainties and the outcome of individual matters cannot be predicted with certainty. The amount of any such provision is based on a best estimate of the expenditure required to settle this. There may be occasions when a potential loss is probable but difficult to quantify therefore a contingent liability would be disclosed. Refer notes 10 and note 15.

#### Impairment of trade receivables

The LLP assesses its trade and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the Statement of Comprehensive Income, the LLP makes an assessment as to whether there is observable data indicating a measurable decrease in the estimated future cash flows. Management's assessment takes into account views regarding the current economic climate, correspondence with individual customers and historical payment experience. The current provision of £61,392 represents 32.5% of total debt outstanding (2020: £42,895 - 11.4%). The provision coverage has increased as a result of a full analysis of the underlying investments held by clients and their propensity to produce future income.

<b>2 Turnover</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
SIPP administration	<u>2,564,496</u>	<u>2,438,727</u>
The LLP operates within one business segment and operates solely within the UK.		
<b>3 Loss on ordinary activities</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before members' remuneration is stated after charging:		
Operating lease rental	44,640	44,640
Depreciation on tangible fixed assets	11,284	11,444
Staff costs (see note 4)	1,676,701	1,538,109
Auditor's remuneration for the auditing of the financial statements	38,530	29,914
Other assurance	<u>7,500</u>	<u>7,500</u>
<b>4 Staff costs</b>	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Average number of staff	<u>59</u>	<u>50</u>
The staff numbers disclosed are the monthly average		
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Included in staff costs were:		
Wages and salaries	1,489,312	1,359,625
Social security	125,168	113,275
Pension costs	<u>62,220</u>	<u>65,209</u>
Total staff costs	<u>1,676,701</u>	<u>1,538,109</u>

The LLP has no contracted employees. All staff are employed by Options Group Services UK Limited and recharged to the LLP on a monthly basis. There is only one category of staff and therefore only one average number has been disclosed above.



## OPTIONS UK PERSONAL PENSIONS LLP

### Notes to the Financial Statements (continued) for the year ended 31 December 2021

#### Key management personnel compensation

Salary	101,929	198,000
Pension contributions	9,598	17,375
Healthcare plan	1,070	958
Total emoluments	<u>112,597</u>	<u>216,333</u>

#### 5 Members' remuneration charged as an expense

	2021	2020
	£	£
Fees paid to CAH Limited (formerly Carey Administrative Holdings Limited) for directors' services	-	-
Fees paid to Chrysalis Pension Consulting LLP	<u>-</u>	<u>-</u>

Christine Hallett is the sole member of Chrysalis Pension Consulting LLP.

6 Tangible fixed assets	Office equipment	Furniture	Computer equipment	Leasehold improvements	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2021	33,679	14,928	158,504	6,870	213,981
Additions	-	-	32,395	-	32,395
Disposals	-	-	-	-	-
<b>At 31 December 2021</b>	<u>33,679</u>	<u>14,928</u>	<u>190,899</u>	<u>6,870</u>	<u>246,376</u>
<b>Depreciation</b>					
At 1 January 2021	(31,028)	(13,884)	(146,071)	(6,870)	(197,853)
Charge in year	(1,260)	-	(10,024)	-	(11,284)
<b>At 31 December 2021</b>	<u>(32,288)</u>	<u>(13,884)</u>	<u>(156,095)</u>	<u>(6,870)</u>	<u>(209,137)</u>
<b>Net book value</b>					
At 31 December 2020	2,651	1,044	12,433	-	16,128
<b>At 31 December 2021</b>	<u>1,391</u>	<u>1,044</u>	<u>34,804</u>	<u>-</u>	<u>37,239</u>

#### 7 Investments

##### Investments in Subsidiary

The LLP holds 100% of the issued share capital in the following company:

	Country of incorporation	Date of incorporation	Activity	2021	£	2020
						£
MK SIPP Trustees UK Limited 10 ordinary shares of £1 each	United Kingdom	22 April 2009	Provision of corporate trustee services	<u>10</u>		<u>10</u>
<b>Total Investments</b>				<u>10</u>		<u>10</u>

The registered address of MK SIPP Trustees UK Limited is 1st floor, Lakeside, Furzton Lake, Milton Keynes.

