Curtis Banks Group PLC

Company Registration No. 07934492 (England and Wales)

Curtis Banks Group PLC

Annual Report and Consolidated Financial Statements
For the year ended 31 December 2020

Curtis Banks Group PLC

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Strategic Report

Operational, Financial Highlights and Key Performance Indicators

Curtis Banks Group PLC is pleased to announce its final results for the 12 months to 31 December 2020. These results represent the full 12 month period including the fundraising and refinancing activities in July 2020; 5 months contribution from Dunstan Thomas and 2 months contribution from Talbot and Muir.

- Operating revenue increased by 10% to £53.9m (2019: £48.9m)
- Adjusted profit before tax[1] remained stable at £13.4m (2019: £13.4m)
- Adjusted operating margin[2] decreased to 26.0% (2019: 28.1%)
- Profit before tax decreased by 32% to £7.4m (2019: £10.9m)
- Adjusted diluted EPS decreased by 8% to 17.9p (2019: 19.4p)[3]
- Gross organic growth in own Mid and Full SIPP numbers of 7.8% (2019: 7.5%) with total SIPPs, including third party administered, now 82,224 (2019: 76,541)
- Attrition rate on own Mid and Full SIPPs decreased to 4.6% (2019: 5.7%)
- Assets under Administration ("AuA") increased by 11% to £32.4bn (2019: £29.1bn)
- Proposed final dividend of 6.5p (2019: 6.5p) making a full year payment of 9.0p (2019: 9.0p)

Highlights and key performance indicators for the year include:

	2020	2019
Financial		
Operating revenue	£53.9m	£48.9m
Adjusted profit before tax[1]	£13.4m	£13.4m
Profit before tax	£7.4m	£10.9m
Adjusted operating margin[2]	26.0%	28.1%
Diluted EPS[3]	9.5p	15.9p
Adjusted diluted EPS[3]	17.9p	19.4p
Operational Highlights		
Number of SIPPs administered	82,224	76,541
Assets under Administration	£32.4bn	£29.1bn
Total organic new own SIPPs in year	4,113	4,567
Attrition rates (Mid & Full SIPP)	4.6%	5.7%
Number of properties administered	8,905	6,352

[1] Profit before tax, amortisation and non- recurring costs

[2] The ratio of operating profit before net finance costs, amortisation and non-recurring costs to operating revenues. See note 6 to the financial statements for further detail

[3] Adjusted to reflect impact of bonus factor within shares issued during the year ended 31 December 2020. See note 12 to the financial statements for further detail

Our services and history

Curtis Banks Group PLC ("Curtis Banks" or "the Group") has a clear vision for long-term growth. The Group commenced trading in 2009 and has successfully developed, through a combination of organic growth and acquisitions, into one of the largest UK providers of self-invested pension products. At 31 December 2020 the Group administered circa £32.4bn (2019: £29.1bn) of pension assets on behalf of over 82,000 (2019: 76,000) active clients.

In May 2015 the shares of Curtis Banks (LON: CBP) were admitted and listed on the London Alternative Investment Market ("AIM").

On 25 May 2016 the Group completed the purchase of Suffolk Life Group Limited, a long established provider of SIPPs operating through Suffolk Life Pensions Limited and Suffolk Life Annuities Limited. During the year ended 31 December 2020, the Group completed the purchase of Dunstan Thomas, and Talbot and Muir. The Group currently trades under the names Curtis Banks, Suffolk Life, Dunstan Thomas and Talbot and Muir. More than 800 staff are employed across its head office in Bristol and regional offices in Ipswich, Dundee, Portsmouth, Nottingham and Leeds.

Our stated strategic objective of increased diversification saw the acquisition of Dunstan Thomas in August 2020. The acquisition is a further step forward in the Group's evolution from a solely focused SIPP and SSAS administrator to a provider of technology and complementary services for the advised retirement market, including FinTech, legal and property services.

Trading subsidiaries of the Group authorised by the Financial Conduct Authority to provide trust based SIPP products include Curtis Banks Limited, Suffolk Life Pensions Limited, Suffolk Life Annuities Limited and Talbot and Muir Limited. Suffolk Life Annuities Limited is also regulated by the Prudential Regulatory Authority as it provides SIPPs through non-participating individual insurance contracts. As such, it is regarded as an insurance company for the purposes of regulatory and statutory reporting. Due to Suffolk Life Annuities Limited's status as an insurance company, the consolidated results for the whole Group also include Suffolk Life Annuities Limited's insurance policyholder assets, liabilities and returns.

The Executive Directors have proven experience in the retail savings, pensions and wealth markets and have established a business that focuses on a service-driven proposition for the administration of flexible SIPPs. The Group's core pension products are primarily distributed by authorised and regulated financial advisers, targeted towards pension savers who wish to take full advantage of the features and flexibility offered in the UK's modern and changing pension regime. Long standing relationships with key distributors result in high levels of repeat business and demonstrate satisfaction with products and services provided.

The Group is focussed on continuing to deliver value to both customers and shareholders in the years ahead.

Chairman's Statement

I am pleased to report the Curtis Banks Group results for the year ended 31 December 2020. In spite of being impacted by COVID-19 the business showed a very high degree of resilience, completed two excellent acquisitions, executed a successful fund raise and changed its fee model to ensure greater transparency to our clients and a more robust and consistent income. This puts the business in a strong position for future growth.

2020 Review

The highlights of our financial results demonstrated solid revenue growth, although operating profit softened as a result of the impact of the COVID-19 pandemic on the business. Operating revenue increased by 10% from £48.9m to £53.9m, reflecting acquisitive growth and a steady performance in our core business of Full and Mid SIPPs. Adjusted profit before tax remained stable at £13.4m (2019: £13.4m).

The Group was impacted by the COVID-19 pandemic during 2020. Management reacted quickly and effectively to implement its business continuity plan and limit the severity on the business. Our fixed, recurring fee model for our core products insulated the Group from the worst effects of the pandemic and the business has emerged from it in a robust position.

In spite of the obvious headwinds we remained focused on our stated strategy for future growth. In July 2020, the Group announced the acquisition of two high-quality businesses in Talbot and Muir and Dunstan Thomas. Talbot and Muir, a provider of SIPPs and SSAS products, has a strong reputation in the market and reinforces the Group's position as a leading SIPP provider. At the time of acquisition, Talbot and Muir delivered additional scale through 6,600 plans and AuA of approximately £3.6bn.

Dunstan Thomas is a FinTech company which provides technology and business solutions for wealth managers, platforms and providers, with an established client base and track record of repeat and recurring revenue. Dunstan Thomas will not only support the successful delivery of the Group's technology strategy but will also bring diversification by way of a broader product and service offering to other markets. The use of technology in the retirement market has historically been underutilised and we are excited about the role Dunstan Thomas can play in spearheading additional growth and development opportunities across the Group.

In November 2020, we took the decision to achieve a more appropriate balance between fee income and interest income to provide more transparency and greater certainty to our clients. We increased the annual SIPP administration fee paid on Mid and Full SIPPs with effect from 1 February 2021 and at the same time provided the framework to distribute an element of future interest related income to our clients. This change will materially reduce the Group's overall sensitivity to interest rates and reinforce our robust foundation for future growth through improved levels of recurring revenues.

Chairman's Statement (continued)

People and Culture

In January 2021, we were delighted to welcome Jill Lucas to Curtis Banks as Non-Executive Director. Jill was also appointed as Chair of Dunstan Thomas. Jill brings a wealth of experience to the Group particularly in the field of technology and will bring invaluable experience to the board. Prior to joining the Group, Jill led technology transformation at Unilever and from 2012 until 2015 was Group Chief Information Officer for UK-based broker Towergate Insurance. Since 2019, she has been a Non-Executive Director for NS&I, the UK government-owned savings bank.

Jill's background in technology and experience in leadership teams will be invaluable as we continue to develop our business. In particular, her role as Chair of Dunstan Thomas will be crucial as we look to integrate technology throughout the Group and maximise opportunities for growth via increased collaboration and integration.

I would also like to thank the board, the whole executive team and staff at Curtis Banks for their endeavours and commitment to the Group in a challenging external environment.

Dividend

We paid an interim dividend of 2.5p per share (2019: 2.5p) on 13 November 2020 and the Board proposes a final dividend of 6.5p per share (2019: 6.5p) which, if approved by shareholders, will be paid on 4 June 2021 to shareholders on the register at the close of business on 7 May 2021. Total dividends for the year are therefore 9.0p per share (2019: 9.0p).

Outlook

We expect that challenging conditions will continue in the short term, as new business generation is hampered by restrictions from social distancing requirements. However, we remain well placed to deliver further profitable growth in the medium term as we continue to deliver efficiencies through systems integration. In the medium term and beyond, we remain confident about the Group's growth prospects. Our sensitivity to interest rates will materially reduce and we have an opportunity to leverage the scale and technology from the acquisitions of Talbot and Muir and Dunstan Thomas respectively to grow the Group. Through the strength of our product proposition and service, we are also well-placed to meet the changing needs of clients to deliver organic growth in what is an ever-increasing market.

In 2020, Curtis Banks started to evolve from a solely focussed SIPP administrator to a more holistic retirement group which provides technology and complementary services for the advised retirement markets, including FinTech, legal and property services. We have a clear vision and dedicated, first-rate management team with a plan for execution in 2021 and beyond.

Chris Macdonald
Chairman
6 April 2021

Chief Executive Officer's Review

We made strong progress in 2020 to evolve Curtis Banks from a predominantly SIPP administration business to a more holistic retirement group providing multiple complementary services, including FinTech, legal and property, for the advised retirement market. We believe this provides a solid platform for future, long-term, sustainable growth.