## OPTIONS UK PERSONAL PENSIONS LLP

### Notes to the Financial Statements (continued) for the year ended 31 December 2021

<b>8</b>	<b>Cash at bank and in hand</b>	<b>2021</b>	<b>2020</b>
		£	£
	Cash at bank	<u>237,193</u>	<u>97,246</u>
<b>9</b>	<b>Trade and other receivables: Falling due within one year</b>	<b>2021</b>	<b>2020</b>
		£	£
	Trade debtors	127,367	405,200
	STM Group Plc *	1,142,180	222,026
	CAH Ltd *	68,652	611,404
	Options SSAS Ltd *	4,761	-
	Options Group Services UK Ltd *	-	127,903
	Options Corporate Pensions UK Ltd *	319,633	474,513
	London Colonial Serviced Ltd *	420	-
	Other debtors	-	1,260
	Work in progress and accrued income	173,067	11,281
	Prepaid expenses	<u>65,702</u>	<u>48,635</u>
	<b>Total</b>	<u><b>1,901,782</b></u>	<u><b>1,902,221</b></u>

\* The amounts due from Group companies are unsecured, interest free and repayable on demand.

#### 10 Reclassification - receivables from insurer

With reference to the Court of Appeal decision in the Carey (Options) vs Adams case (as detailed in notes 15 and 18), the balance sheet has been restated to reflect reclassification of provisions as a separate line item on the balance sheet as well as an associated insurance receivable in the current year given the materiality and qualitative nature of this item. There was no provision recorded for the year ended 31st December 2019 and hence no amended disclosures are required in respect of the year then ended. There is no impact to the income statement. The table below reflects the impact of this change in presentation.

	<b>2021</b>	<b>2020</b>
	£	£
<b>ASSETS</b>		
<b>Current Assets</b>		
Trade and other receivables	23,301,783	5,502,221
Reclassification		
Trade and other receivables	1,901,783	1,902,221
Receivable from insurers	21,400,000	3,600,000
<b>Total Current Assets</b>	<u><b>23,538,976</b></u>	<u><b>5,599,467</b></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	22,233,791	4,365,857
Reclassification		
Trade and other payables	833,791	765,857
Provisions	21,400,000	3,600,000
<b>Total Current Liabilities</b>	<u><b>22,233,791</b></u>	<u><b>4,365,857</b></u>
	<b>2021</b>	<b>2020</b>
	£	£
Receivable from insurers Carey (Options) v Adams (note 15)	<u>21,400,000</u>	<u>3,600,000</u>
Provision Carey (Options) v Adams (note 15)	<u>21,400,000</u>	<u>3,600,000</u>

## OPTIONS UK PERSONAL PENSIONS LLP

### Notes to the Financial Statements (continued) for the year ended 31 December 2021

11 Creditors: amounts falling due within one year	2021 £	2020 £
Trade creditors	45,976	61,221
Options EBC Ltd *	161,611	-
London and Colonial Services Ltd *	-	65,380
Options Group Services UK Ltd *	46,265	-
VAT payable	170,144	-
Payroll taxes payable	-	254,077
Accruals	81,039	74,970
Deferred Income	328,756	310,209
<b>Total</b>	<b>833,791</b>	<b>765,857</b>

\* The amounts due to Group companies are unsecured, interest free and repayable on demand.

12 Creditors: amounts falling due after one year	2021 £	2020 £
Subordinated loan agreement	1,050,000	950,000
Intercompany creditors	10	10
<b>Total</b>	<b>1,050,010</b>	<b>950,010</b>

Note 16 gives full details of changes to the subordinated loan.