The external market dynamics and demographic trends play to our strengths. Our product proposition and service means we offer superior flexibility and optionality to meet the changing needs of a growing number of retirement savers and we are proven in adapting to, and remaining market leading with, ever-changing regulation in the retirement market. Retail investment platforms continue to see significant inflows, which we would expect in five to ten years' time to provide a significant inflow of business for our model as savers with more than £250,000 will benefit from our more cost effective fixed fee model. Technology remains underutilised in the pensions market and we are working to develop new products and services that leverage technology for the benefit of our clients, which includes our functional digital portal. The result is a large and growing addressable market requiring a range of complementary services – all of which can be met by Curtis Banks and underpins our position.

Operational Review

In the first half of 2020, we focused on our response to the COVID-19 pandemic. Following the outbreak of the first wave of the pandemic in March 2020, we acted quickly to implement our business continuity plan. The business felt some impact as the adviser community were unable to meet end customers in-person during the first lockdown, but productivity remained largely unaffected.

We have continued to progress our five year system strategy which consists of a number of elements. As previously announced, the development of a new digital portal completed in 2019. The centralisation of commercial property administration progressed to plan throughout 2020 and the upgrading of our administration platform commenced in 2020. I am pleased to report that all elements of the strategy continue to perform in line with the project projections and the acquisition of Dunstan Thomas, our key technology partner supporting the strategy, has further strengthened our control over the success of the programme.

We measure SIPP per operational FTE to measure the efficiency of our operations and also to provide reassurance around maintaining the desired levels of client servicing. Upon conclusion of the system strategy, and the introduction of our Target Operating Model, we expect to see an increase in the number of SIPPs per operational FTE.

At the year end the number of SIPPs administered increased to 82,224, this includes 4,113 new own SIPPs added organically plus 5,833 new SIPPs as a result of the acquisition of Talbot and Muir. Delivering a gross organic growth rate of 7.8%. In our two core areas of strategic focus, the Full SIPP saw gross organic growth of 3.2% which was a slight reduction on last year (2019: 3.4%). Our Mid SIPP gross organic growth rate was 11.1%, slightly higher than the previous year (2019: 10.8%). The table below sets out more detail on SIPPs numbers and rates of attrition.

Chief Executive Officer's Review *(continued)*

	Full SIPPs	Mid SIPPs	eSIPPs	Total own SIPPs	Third Party Administered	Total
As at 31 December 2020	23,013	31,985	20,742	75,740	6,484	82,224
As at 31 December 2019	19,869	27,799	21,726	69,394	7,147	76,541
SIPPs added organically	628	3,072	413	4,113	9	4,122
SIPPs added through acquisitions	3,496	2,337	-	5,833	-	5,833
Conversions and reclassifications	(116)	117	(1)	-	-	-
SIPPs lost through attrition	(864)	(1,340)	(1,396)	(3,600)	(672)	(4,272)
Gross organic growth rate	3.2%	11.1%	1.9%	5.9%	0.1%	5.4%
Annualised attrition rate	4.4%	4.8%	6.4%	5.2%	9.4%	5.6%

As we expand our proposition and services, we have diversified our revenue streams – and will continue to do so. In November 2020, we announced an increase to the annual SIPP administration fee paid on the Mid and Full SIPPs with effect from 1 February 2021. This decision was taken to reduce our reliance on interest income and as part of a shift towards higher client fees which lead to higher quality revenues. Our core line of business remains as the fixed annual fees for SIPP and SSAS products, with 86% of revenues expected to recur year on year. The high percentage of recurring revenues provides the Group with resilience and a solid foundation which allows us to continue to diversify our offering into other areas of the market.

Our flagship product, Your Future SIPP, continues to perform well and is one of the key drivers for organic growth of Full and Mid SIPPs. Your Future SIPP delivers efficiencies for clients and reduces the time spent on administration for advisers, clients and our business.

Chief Executive Officer's Review *(continued)*

Rivergate Legal Limited continues to perform in line with expectations. Rivergate provides specialised and experienced advice to SIPP and SSAS clients seeking to invest commercial property within their pension portfolios. The business has remained focused on the supply of commercial property and real estate services in line with the Group's strategy. The total number of properties administered by the Group has increased to 8,905 (2019: 6,352) and we are confident that it will continue to grow into the medium term.

Acquisitions

In July 2020, the Group announced the acquisitions of Talbot and Muir, a provider of SIPPs and SSAS products, and Dunstan Thomas, a FinTech provider delivering technology and business solutions for wealth managers, platforms and providers. The acquisitions are in line with our published growth strategy to seek further value-enhancing, strategically aligned inorganic opportunities in the advised retirement market, alongside continued organic growth across all current business lines.

Talbot and Muir is a well-respected SIPP and SSAS provider and administrator with strong levels of recurring revenues based on a fixed fee model. Talbot and Muir delivers additional scale to the Group's existing offering through 6,600 plans and AuA of approximately £3.6bn, with 71 employees across offices in Nottingham and Leeds, joining the Group.

Dunstan Thomas is a FinTech provider delivering technology and business solutions for wealth managers, platforms and providers with an established client base and track record of repeat and recurring revenue. Curtis Banks has a long history of working with Dunstan Thomas, who have been a technology supplier to the Group for over five years. This acquisition will support the successful delivery and execution of the Group's technology strategy.

Dunstan Thomas will also expand our own customer proposition offering both existing and future clients access to a broader range of products and services, while giving us the opportunity to take our own product offering to other target markets. There are long-term growth opportunities in leveraging technology to reach new areas of the ever-increasing addressable advised retirement market. Technology is still underutilised in the pensions market and we will be working closely with Dunstan Thomas to develop new products and services backed by technology that disrupt the market. We also see immense scope for greater collaboration across the Group's diverse offering, especially via Dunstan Thomas' technology platform.

We are delighted to have acquired both Talbot and Muir and Dunstan Thomas, having executed both transactions in the midst of a global pandemic. We have started to integrate both businesses into the Group and this process is running smoothly. We are confident that both businesses will play a key role in diversifying and expanding the Group's offering to drive growth in the next two to three years.

People and Culture

During 2020, we were delighted to welcome colleagues from the acquisitions of Talbot and Muir and Dunstan Thomas into the Curtis Banks Group. We will be integrating both businesses into the Group in time and we look forward to working alongside their Executive teams on cross-group collaboration initiatives.

The COVID-19 pandemic has been a difficult time for us all. The welfare of employees has remained the top priority for management throughout the last 12 months. I wanted to take this opportunity to pay tribute to the dedication and perseverance of colleagues at Curtis Banks who seamlessly adapted to remote working conditions to ensure that productivity levels remained high. I am proud to work alongside them and I look forward to working with them to execute the exciting growth plans we have laid out for 2021 and beyond.

Chief Executive Officer's Review *(continued)*

Outlook

We made strong progress on several of our strategic objectives in 2020. The systems strategy continues at pace and is on track, while the increase in the annual SIPP administration fee paid on the Mid and Full SIPPs will reduce our reliance on interest income and increase our focus on generating higher quality revenues. The acquisitions of Talbot and Muir and Dunstan Thomas provide the Group with additional scale in the SIPP market and exciting growth opportunities to leverage technology to disrupt the advised retirement market.

In the short and medium term we have set the following growth objectives:

- Organic Growth – to continue to focus on quality, advised SIPP business driving long term recurring fee revenues utilising our saleable operating model
- Inorganic Growth – building on continued consolidation in the market place, the Group will continue to focus on selective, high quality acquisition opportunities to expand our client base
- Diversification – building on the capability acquired in 2020, driving new products and services to a wider customer base enhancing EPS in the medium term

We have a clear vision for long-term growth. Our evolution from a single-track SIPP administration business to a provider of multiple complementary services which will diversify our core offering and revenue streams to reach new areas of an ever-increasing addressable market. We are confident that the Group is well placed for growth in 2021.

Will Self
Chief Executive Officer
6 April 2021

Chief Financial Officer's Review

Results

A resilient financial performance for the year ended 31 December 2020 resulted in operational revenue increasing by 10% to £53.9m (2019: £48.9m) and adjusted profit before tax of £13.4m (2019: £13.4m). Adjusted diluted EPS decreased by 8% to 17.9p (2019: 19.4p), influenced by the issue of 11,904,762 new shares in July to support the Group's acquisition strategy. Statutory profit before tax, which is stated after amortisation and non-recurring costs, was £7.4m (2019: £10.9m), which includes £3.5m of non-recurring costs incurred during the year on previously announced restructuring activities and acquisition related costs. Diluted EPS on a statutory basis decreased by 40% to 9.5p (2019: 15.9p), impacted by the issuance of 11,904,762 ordinary shares in July 2020.

The robust financial performance was achieved despite the compound economic and political challenges of the UK's exit from the European Union and then the COVID-19 pandemic which quickly followed in March 2020. Like many other firms, the Group was not immune from the unquestionable impact of these challenges, in particular the prevailing COVID-19 restrictions which remain at our reporting date, but I believe the results once again demonstrate the resilience of our core business model and the strong levels of recurring sterling fixed fees which we have long extolled the virtues of.

The Group successfully completed two acquisitions during 2020. The acquisition of Talbot and Muir in October 2020 increases the number of high quality SIPPs under our administration and will further increase the Group's ability to generate recurring revenues. The acquisition of Dunstan Thomas in August 2020 has introduced a new revenue stream into the Group and is a further step in crystallising the Group's objective towards greater diversification and the Board looks forward to exploring the further opportunities that having a FinTech company within the Group will bring. Both Talbot and Muir and Dunstan Thomas made a positive contribution to the Group's revenue and earnings for part of 2020, with a full contribution from each to be achieved in 2021.

We also took action to rebalance our revenue profile by increasing the annual SIPP administration fee for our core SIPP products and changing how we share with clients the interest on SIPP bank account balances. These changes will result in clients receiving an increased share of interest, while the quality of the Group's revenue is improved due to the higher proportion generated from recurring fees.

The Group measures its performance by reference to the alternative profit measure of adjusted profit before tax as this is considered to better reflect the underlying results of the business by adjusting for those items which do not arise from the underlying operations of the business.

Revenue

Operational revenues of £53.9m in 2020 (2019: £48.9m) increased by 10% year on year, driven primarily by the part-year contributions from Dunstan Thomas and Talbot and Muir but also somewhat by the resilient organic growth in own Mid SIPP numbers.

Fee revenue from SIPP products remains the predominant source of fee income for the Group with 86% (2019: 84%) of these fees being recurring fixed annual fees. These fees are subject to contractual annual inflationary rises linked to average weekly earnings. Additional fixed fees are charged depending on the transactional services provided for each of the products.

Chief Financial Officer's Review *(continued)*

Revenue *(continued)*

All SIPP fees levied are fixed sterling charges and are not dependent on the value of the underlying assets held within the SIPP. As a result, the revenues generated by both Curtis Banks and Talbot and Muir are insulated from the movements in financial markets and/or commercial property values and are therefore subject to less volatility than many of our peers. This is a key differential that sets us apart from most of our competitors and provides an attractively priced product in terms of fees applied on higher value SIPPs. As the value of a SIPP increases our product becomes increasingly affordable.

In the year ended 31 December 2020, £12.2m of the Group operating revenue arose from interest margin (2019: £12.7m). The Group operates a highly efficient treasury operation with diverse partners and this enabled the Group to maintain impressive returns despite the low interest environment which perpetuated for most of the financial year and into 2021.

From 1 February 2021, the amount of interest paid to clients will no longer be set on a discretionary basis by the Group following the changes announced in November 2020. The Group believes that the new approach to sharing interest with clients is more transparent and provides greater certainty to clients. The amount of interest generated by the Group, and the amount shared with our clients, is monitored via the Group Assets and Liabilities Committee.

Expenses

The year ended 31 December 2020 saw administrative expenses increase by 13% to £39.9m from £35.2m. 78% of this increase related to our two acquisitions.

Staff costs for the year increased by 14% to £26.1m (2019: £22.6m) and were influenced by salary inflation, referenced to average weekly earnings, and the part year impact from the acquisitions of Dunstan Thomas of £1.9m (2019: nil) and Talbot and Muir of £0.4m (2019: nil).

Staff costs continue to reflect the cost of share based payment awards under the Group's Long Term Incentive Plan and Save As You Earn ("SAYE") schemes, as well as the commitment to the auto enrolment of staff pension contributions. These measures continue to reflect the importance of staff satisfaction to the Group and contribute not only to improved levels of key staff engagement and retention but also drive the provision of desired service levels to clients which are demanded by our introducers of business.

Average staff numbers increased to 698 (2019: 572), primarily as a result of the Group's acquisitions made in the year. This represents the support provided for the organic growth in own Full and Mid SIPPs achieved and to manage the migration of commercial property administration to a centralised function.

The other material operating expense that the Group incurs is in respect of IT and in 2020 this amounted to £3.1m (2019: £3.4m). These reflect not only the costs of supporting the core IT infrastructure across the Group's multiple office locations but also the amount of investment in technological improvements to the SIPP administration platform and the programme of these improvements is expected to continue into 2024.

Chief Financial Officer's Review *(continued)*

Expenses *(continued)*

The cost of undertaking regulatory activity continues to increase and for the year ended 31 December 2020 the Group spent £1.7m (2019: £1.1m) on a combination of regulatory fees, levies and insurance.

Finance costs relating to interest payable on bank loans increased by £0.2m year on year following the re-negotiation of the Group's increased term and revolving credit facilities during the year. Borrowings continue to be repaid in line with scheduled terms and the covenants required by the bank in respect of this gearing are well covered. Interest on the debt currently accrues at a rate of 2.25% over the London Interbank Offered Rate ("LIBOR") although it is expected that LIBOR will be replaced by the end of 2021. The Sterling Overnight Indexed Average ("SONIA") is expected to replace LIBOR and we will work with our finance providers to ensure our credit facilities are transitioned to the new benchmark at that time.

The Group continues to take steps to improve its adjusted operating margin through a combination of revenue enhancements and operational efficiencies, balanced with the continued investment back into the business and the provision of a high quality service to our clients. The adjusted operating margin has decreased during the year, impacted by the increase in non-controllable regulatory costs and the pressure that the low interest environment had on interest income. The Group has sought to mitigate its sensitivity to interest income through an increase in annual fees on Mid and Full SIPPs which were effective 1 February 2021.

Non-Recurring costs

Non-recurring costs for the year can be broadly categorised into several core elements.

During the year ended 31 December 2020, the Group progressed its strategy to deliver its Target Operating Model through the centralisation of commercial property administration within one office location. Redundancy costs associated with this decision as well as costs associated with duplicated staff efforts while work is transferred between offices have been included within non-recurring costs, totalling £1,090,000 in the year ended 31 December 2020. The Group expects some further costs in early 2021 associated with the conclusion of this transition and will be recognisable as non-recurring costs in the relevant accounting period. Delivery of the Target Operating Model is ultimately seen as the main driver of operational efficiencies which are expected to be attainable once the broader investment in our system strategy has been completed.

Costs of £1,518,000 associated with acquisitions, primarily in relation to Dunstan Thomas and Talbot and Muir, were recognised during the financial year as outside of the operating cost base of the Group. A further cost of £151,000 was recognised in respect of deferred contingent consideration for the book of business acquired from Friends Life in 2015.

As has been widely reported in the wider industry press, HMRC has challenged all SIPP providers on whether pension contributions could be made in-specie. The Group has been in correspondence with HMRC regarding processes and documentation in respect of in specie contributions for some time. Following a favourable outcome for HMRC in an appeal against the First-Tier Tribunal's ruling in favour of another SIPP operator in a similar case, and having taken further legal advice, the Group now considers it more likely than not that some cost associated with this liability will be borne by the Group and has recognised a provision of £403,000 to reflect this.

Chief Financial Officer's Review *(continued)*

Non-Recurring costs *(continued)*

As noted in our last annual financial statements, management had initiated a review of data records relating to properties held within SIPPs administered by the Group. Based on a detailed review of a sample of properties and extrapolation of the initial findings across the full population of relevant properties, the Directors recognised that additional direct costs may be incurred in completing this data cleansing exercise, including from any potential remediation. The data cleansing exercise is continuing with any residual remedial follow up actions to be completed during 2021. Of the original provision of £500,000 made at 31 December 2018, there is a remaining provision of £7,000 as at 31 December 2020. This is still considered to be adequate to cover any remaining costs.

Finally, during the year ended 31 December 2020, the Group invested in a new strategic treasury solution with a global provider of back office operational cash management software. The investment is designed to innovate and improve the Group's treasury management function through provision of a system that provides a multibank facility and this resulted in a non-recurring charge of £286k.

Amortisation and impairment of intangible assets

Amortisation of the Group's intangible assets represented a charge of £2,098,000 for the period. We have also taken a small impairment charge of £344,000 against the value of certain SIPP portfolios within intangible assets (2019: £nil). This follows a regular review of estimated future cash flows expected from these assets over their remaining useful economic lives and reflects increased uncertainty over the longevity of the current low interest rate environment.

Cash flows

Shareholder cash balances at year end were £32.5m compared to £31.2m at the end of the previous financial year.

Net cash inflows from shareholder operating activities for the period were £7.7m (2019: £13.8m net cash inflow), with the decline in cash generation primarily attributable to a reduction in profit before tax for the year and a higher amount of tax paid in the year caused by a number of the Group's subsidiaries transitioning into HMRC's QIP regime for very large companies.

A combination of the acquisitions made, the issue of shares and the re-financing of borrowing facilities during the year saw significant net cash outflows from investing activities and significant net cash inflows from financing activities.

Accounting Policies

Accounting policies have been updated to capture the relevant activities of the two acquisitions completed by the Group during the year.

Chief Financial Officer's Review *(continued)*

Suffolk Life Annuities

Part of the Suffolk Life Group of Companies, Suffolk Life Annuities Limited, is an insurance company that writes SIPP Products as insurance contracts. These are all non-participating investment contracts and so the Group does not bear any insurance risk. As the policyholder assets and liabilities are shown on the balance sheet of Suffolk Life Annuities Limited, these also show on the Group balance sheet on consolidation. Assets in the SIPPs administered by the rest of the Group are held in trust and not under insurance contracts and therefore do not need to be included on the balance sheet. As the policies are non-participating contracts, the client related assets and liabilities in Suffolk Life Annuities Limited match. In addition the revenues, expenses and investment returns of the non-participating investment contracts are shown in the consolidated statement of comprehensive income. Again, these income, expense items and investment returns due to the policyholders are completely matched. An illustrative balance sheet as at 31 December 2020 showing the financial position of the Group excluding the policyholder assets and liabilities is included as supplementary unaudited information after the notes to the financial statements. An illustrative cash flow on the same basis has also been provided.

Employee Benefit Trust ("EBT")

The EBT continues to be used to acquire shares in the Group in the open market to satisfy future vesting of options and long term incentive awards. The EBT is funded by loans from the Group. As at 31 December 2020, the EBT held 261,276 shares in Curtis Banks Group PLC (2019: 206,286). A number of options awarded under the Company's SAYE schemes vested during the year and awards were made from the shares held by the EBT.

The financial statements of the EBT are consolidated within the overall Group financial statements and these shares are shown on the balance sheet of the Group as Treasury Shares and are included within total equity.