13 Note to the cash flow statement	2021 £	2020 £
Loss for the year	(7,314)	(99,647)
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	11,284	11,445
Sale of Investments	-	10,000
Provision for Impairment of bad debts	23,653	23,950
Operating cash flows before movements in working capital	27,623	(54,252)
<b>Changes in working capital:</b>		
(Increase) in prepaid expenses and accrued income	(178,854)	(5,320)
Increase/(Decrease) in trade and other receivables	298,554	(453,805)
(Decrease)/Increase in payables	(74,982)	557,076
Cash generated in operations	72,341	43,698
<b>Net cash generated in operating activities</b>	<b>72,341</b>	<b>43,698</b>

## OPTIONS UK PERSONAL PENSIONS LLP

### Notes to the Financial Statements (continued) for the year ended 31 December 2021

#### 14 Operating leases

Total future minimum lease payments under non cancellable operating leases are as follows:

	2021	2020
	£	£
- within one year	49,600	49,600
- between one and five years	198,400	198,400
	<u>248,000</u>	<u>248,000</u>

Options Group Services UK Ltd holds an operating lease for the rental of office premises located at 1st Floor and 2nd Floor (West), Lakeside, Shirwell Crescent, Furzton, Milton Keynes. The lease expires on 30 June 2029.

#### 15 Provisions and contingent liability

Provisions are recorded when there is a present legal or constructive obligation as a result of a past event, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. As stated in note 1 this requires judgment and the use of assumptions about the likelihood and magnitude of any cash outflow. The LLP analyses its exposure based on available information, including consultation with professional indemnity insurers and external legal advisors where appropriate, to assess any potential liability.

The LLP operates in a legal and regulatory environment that exposes it to certain litigation risks and in particular the LLP recognises that the UK SIPP industry is becoming more litigious over non-performing assets. Whilst the LLP does not provide financial or investment advice to its customers and therefore believes it is not responsible for the performance of the investments, the LLP does receive complaints in respect to these matters as well as others relating to general services provided. Each complaint is dealt with on its merits and remain a contingent liability until an outflow of economic benefits is probable and the quantum can be reliably estimated.

Following the Court of Appeal judgment on 1 April 2021 the LLP has considered the potential impact this might have on the outcome of other claims made by SIPP members in respect of non-performing assets. The LLP sought permission to appeal to the Supreme Court, however notice was received in April 2022 that this had been refused.

It was recognised that the ruling made in Mr Adams case was fact specific and included the exercise of discretion on the part of the Court of Appeal, and which was exercised in the context of those facts. The Court of Appeal, at the time of its ruling, had not determined the appropriate relief payable to Mr Adams. It was therefore difficult to assess the exact obligation that could arise on other claims based on this one case. An estimate has been arrived at by considering a cohort of claims which may be deemed to have similar characteristics to Mr Adams' claim. The value of this estimate, which has been reflected within trade and other payables, is £21,400,000 (2020 £3,600,000). This is covered by professional indemnity insurance and thus has also been reflected as a receivable due from insurers.

With reference to the prejudicial exemption allowed under FRS 102 Section 21.17, the partnership will not disclose any further information about the assumptions for the provision, including any details about current and potential claims.

## OPTIONS UK PERSONAL PENSIONS LLP

### Notes to the Financial Statements (continued) for the year ended 31 December 2021

#### 16 Related party transactions

On the 12th January 2017 the subordinated loans were replaced by a new subordinated loan of £950,000 agreed by (CAH Limited (formerly Carey Administration Holdings Limited) to the LLP. On the 24th March 2017 it was resolved that, in accordance with clause 9 of the LLP agreement, CAH Limited would increase the subordinated loan above by £150,000 and £500,000 of this would be converted into equity by 31st March 2017 in order to satisfy the increased capital adequacy requirements of the FCA. See note 17 for further details on the terms associated with members capital. On the 30th June 2017 a further £50,000 was added to the loan and the subordinated loans were replaced by a new subordinated loan of £650,000. On 24th August 2017 a further £300,000 was added to the loan and the subordinated loans were replaced by a new subordinated loan of £950,000 agreed by CAH Limited to the LLP. On 30 June 2021 a further £100,000 was added to the loan and the subordinated loans were replaced by a new subordinated loan of £1,050,000 agreed by CAH Limited to the LLP.