Capital requirements

The Group's four (2019: three) regulated subsidiary companies submit regular returns to the FCA and the PRA relating to their capital resources. At 31 December 2020 the total regulatory capital requirement across the Group was £15.2m (2019: £13.2m) and the Group had an aggregate surplus of £17.2m (2019: £11.5m) across all regulated entities. In addition to this, it is Group internal policy for regulated companies within the Group to hold at least 130% of their required regulatory capital and this has been maintained throughout the year.

Three (2019: two) of the principal trading subsidiaries of the Group are regulated by the FCA and are subject to the relevant capital adequacy rules. The fourth (2019: third) regulated entity Suffolk Life Annuities Limited ("SLA"), being an insurance company, is subject to Solvency II rules and it's capital position is determined by the Standard Formula as set out in the Solvency II directives. Full details of SLA's capital position are set out in the Solvency and Financial Condition Report published on the Group's website.

Chief Financial Officer's Review *(continued)*

Financial Position

The Group increased net assets by 45% to £80.2m as at 31 December 2020 (2019: £55.5m), and increased shareholder cash reserves from £31.2m to £32.5m over the same period.

In July 2020 the Group placed 11,904,762 shares, raising gross proceeds of approximately £25m, to assist with the financing of initial consideration for the acquisitions of Dunstan Thomas and Talbot and Muir. At the same time, the Group re-negotiated its borrowing facilities with Santander and put in place a £20m term loan and a £10m rolling credit facility, £6m of which was drawn upon.

As at 31 December 2020, the Group had net shareholder cash (after debt) of £8.8m (2019: £19.9m).

The Group adopted the provisions of IFRS 16, accounting for leases, for the accounting period commencing 1 January 2019. The effect of this on our financial performance is not material although the impact on the Group's balance sheet has been to increase Non-current assets and Current/Non-current liabilities. It should be noted that our principal lenders exclude the impact of IFRS 16 when calculating our banking covenants. We have also received confirmation previously from the FCA that the provisions of IFRS 16 do not need to be taken into account in our regulatory capital calculations.

Outlook

The Group's profitability is not directly linked to market performance and therefore the growth in our SIPP numbers provides more visibility and less volatility of earnings combined with the discipline over our controllable cost base. In 2021 we expect the combination of SIPP revenue growth and a full year contribution from both of the Group's recent acquisitions to materially improve top line growth and we will maintain careful cost discipline whilst supporting our stated growth strategies.

Dan Cowland

Dan Cowland
Chief Financial Officer
6 April 2021

Principal Risks and Uncertainties

The risks faced by the Group have been fully assessed and a robust governance and risk management structure is in place. This includes a comprehensive risk register, which is regularly reviewed and updated, a dedicated risk monitoring and management system, aCCelerate, provided by Chase Cooper and a number of governance committee's to provide dedicated focus and attention on the key risks relevant to each committee. Appropriate controls and mitigating actions have been agreed and are regularly monitored for the risks identified, with further actions identified and tracked through to completion where the level of residual risk remains above the target threshold set.

The principal risk categories that would adversely affect the activities of the Group are set out below:

1. Strategic risks

Strategic risks are those that are affected or created by the Group's business strategy and strategic objectives, including risks in relation to acquisitions.

The material risks in relation to completed and potential future acquisitions include:

- Unanticipated litigation or claims against the Group, leading to increased costs to deal with and defend the claims along with the impact upon management time and focus.
- Unexpected integration costs and unanticipated diversion of management time and focus and other resources leading to an inability to integrate businesses in a cost-effective and timely manner.
- The acquired businesses do not achieve the levels of profitability or earnings required to justify the investment made by the Group.
- Levels of new business, transactional fees or other income sources do not achieve the expected levels to meet the level of revenue expected by the Group.

Mitigation
The Group Risk, Audit & Compliance Committee acts under a delegated authority from the Group Board to manage the Group's risks and ensure an appropriate framework is in place for the identification, assessment and management of material risks. Relevant Group governance committees monitor and track progress made and potential impacts in relation to strategic objectives. The Group carries out thorough due diligence on all potential acquisitions using internal expertise and external resources where considered necessary. Appropriate warranties and indemnities are obtained from the vendors and where possible consideration is partly deferred to cover any potential issues arising from the acquisition. Where possible, insurance cover is arranged to cover past events in businesses being acquired. A Commercial Forum is in place to assess all aspects of commercial activity, including expected and actual levels of new business generated.

2. Regulatory risks

The Group operates in a highly regulated and specialist industry and therefore is susceptible to any significant regulatory or legislative policy changes from a variety of regulatory bodies, or from a change in the way existing legislation or regulation is interpreted by a regulatory body. Any changes will influence the overall framework for the design, marketing and distribution of products, the acceptance and administration of business, and the regulatory capital that is required to be held.

Principal Risks and Uncertainties *(continued)*

2. Regulatory risks *(continued)*

The key risk here is interpretation and implementation by the Group of regulatory change and what the new rules entail. Judgements and decisions must be made to ensure change is implemented and while detailed internal assessment and analysis will be undertaken and further external support obtained as required from legal professionals, trade bodies and others in the market, there will always be a small residual risk of misinterpretation of the intended or existing rules. There is a risk that a significant regulatory change may be introduced that would have a detrimental impact upon the business model of the Group. In addition, if unexpected regulatory changes are introduced at short notice, or if the implementation of regulatory change is not managed in an effective manner, this could impact the capital and regulatory position of the Group in the short term.

Mitigation
An internal buffer of at least 130% of required capital is maintained to ensure regulatory capital requirements can be maintained in the event of unexpected regulatory changes. A Group Regulatory Change Committee is in place, which is responsible for the initial identification and review of new regulatory publications applicable to the Group and for undertaking horizon scanning for potential future regulatory developments. The Group is also able to seek external advice as required to support the analysis and interpretation of regulatory change. This includes external accountancy and legal firms and the wider financial community via membership of trade bodies. Ongoing compliance monitoring and internal audit activity is undertaken to review processes, procedures and documentation to ensure this is in line with regulatory and legislative requirements and expectations. Significant regulatory changes are implemented through a formal change project management structure to provide assurance that the requirements are implemented correctly and within the required timescales.

3. Interest on client funds

The Group updated its interest rate retention policy in February 2021, providing greater transparency for our clients. Interest received on cash balances is used to help meet the annual running costs of SIPP plans and, whilst previously this has been shared with clients on a discretionary basis in line with common industry practice, we are now committed to how we share the interest on SIPP bank account balances by reference to the Bank of England bank rate. There is a risk that a change in prevailing interest rates or rates paid to clients may materially reduce the margins earned in respect of client balances administered.

From time to time, the Group may lock into fixed term rates of interest on client balances that appear attractive. To the extent that the Bank of England bank rate decreases following the commitment to such fixed terms, the amount of interest shared by Curtis Banks to its client's may reduce the amount of interest retained by the Group.

Mitigation
To minimise this risk the Group's Asset and Liability Committee continually monitors all client deposits and the terms of those deposits to ensure any risks from changing interest rates are minimised. This is partly achieved by varying the maturity dates of term deposits. There will always be a residual risk where the Group commits to a quarterly interest rate to its clients and there is a subsequent change in either the Bank of England bank rate or the annualised rate of interest return achieved by the Group although this is not considered to be material.

Principal Risks and Uncertainties *(continued)*

4. COVID-19

As at the signing date these financial statements there remains significant uncertainty over how the current COVID-19 outbreak will unfold, and what government measures will be maintained or introduced. The main risks to the Group are considered to be staff welfare and maintaining continuity of service for our clients. All SIPP fees levied are fixed sterling charges and are not a percentage based charge on the value of the underlying assets held within the SIPP, so the Group is not directly affected by the recent increase in volatility in the financial markets arising from COVID-19.

Mitigation
The Group continually reviews guidance from the UK government and the NHS and ensures that all staff are kept regularly updated and fully informed in order to reduce the risk of spreading the virus. The Group has a comprehensive Business Continuity Plan ("BCP") that is reviewed regularly and tested every year. The last test was successfully conducted in October 2019, with involvement of senior staff including the CEO and COO. The BCP caters for a number of scenarios, including those where high numbers of staff or all staff are unable to access individual or multiple offices. Current actions already initiated under the BCP in relation to COVID-19 include:

- BCP team formed and meeting regularly to oversee progress of preparations
- Restrictions implemented on non-essential business travel
- Clear, regular guidance to staff in respect of their responsibilities and roles
- Additional hygiene and sanitiser stations installed in all office locations
- Identifying and validating key process owners
- Widening remote access from core to all staff
- 'Warming' our disaster recovery site in preparation for deployment should the need arise

The Group is a financially sound business with capital and liquidity well in excess of the minimum regulatory requirements.

5. Dependence on key executives and personnel

The Group's future success may be substantially dependent on the continued services and performance of its Executive Directors and the Senior Management team and the Group's ability to continue to attract and retain highly skilled and qualified individuals.

Mitigation
To minimise this risk the Group seeks to recruit and maintain high quality experienced staff by offering market competitive packages. These packages are enhanced by the addition of share based incentive and reward schemes for all key staff. In addition, the Group offers structured training for staff and works with staff to ensure that there is a favourable work environment that attracts and retains staff.

6. Reliance on Information Technology systems

The Group requires complex and extensive IT systems to run its business. Delays in any modifications to its systems or a failure of existing systems could lead to business disruption with a resultant material adverse impact on the Group. System enhancements are continually being assessed and taking place.

Principal Risks and Uncertainties *(continued)*

Mitigation
To minimise this risk the Group has project teams that continually evaluate and update current systems, and implement new or enhanced systems where considered necessary. A full risk assessment is carried out before significant changes to systems and the acquisition of our key technology partner, Dunstan Thomas, will strengthen this process. Business continuity is assured by thorough full back up of data and comprehensive data recovery procedures being in place.

7. Operational Risk and Internal control systems

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Board believe that the Group has in place appropriate regulatory, financial, management and internal controls which are adequate to ensure that the Group meets its regulatory obligations and its contractual commitments to clients and other third parties, as well as appropriate protections against detrimental activities such as fraud, theft, misuse of funds, money laundering or other unauthorised or criminal activities. Nevertheless, such systems may prove inadequate. In the event that such controls fail this may lead to a material adverse effect and lead to claims against the Group.

Mitigation
The Group has a clear and robust governance framework in place to manage and mitigate the risk faced by the business. Within this structure, the Group Operational Risk & Compliance Committee has responsibility for managing the operational risks faced by the business. This delegation of authority, along with escalation of key risks, provides clear oversight to the Group Risk, Audit & Compliance Committee and Senior Management of the key risks across the business. The low tolerance towards operational risk is embedded in the culture of the group, alongside the desire to ensure fair customer outcomes are achieved.

The Group operates a three lines of defence model within this framework, with responsibility and accountability for risk management assumed by the following:

- First line: Senior management and those individuals in sales and operational roles are responsible for managing risks, by developing and maintaining effective internal controls to mitigate risk. First line systems and controls are in place to ensure business operations are carried out in compliance with internal policies and procedures.
- Second line: The risk, compliance and anti-money laundering functions overseen by the Group Operational Risk & Compliance Committee maintain a level of independence from the first line. They are responsible for providing oversight and challenge of the first line's day-to-day management, through compliance monitoring and reporting of risks to both Senior Management and the Group Risk, Audit & Compliance Committee.
- Third line: Internal Audit are responsible for providing independent assurance to both Senior Management and the Group Risk, Audit & Compliance Committee as to the effectiveness of the Group's governance, risk management and internal controls.

A comprehensive risk register is maintained by the Group, which identifies a number of operational risks faced by the business and identifies the controls currently in place to mitigate these risks, along with any further actions required to reduce the level of risk to the agreed target level. Risk events are recorded and appropriate root cause analysis undertaken to identify and address potential systemic issues and a range of relevant management information is produced and regularly analysed to support the measurement and tracking of operational risk.

Principal Risks and Uncertainties ***(continued)***

8. Infrastructure security

Infrastructure is considered in relation to both the environment for staff and the assets that store data. The business model is heavily reliant on the security and physical robustness of IT systems and the reliability of the chosen software providers. The Group's software and systems are at risk from computer viruses, and other breaches of cyber security. While the Group takes the security of its computer systems very seriously, computer viruses or breaches of cyber security may cause the Group's systems to suffer delays or other service interruptions and result in claims against the Group.

Mitigation
The Group has an extremely low appetite toward any compromise to either the staff that utilise the infrastructure of the Group and the actual infrastructure itself, and as such these risks are closely monitored. The Group carries out extensive testing of all computer systems on a regular basis to ensure security is maintained and it also makes use of the latest technology and software to ensure there is appropriate cyber security in place. This includes the interception and rejection of a high volume of incoming emails. Cyber insurance is also in place and includes provision to support the Group in the timely recovery of impacted systems in the event of a cyber incident occurring. Key dependencies are regularly monitored and assessed to ensure mitigation procedures are in place should a major risk crystallise. There are also controls in place to mitigate the people risk to Group infrastructure, including measures such as defining clear roles and responsibilities, succession planning for middle-level staff and ensuring competency for roles through relevant training.

9. Non Standard Investments ("NSIs")

Pension Schemes administered by the Group are permitted under HMRC rules to hold certain NSIs within them. Such investments are considered to represent a higher level of risk than standard investments, such as quoted equities. As high risk investments, NSIs are potentially far more volatile than standard investments and clients may look to the Group, as their pension provider, for compensation in the event that a NSIs fails or suffers a significant decrease in value.

Mitigation
The proportion of the plans under administration of the Group that hold NSIs is small and full due diligence procedures are carried out on all NSI's before they are accepted into a pension scheme. This will also incorporate consideration of the circumstances of the individual looking to hold the NSI within their pension scheme. The Group has a clearly defined statement of allowable assets, setting out the categories of NSIs which may be accepted, subject to the completion of appropriate due diligence, and those that will not be considered at all. New business is typically only accepted from regulated financial advisers, who have a duty to ensure that any NSIs that are recommended are suitable for the relevant pension scheme. Once held, NSIs are monitored annually by the Group's technical investments team to consider whether the NSI remains acceptable. In addition, the Group carries high levels of professional indemnity insurance to protect against any claims.

10. Commercial Property

The Group acts as landlord for a large volume of commercial properties held within Group pension schemes. As the size of the commercial property portfolio has increased over time, the Group has been required to develop its systems and controls to meet the needs of the portfolio as they arise, including understanding the key risks posed by becoming legal owner of the commercial property assets on behalf of its customers.

Principal Risks and Uncertainties *(continued)*

Mitigation
The Group regularly considers and assesses the key risks posed by the commercial property portfolio, and these are monitored as part of Group Property Oversight Committee, acting under delegated authority. This, along with escalation of key risks, provides clear oversight to Senior Management of the key risks across the commercial property portfolio. The Group has also sought external legal expertise to ensure the documentation, and underlying responsibilities in relation to a commercial property, are set out and are clearly defined between the Group and other involved parties (tenant, customer, property manager, etc.) to prevent future legal dispute. The nature of physical commercial property is that all risks that are known are considered, but the Group are aware that each commercial property is unique and there will exist some residual risks (such as legal, unexpected cost or market risk) that cannot be fully mitigated, and some will sit outside of the control or remit of the Group responsibilities. These have been accepted as an inherent risk to continuing to offer commercial property investment to customers, and is mitigated as far as possible through a robust due diligence process prior to accepting any property investment. Monitoring of the commercial property portfolio is conducted on an ongoing basis to ensure there is minimal deterioration in the quality of the portfolio, and to safeguard the interests of customer's investments.

11. Brexit

The UK has now left the EU but there remained a significant level of uncertainty as the transition period continued through to the end of 2020, while the UK and EU negotiated the final arrangements. The Group had carried out a full review of the impact of Brexit on the Group and the potential implications of a "no deal" scenario. Curtis Banks is a UK based business and the Group considers itself to be largely isolated from many of the issues which other financial institutions face, such as tariffs, passporting and foreign exchange currency risks.

The review assessed the impact of a disorderly exit from EU, which remained a possibility until the end of the transition period. This included consideration of the following:

- banking partners currently used by the Group and the ability to continue to use these partners
- SIPP cash deposits and investments in the EU and the ability to realise these
- financial markets and currency movements affecting investments within the SIPPs
- SIPP members who have retired and are living in the EU, and
- employees of the Group.

Mitigation
Action was taken to mitigate, to the fullest extent possible, the risks arising from a disorderly exit at the end of the transition period and the Group concluded that the risks, based on the understanding of the relevant legislation, provisions and intentions, had been mitigated as far as is reasonably possible. The UK left the transition period on 31 December 2020 and whilst we continue to monitor Brexit-related developments we do not believe this will bring about any changes to the basis or nature of services that we provide to the vast majority of our clients.

Corporate and social responsibility ("CSR")

The Group is dedicated to ensuring an environment where collaboration and growth of all staff is seen as being part of the fabric of day to day office culture. The Group encourages celebration of success on both a corporate and personal level, and is actively addressing key areas of focus including its environmental and climate impact, employee engagement, staff training and equal opportunities. The Group has a CSR committee comprised of members from all locations and a breadth of seniority and some of the key activities for 2020 that both the committee and the wider Group have contributed to have been highlighted below, with further initiatives planned for 2021 and beyond.

Environmental Focus

As a pension provider we understand the need to think about the long-term and are well aware that climate change impacts all of us. As such, any action that can be taken to reduce our impact should be considered. As a self-invested pension provider, we do not choose the investments that our customers hold, but we can make changes to our own operations to reduce our corporate impact. Our target is to run our business in a sustainable way, and a number of initiatives led by senior management, staff and the in-house CSR team have been undertaken during 2020 which increased our recycling rate. These initiatives include:

- Providing recycle bins at multiple convenient locations throughout each office location
- Having bags available in all offices so staff can avoid single-use plastic bags at lunchtime
- Being part of the Walkers Crisp Recycle Scheme
- Recycling all electrical and lighting equipment
- Providing sweet wrapper bins in the kitchens
- Recycling bottles with a glass bin
- Ensuring all of our confidential paper waste is recycled by our third party provider
- Being part of the Carbon Capture programme, where our paper usage is converted to plant trees
- Encouraging staff to take a paid day out of the office to work with a number of local charities to provide a positive impact on the local environment

Sponsorships and partnerships with charities and community organisations

The Group actively encourages support of charities, community organisations and activities, with each office location supporting a local charity.

We continued to support three designated charities from the Mental Health & Wellbeing sector in 2020 being Lighthouse in Ipswich, the Teenage Cancer Trust in Bristol and the Dundee Wellbeing Works charity, and we will continue this support until December 2022.

Following the sad passing of our friend and colleague Greg Kingston during the year, we united across the Group to focus our fundraising support for Parkinson's UK and SERV Suffolk & Cambridgeshire. We were delighted to raise £10,000 in total, with £4,000 being raised from the fundraising support of Curtis Banks staff alone.

Corporate and social responsibility *(continued)*

Sponsorships and partnerships with charities and community organisations (continued)

Along with raffles and other fundraising events, we had a Mental Health & Awareness week and the Group-wide October Active Challenge which was a big success. We encouraged staff to get out, to get active and to record the miles they walked, ran, swam or cycled each week. We then plotted the distance covered each week as a Group and collectively staff covered over 10,000 miles over the month of October.