Interest will be payable by the LLP on this loan, at a rate of 5% above LIBOR. The subordinated loan has no fixed repayment date but CAH Limited has the option to recall the funds at any time from 24th August 2019 after giving one month's notice and there being written consent from the FCA before such repayment is made by the LLP. On 1st January 2022 LIBOR was replaced by SONIA the impact of which is under review by the Executive Board.

Key management personnel remuneration is detailed in note 4.

#### 17 Members' interests

In accordance with Clause 9 of the LLP agreement, CAHL contributed the sum of £400,000 by way of capital contributions on 1 August 2009. Further capital contributions of £150,000, £300,000, £10,000, £55,000 and £500,000 were introduced by CAHL on 31 March 2010, 31 October 2010, 30 June 2011, 14 July 2011 and 31 March 2017 respectively. Members' capital can only be withdrawn by a member if:

- they become an outgoing member and an equal amount of capital is contributed to the LLP by a continuing member or by such person or persons replacing them as a member;
- an equal amount is contributed to the LLP by another member or by a new member;
- the LLP is wound up or otherwise dissolved; or
- the LLP has ceased to be authorised under Part IV of the Financial Services and Markets Act 2000.

As a result the capital introduced has been classified as equity capital.

Chrysalis Pensions Consulting LLP shall contribute the sum of £392,143 (2020: £392,143) of capital by way of the application of such amounts of its share of the profits as are due to be paid to it in accordance with clauses 10.1 and 10.2 of the LLP agreement. Chrysalis Pension Consulting LLP is ultimately obliged to contribute 30% of the LLP's total capital in this way.

	2021	2020
Members' capital (classified as equity)	<u>1,415,000</u>	<u>1,415,000</u>

#### 18 Ultimate controlling party

CAH Limited the smallest parent company was purchased by STM Group Plc on 12 February 2019, the registered office is PO Box 285, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 4LX. CAHL does not prepare consolidated accounts. The largest parent company from 12 February 2019 is STM Group Plc, 18 Athol Street, Douglas, IM1 1JA, Isle of Man, an AIM listed company incorporated and registered in Isle of Man. STM Group PLC prepares group accounts. The consolidated financial statements of STM Group plc are available to the public and may be obtained from [www.stmgroupplc.com](http://www.stmgroupplc.com) or <http://www.stmgroupplc.com>. The largest and smallest group on which the results of the LLP are consolidated is that headed by STM Group plc.

## OPTIONS UK PERSONAL PENSIONS LLP

### Notes to the Financial Statements (continued) for the year ended 31 December 2021

#### 19 Post Balance Sheet Events

On the 1 April 2021 the Court of Appeal handed down their judgment on the Adams v Carey (now renamed Options) case which had been heard remotely by video-conferencing in early March 2021. Mr Adams had appealed primarily two causes of action as follows:

1: that under the FCA's Conduct of Business Sourcebook rules (COBS) 2.1.1, Carey had failed to act fairly, honestly and in accordance with the best interests of its client; and

2: that, given the unregulated introducer 'advised' (for the purposes of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (RAO)) Mr Adams to purchase the investment, transfer his pension and establish the SIPP, and the introducer 'arranged' (for the purposes of the RAO) the underlying investment, without the necessary permissions and therefore in breach of the general prohibition under s.19 of FSMA, that under section 27 of the FSMA, Mr Adams' agreement with Carey should be unwound, and Carey should provide relief to Mr Adams.

The judgment dismissed the first claim but upheld the second. Permission to appeal this judgment had been filed with the Supreme Court on 29 April 2021 and on 8 April 2022 the Supreme Court declined this request. As a result of the Supreme Court's announcement the partners have considered the amount of provisioning held. The provision in the end of year accounts has been increased because of the above to £21,400,000 with an offsetting £21,400,000 amount being reflected in trade and other receivable as the liability is covered by professional indemnity insurance. See note 10.

The partners are not aware of any other significant events occurring after the reporting date.