All offices regularly hold events for their chosen local charities and staff are encouraged to fundraise for other charities that may have provided them, their friends or family with support. As well as organising and funding the events, Curtis Banks also provides further support through an annual matching contribution to the relevant charity by matching employee fundraising by up to £250 per person.

Chris Read, the Chief Executive Officer of our new subsidiary Dunstan Thomas, has spearheaded the charity Singing Gorilla Projects. Singing Gorilla Projects ("SGP") funds and manages community-based projects in remote parts of Uganda that improve the welfare of communities and enriches the lives of individuals. SGP builds and manages health facilities, builds schools and sponsors children to continue their schooling, and funds water delivery programmes with water tanks, water filters and water pumping projects. We look forward to supporting SGP further in 2021 and beyond.

Staff initiatives and interaction

Management engage closely with staff to determine their needs and initiatives are implemented where these benefit the majority of employees. The Group Management Team, which supports the Executive Committee and Group Board, have implemented a number of initiatives for staff of all levels and continue to interact with, and listen to, feedback from staff to ensure Curtis Banks is seen as a forward-thinking and flexible employer. Newsletters containing information about both Group developments and social events are provided to employees on a regular basis and personal achievements from staff are actively shared, such as exam successes, promotions or completion of personal challenges such as marathons or other competitive events. The Group has an established Employee Forum which supports staff in matters of concern and can assist in communications and matters with senior management. The business provides a Save As You Earn ("SAYE") share option scheme for the benefit of all eligible employees to encourage active participation and vested interest in the continued success of the Group.

Staff Training

Staff are actively encouraged to train and develop through both structured and 'on the job' training. Staff are supported in these, both financially and through a dedicated Learning and Development department. The Group has an approved list of professional qualifications that staff are sponsored to study towards and are given study leave to help and motivate them to progress their career within the organisation.

Corporate and social responsibility ***(continued)***

Employment of staff with disabilities

The Group's approach to recruitment, promotion, training or any other benefit will be on the basis of aptitude and ability, with all employees helped and encouraged to develop their full potential in order to maximise their contribution to the business.

The development of all our employees is integral to our corporate goals and we look to maximise individual contribution at all levels within the organisation by providing appropriate opportunities for personal and professional development. Curtis Banks aims to establish and maintain a culture that values lifelong learning and development amongst our employees. Training functions are equipped to meet any special needs of individuals with disabilities and consideration is given to the modification and adaptation of facilities and the provision of special aids or equipment.

The Group actively monitors recruitment, development and promotion to ensure that we provide a fully inclusive culture with policies and practices that exceed statutory requirements wherever possible. Please see page 32 for further details on this policy.

Environmental Social and Governance Reporting ("ESG")

We recognise that our administration operations result in emissions to air and water, and the generation of waste. It is our aim and policy to do more than just comply with legislation, and we continue to reduce the environmental impacts of our business and operate in an environmentally responsible manner.

This aim applies to all of the Group's office locations, including operational management, location management and procurement. Will Self, our CEO, manages the Board's responsibility for ensuring that sufficient resources are made available to enable the business to achieve our Environmental & Sustainability objectives, targets and policy implementation. This is supported by the Chief Information Officer, who assumes the regulatory responsibility for monitoring Climate Risk exposure for Suffolk Life Annuities Limited. The Group Management Team and location site Office Management have the day to day responsibility for ensuring that the requirements of this policy are followed and that monitoring is carried out to ensure effectiveness of the objectives. All Curtis Banks employees are expected to support the aims and objectives of the Curtis Banks Environmental & Sustainability Policy.

Corporate and social responsibility *(continued)*

Environmental Social and Governance Reporting ("ESG") (continued)

Objectives:
The overall objectives of the policy are as follows:

- Make efficient use of natural resources by conserving energy and water, minimising waste and implementing recycling initiatives wherever possible
- Meet our duty of care requirements in relation to waste by ensuring the safe keeping, transportation and disposal of waste
- Use recycled products constructed of recycled materials whenever commercially justifiable
- Keep work transport use to a minimum and to encourage car sharing where appropriate
- Wherever possible, work with suppliers that recognise and reduce the environmental impact of their products and transportation
- Include environmental considerations during the procurement process for new services and equipment
- Ensure staff are engaged and aware of the Curtis Banks Group Environmental & Sustainability objectives and how they can support and assist in meeting these targets
- Ensure that staff are updated with Environmental information, such as Recycling initiatives and Recycling incentive
- Where possible adhere to the "waste hierarchy" through prevention, reduction, re-use and recycling
- Use the most environmentally friendly cleaning products whenever possible
- Curtis Banks Group will meet any legal energy management legislation requirements and endeavour to meet best practice guidance

Targets:
To achieve our aims, we have set ourselves the following targets:

- To weigh, monitor and record all waste that leaves our office locations. This is to include all landfill, recycled and confidential waste, batteries, fluorescent tubes, light bulbs, ink cartridges and toner, corporate clothing and IT equipment
- To ensure air conditioning engineers complete the FGAS register and that we have access to this information, including the record of any lost fugitive gases
- Review Curtis Banks' electricity and water consumption in our offices, look to introduce energy efficient systems and plant and equipment to further reduce on-site electricity and water usage
- Ensure that where appropriate all contractors taking waste from the site have the correct waste transfer notes/waste carrier licenses and that certification of safe destruction is issued
- Actively promote and encourage a positive recycling ethos across the Curtis Banks Group and aim to recycle over 55% of all location waste each year
- All plant and equipment must be serviced regularly to ensure that it is safe and working efficiently and correctly
- Ensure that our staff are engaged and given regular Environmental initiative updates
- Continually review environmental innovations and where possible introduce these to further improve environmental management

Corporate and social responsibility ***(continued)***

Environmental Social and Governance Reporting ("ESG") (continued)

Monitoring & Auditing:
Progress against these objectives will be monitored through:

- Annual management review of this Environmental & Sustainability policy and any associated environmental procedures and processes carried out by the location Office Management
- Continual review of the procedures and processes carried out across the entire Curtis Banks Group, achieving a consistent approach across all business areas
- Staff encouraged to take an active responsibility, to put forward ideas and to encourage colleagues to recycle and to report any facility faults immediately
- Staff will be given regular Environmental updates and always have the opportunity to put forward new ideas and innovations
- Reviewing all new legislation and best practice guidance

Addressing the challenge of Climate Change

Group Initiatives:

The Group predominantly performs administration duties around investments and consultancy to financial services firms. The investments purchased, within the limits of our Allowable Investment Schedule and COBS 21, are held directly or by an investment manager, nominee or third party custodian (being a party that holds investments on behalf of our investors' SIPPs). The investment choices are made between the client and their financial adviser, or in a small minority of cases by the investor themselves, and SLA does not give advice as part of its administration duties. As such, we cannot significantly influence the investment choices of our clients and promote ESG or sustainable investments over other industries or sectors.

However, where we are able to influence outcomes, primarily in relation to our own corporate decisions and direction, we demonstrate Corporate, Environmental & Social Responsibility.

Streamlined Energy and Carbon Reporting ("SECR")

First time adoption

Curtis Banks Group is adopting SECR for the first time in the year ended 31 December 2020. The Group has elected 2020 as its reference year and as such is presenting usage and output data for 2020 as a stand-alone year in its first report. Subsequent years' reporting is expected to include comparative data from the reference year set against that of the relevant reporting period.

Corporate and social responsibility *(continued)*

Streamlined Energy and Carbon Reporting ("SECR") *(continued)*

Methodology

The Group has identified the areas relevant to its contribution to greenhouse gases (GHGs) as being the areas of business travel and electricity usage in office premises. On this basis, the Group has collated data relating to these areas for the full year ended 31 December 2020. The Group has used average engine size and fuel consumption in order to arrive at an imputed annual contribution to GHGs through car mileage related to business travel. Data on average GHGs per kWh has been sourced from monthly invoice records, which has then been applied against the Group's actual kWh usage in order to arrive at GHGs generated through office based operations. The imputed GHGs have then been divided by annual gross revenue in order to arrive at an intensity ratio for the Group. The data and calculations are presented in the table below:

Global greenhouse gas emissions and energy use data for the period 1 January 2020 to 31 December 2020	**Reference Year* Year ended 31 December 2020**
Energy consumption used to calculate emissions (kWh):	
Energy consumption related to business travel	
Business travel in private vehicle (miles travelled)	13,089
Calculated total CO2 emissions related to business travel - metric tonnes	0.2
Energy consumption related to office activities	
Energy consumption used to calculate emissions (kWh)	906,768
Average CO2 per kwh - tonnes	0.000203
Calculated total CO2 emissions related to office electricity usage -	184.1
Total GHGs generated through all activities – tonnes CO2	184.3
Percentage of CO2 from office activities vs total	0.1%
Percentage of CO2 from business travel vs total	99.9%
Intensity ratio: Tonnes CO2e/Annual gross revenue	0.0000034

**Reference year and current year are the same in the year ended 31 December 2020 as this is the first year of adoption.*

Corporate and social responsibility *(continued)*

Streamlined Energy and Carbon Reporting (SECR) *(continued)*

Interpretations and energy efficiency actions taken by the Group

Due to the nature of the Group's business operations, there is not a great burden of business travel in terms of carbon footprint. Per the table above, the greatest source of CO2 generation in the business relates to office based activities, primarily electricity usage in office premises. Travel related emissions as a percentage of the total equate to only 0.1% whereas CO2 generated from office based activities equates to 99.9% of the total. As referred to in the ESG section on pages 23 to 25, the Group has taken considerable and ongoing measures in order to reduce C02 outputs relating to office activities. Further information around this is detailed on page 24. Additional specific energy efficiency actions taken across the Group are detailed below:

- Across all group office locations, the Group is actively pursuing a strategy to reduce power usage of our desktop hardware. We are expecting to reduce power consumption of current desktop computers by around 90% as well as decreasing electrical and packaging waste in the long term. These changes form part of an on-going strategy for maintenance, ensuring that environmental impacts are considered in our technology refresh programme.
- A working group was formed to ensure compliance with the ESOS regulations. An external third party was appointed to help undertake the required tracking and reporting of energy usage. The third party was provided with the data they needed relating to the Group's travel energy, together with access to its corporate offices. Display Energy Certificates for the Ipswich and Bristol office have been obtained, and a full report for Dundee (as Display Energy Certificates do not apply in Scotland). These will be included in the submission to the Environment Agency and to those within the business responsible for the energy used by our buildings for consideration. Further work is planned on ESOS in future as our understanding evolves.
- Installation of a new cooling & heating which is 30% more energy efficient at our office at Ipswich
- Reviewing the possibility of LED systems for lights in our office at Ipswich
- Encouraging employees to adopt cycling to work by installing a fixed security cage and providing D-locks for use at Ipswich

On behalf of the board

Dancowland

Dan Cowland
Chief Financial Officer
6 April 2021

Board of Directors

Will Self, Chief Executive Officer

Will joined the Board in August 2016 and has almost 20 years of experience in the SIPP and SSAS industry. Will was CEO of the Suffolk Life Group prior to acquisition by Curtis Banks Group PLC. Prior to that Will was Chief Commercial Officer of the Digital Savings Division (including Cofunds) of L&G and holds an MBA from Cranfield School of Management.

Dan Cowland, Chief Financial Officer

Dan is a Fellow of the ICAEW, having qualified as a Chartered Accountant with Ernst & Young in 1997. Having worked in EY's Banking and Capital Markets group, Dan moved to the WestLB owned Panmure Gordon business where he spent seven years in various finance roles, latterly as the Head of Finance. Dan performed senior finance roles at Lehman Brothers, Macquarie Bank and Shore Capital Stockbrokers before being appointed to the Board of WH Ireland plc in March 2014 as Finance Director. Dan joined Curtis Banks in July 2019 as the Group's Chief Financial Officer.

Jane Ridgley, Chief Operating Officer

Jane Ridgley joined the Board on 18 January 2019. Jane has many years' experience of working for Legal & General plc, working closely with advisers to deliver their clients' needs in a sales and operational capacity. 15 years' experience working directly with IFAs led her to take a role as Investment Development Director in 2009. She then progressed to Product Director, responsible for the design and development of workplace savings, investment and product proposition. Jane joined Suffolk Life as Operations Director in September 2013. Her role expanded to cover Human Resources in March 2016 before assuming the role of Chief Operating Officer for the Curtis Banks Group in April 2018.

Chris Macdonald, Non-Executive Chairman and Non-Executive Director

Chris was one of the founders of Brooks Macdonald Group plc where he was CEO until 2017. He is a qualified investment manager and has worked in investment management and financial services since the start of his career in 1982 and has won several investment management awards. Chris is Chairman of Catley Lakeman Ltd, a Director of Millfield and is an adviser to a number of financial services companies and is an associate of the Institute of Continuing Professional Development. Chris brings experience of involvement with an AIM listed company for many years and knowledge of the challenges and responsibilities towards all stakeholders attached to being a listed company as well as bringing financial services industry experience to the Group.

Bill Rattray, Non-Executive Director, Chairman of the Audit Committee and Chairman of the Risk & Compliance Committee

Until 2019, Bill was Chief Financial Officer of Standard Life Aberdeen plc, one of the world's largest investment companies, having previously served as Finance Director of Aberdeen Asset Management PLC since 1991. Bill is a Chartered Accountant and brings strong financial skills and extensive experience of the asset management industry, having spent significant time as an Executive Director of a FTSE 100 company Bill brings a depth of experience in dealing with shareholders and looking after their interests.

Jules Hydleman Non-Executive Director and Chairman of the Remuneration Committee

Jules has over 16 years' experience as a Non-Executive Director and Chairman. Currently he holds Chairmanships of Equip Holdings Limited, Gro-group International Limited and Cornwall Farmers Co-operative. Previously Jules was Chairman of Innocent Drinks for 10 years from start up until eventual exit. Jules brings to the Board a 'non-industry' outlook to the activities of the Group and with a background in sales and marketing this provides valuable input. Jules also provides experience that focuses on remuneration policies based on performance and targets.

Board of Directors *(continued)*

Jill Lucas Non-Executive Director and Chairman of Dunstan Thomas

Jill has spent all her career in technology, most latterly leading technology transformation at Unilever, prior to which she served as Chief Information Officer at both Towergate Insurance and Belron International. In her early career, she undertook many technology leadership roles at Reuters (now Thomson Reuters), Barclays and Sainsbury's. Jill is currently a Non-Executive Director at National Savings & Investments (NS&I) and joined the Board of Curtis Banks in January 2021. Jill is also the Chair of Dunstan Thomas.

Directors' report

The Directors present their annual report and audited consolidated financial statements for the year ended 31 December 2020.

Business review

The principal activity of the Group continued to be that of the provision of pension administration services principally for Self-Invested Personal Pension schemes ("SIPPs") and Small Self-Administered Pension Schemes ("SSASs"). The Group is staffed by experienced professionals who all have proven track records in this sector. The Company was incorporated in England & Wales (registered no. 07934492).

An indication of likely future developments in the business, Corporate and Social Responsibility, and risk management of the Group is included in the Strategic Report. Information on financial risk management is disclosed within note 32 to the financial statements.

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 55.

A final dividend in respect of 2019 results of 6.50p per share totalling £3,506,944 was proposed and paid on 8 June 2020. An interim dividend in respect of 2019 results of 2.50p per share totalling £1,642,134 was paid on 13 November 2019. A final dividend of 6.50p per share is proposed and, if approved, will be paid to shareholders on the register at the close of business on 7 May 2021. The shares will be marked ex-dividend on 6 May 2021 and the dividend paid on 4 June 2021.

Substantial Shareholders

At 1st March 2021 the Company had been notified of the following interests representing 3% or more of its issued share capital:

	No. of Ordinary shares	Percentage Holding
Chris Banks	14,651,142	22.06%
Chelverton Asset Management	5,250,000	7.90%
Liontrust Asset Management	4,941,862	7.44%
Canaccord Genuity Wealth Management	4,799,900	7.23%
Octopus Investments	4,702,523	7.08%
BlackRock Investment Management	3,883,877	5.85%
Unicorn Asset Management	3,785,515	5.70%
Paul Tarran	3,335,478	5.02%
Rupert Curtis	2,974,258	4.48%
Tellworth Investments	2,380,952	3.58%
Sally Curtis	2,336,000	3.52%

Directors' report (continued)

Directors

The following Directors have held office since 1 January 2020 and up to the date on which the financial statements were signed:

Will Self
Jane Ridgley
Dan Cowland
Chris Macdonald
Bill Rattray
Jules Hydleman
Jill Lucas (appointed 19 January 2021)

Directors will seek re-election immediately following appointment at the Company's annual general meeting and every three years thereafter.

Directors' indemnity

The directors had qualifying third party indemnity cover totalling £7,000,000 during the year ended 31 December 2020 and up to the date these financial statements have been approved.

Related party transactions

Details of related party transactions are given in note 37.

Annual General Meeting

The annual general meeting of the Company will be held on 27 May 2021. The Notice of the Meeting is included with this document and contains further information on the business to be proposed at the meeting.

Independent Auditors

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

Going concern

The Directors have prepared the financial statements on a going concern basis, as in their opinion the Group is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels. The Directors have also considered the impact of a number of severe but plausible events that could impact the business, such as the COVID-19 pandemic, and the Directors believe the Group is well placed to manage these business risks successfully. The Group's detailed financial forecasts show that the Group should continue to be cash generative, maintain a surplus over its regulatory minimum capital requirements and be able to operate within the its current financing arrangements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the Financial Statements.

Directors' report (continued)

Section 172 of the Companies Act 2006

A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of a company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

Risk Management

The Group provides important products to its clients in a regulated environment. As the Group grows, its business and risk environment will become more complex. It is vital therefore that the Directors identify, evaluate, manage and mitigate the risks the Group faces, and that Directors continue to evolve their approach to risk management. For details of the Group's principal risks and uncertainties and how the Directors mitigate them please see pages 15-20.

Our People

The Group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, community and society as a whole. People are at the heart of our Group and, for our business to succeed, we need to develop them and manage their performance, while operating as efficiently as possible. We must ensure that we share common values that inform and guide our behaviour so we achieve our goals in the right way.

We are an equal opportunities employer and it is our policy to ensure that all job applicants and employees are treated fairly and on merit regardless of ethnicity, sex, marital/civil partnership status, age, disability, religious belief, pregnancy, maternity, gender reassignment or sexual orientation.

Business Relationships

The Group's strategy includes organic growth, acquisition and diversification. To achieve this the Group develops and maintains strong client and supplier relationships. Culture, values and standards underpin how the Group creates and sustains value over the longer term and are key elements of how it maintains a reputation for high standards of business conduct. Please see the Group's corporate governance principles on page 36.

Community and Environment

The Group is dedicated to ensuring an environment where collaboration and growth of all staff is seen as being part of the fabric of day to day office culture. Also, the Group encourages that any action that can be taken to reduce its impact on the environment should be considered. Please see more details of this on pages 23 to 25.

Shareholders

The Board is committed to openly engaging with the Group's shareholders, as it recognises the importance of a continuing effective dialogue, whether with major institutional investors or with individual shareholders, brokers or analysts. It is important to us that shareholders understand the Group's strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered. For further details on how we engage with our shareholders please see page 40.

Directors' report (continued)

Section 172 of the Companies Act 2006 (continued)

Regulators

The Group has an open and transparent relationship with its regulators and engages with them both directly and through a broad range of industry forums and consultations. The Board encourages the engagement with, and participation in, industry associations and it is updated on legal and regulatory developments on an ongoing basis.

Board oversight

The main methods by which the Directors exercise their duties include the following:
- Board strategy days, which are held periodically, to review the Group's business model and strategy to ensure the long term sustainability of the Group and its ability to meet its stakeholder needs;
- Quarterly Board meetings are held throughout the year and additional meetings are convened on an ad-hoc basis to address time critical matters. Through the course of 2020 the Board met frequently, and as required, to manage corporate transactions and the response to the COVID-19 pandemic;
- The Board's risk management structure and procedures set out in the Chairman's Corporate Governance report considers the potential consequences of decision making over the appropriate time horizons to manage any potential risks to the Group or stakeholder groups;
- The Board carries out its direct shareholder engagement through the annual general meeting, communicating with investors including those staff holding shares in the Group.
- External assurance is obtained through external audit and the internal audits undertaken by a specialist independent firm

Principal decision making

The Group comprises two operating segments, being pension administration and FinTech, each of which has its own governance structure in place and these are brought together by the Group's Executive Committee ("ExCo"). The Group's governance framework delegates the day-to-day operational responsibility to ExCo which, along with the other Committees forming part of the broader governance structure, has clearly defined terms of reference which are reviewed and approved on an annual basis.

The Board has a documented schedule of matters reserved specifically for its decision. These matters include the approval of the interim and year end financial statements and the review and approval of the annual budget. Other strategic matters include decision making on corporate transactions (acquisitions and disposals), material capital expenditure and significant contractual commitments.

During the year, the Board made non-routine decisions regarding the acquisition of Dunstan Thomas and Talbot and Muir; as well an equity fundraising through the issuance of ordinary share capital and the re-negotiation of existing credit facilities with Santander to help finance these acquisitions. These acquisitions were strategically significant in respect of the Group's stated objectives to achieve growth through both acquisition and diversification.

The Board also responded to the challenge of COVID-19 as it evolved throughout the year, reacting quickly and effectively to implement its business continuity plan and limit the severity on the business. The welfare of our employees has been the top priority for the Group throughout the period, whilst continuing to deliver a continued level of service to our clients and introducer community.

Directors' report (continued)

Section 172 of the Companies Act 2006 (continued)

Principal decision making (continued)

The Group has overcome the numerous challenges experienced during the year and has remained operational throughout, adapting processes and communication channels to support client servicing as required. In the first half of the year the Board decided that it would not look to financially benefit from any of the government initiatives available to assist businesses through the pandemic, recognising not only the economic burden placed on the UK taxpayer but also the robustness and resilience of the Group's financial position which has enabled the Group to overcome the difficult trading conditions and leave its dividend unaffected.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the group financial statements and international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

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

Directors' report (continued)

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

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

On behalf of the board

Dan Cowland

Dan Cowland
Director
6 April 2021

Chairman's Corporate Governance Report

Introduction

The Board is committed to maintaining high standards of corporate governance, integrity and business ethics. On 28 August 2018, the Board of Curtis Banks Group PLC decided to fully adopt the QCA Corporate Governance Code (2018 edition) ("the QCA Code"). The Board believes that the QCA Code provides the right governance framework for a group of our size in which we can continue to develop our governance model to support our business.

Corporate governance principles

The corporate governance principles contained in the QCA Code are as follows:

1. Establish a strategy and business model which promote long-term value for shareholders
2. Seek to understand and meet shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation
5. Maintain the board as a well-functioning, balanced team led by the chair
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Chairman's Corporate Governance Report (continued)

Application of the QCA Code and required disclosures in our annual report or on our website

Application of the QCA Code requires us to apply the principles set out above and also to publish certain related disclosures; these can appear in our annual report, be included on our website or we can adopt a combination of the two approaches. Recommended locations for each disclosure are specified in the QCA Code and these have been followed.

As Chairman of Curtis Banks Group PLC, it is my responsibility to lead the Board in ensuring that the Group has in place good standards of corporate governance. The Board believes that the QCA Code is the most appropriate corporate governance code for the Group, given the size of our business, and will ensure the Group maintains good corporate governance practices while allowing the business to continue its entrepreneurial culture. The Board works together to ensure that these corporate governance standards are adhered to and the below sets out how they are practically implemented.

The Board

The Board comprises three Executive Directors and four Non-Executive Directors. Details of the Directors and their strengths and experience are set out on pages 28 to 29 of this Report.

All the Non-Executive Directors of the Group are considered to be independent and are as follows:

- Chris Macdonald (Chairman)
- Bill Rattray (Senior Independent Director)
- Jules Hydleman
- Jill Lucas

There are no grounds to question the independence of any of the above Non-Executive Directors. Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties. This is anticipated to be the equivalent of a minimum of one day a month on work for the Group including attendance at a minimum of four Board meetings per annum and the annual general meeting and consideration of all relevant papers before each meeting.

All of the Executive Directors are full time employees of the Group. In addition, Executive Directors are required to work such additional hours, over and above normal working hours, that are necessary for the proper performance of their duties.

All Directors are subject to either an Executive Service Agreement or a letter of appointment. The Company's articles of association ("Articles") require that each Director shall retire from office at the third annual general meeting after the annual general meeting or general meeting (as the case may be) at which they were previously appointed. The Articles further provide that any Director who retires in such circumstances shall be eligible for re-appointment by the Shareholders at the annual general meeting at which his retirement takes effect.

The Board meets formally every three months and on other occasions where specific transactions or events dictate the need. In addition, the Board has established a number of committees in order to provide corporate governance and these also meet formally on a quarterly basis. These committees are an Audit Committee, a Risk and Compliance Committee and a Remuneration Committee and comprise only the four Non-Executive Directors with Executive Directors in attendance as required. Each of the committees are governed by terms of reference that have been approved by the Board.

Chairman's Corporate Governance Report (continued)

The Board (continued)

Both Chris Macdonald and Bill Rattray have been Executive Directors of UK publicly listed companies and maintain their skill sets through those connections. In addition, Non-Executive Directors receive external training where appropriate.

Since listing on the AIM market the Company has used the service of external consultants for guidance on executive remuneration levels and share incentive packages. Consultants have also been engaged to assist in the design and documentation required for the introduction of share incentive plans for other senior managers.

The Board regularly consult and meet with both internal and external auditors to the Company at quarterly Audit Committee meetings.

Executive Directors maintain their skill set though day to day interaction with the industry and periodic training, both internal and external.

All Directors are required to undertake and record continual professional development training.

The internal advisory responsibilities of the Company Secretary are currently performed by the Chief Financial Officer for the Group.

The Chief Executive Officer currently conducts annual performance appraisals of the other Executive Directors that report to him. This is also supported by regular 1:1 meetings between the Executives. In turn, the Non-Executive Directors conduct the annual appraisal review of the Chief Executive Officer.

The Board promotes and monitors a healthy corporate culture through ensuring that the Company has proper processes and written procedures in place to achieve this. Monitoring is carried out by the Executive Board members by day to day interaction with staff at all the offices and review of all relevant minutes to identify any areas of weakness. An 'open door' policy exists for all members of staff. In normal times, Non-Executive Directors visit the offices on a regular basis, albeit this has been restricted by the Covid-19 pandemic, and have sight of management committee minutes and papers to keep fully briefed of the corporate culture and any issues that may arise.

The Board receives regular updates on matters of corporate culture in the Board packs prepared for each Board meeting and through the Executive Committee minutes, compliance and risk updates and regular presentations from the Group Heads of Departments. Board meetings are, restrictions permitting, rotated to include both the Bristol and Ipswich office locations, providing the opportunity for Non-Executive Directors to experience the working and corporate culture and to gain greater understanding of all areas of the Group's business.

Audit Committee

The primary focus of the Audit Committee is on corporate reporting, from an external perspective, and on monitoring the Group's internal control and risk management systems from an internal perspective. The Audit Committee is chaired by Bill Rattray with Chris Macdonald, Jules Hydleman and Jill Lucas as the other members. Further details on the committee's responsibilities and activities are on pages 41 to 42 of the annual report.

Chairman's Corporate Governance Report (continued)

Remuneration Committee:

The primary function of the Remuneration Committee is to determine, on behalf of the Board, the remuneration packages of the Executive Directors and the bonus and share option schemes to be offered to employees. The Remuneration Committee is chaired by Jules Hydleman with Bill Rattray, Chris Macdonald and Jill Lucas as the other members. Further details on the committee are on pages 43 to 46 of the annual report.

Risk & Compliance Committee:

The primary function of the Risk & Compliance Committee is to consider the Group's appetite for risk, to review and monitor the risk process undertaken by the Group and adherence to the risk profile and monitor procedures for identifying and controlling risk. The Risk and Compliance Committee is chaired by Bill Rattray with Chris Macdonald, Jill Lucas and Jules Hydleman as the other members. Further details on the committee's responsibilities and activities are on pages 42 to 43 of the annual report.

The terms of reference for the Audit, Remuneration and Risk & Compliance Committees can be found in the "Investors" section of the Group website at www.curtisbanks.co.uk.

Attendance at the four scheduled Board and committee meetings in the year ended 31 December 2020 is set out in the table below:

Executive Directors	Board Meeting	Audit	Remuneration	Risk & Compliance
Will Self	4	4	4	4
Jane Ridgley	4	4	4	4
Dan Cowland	4	4	4	4
Non-Executive Directors				
Chris Macdonald	4	4	4	4
Bill Rattray	4	4	4	4
Jules Hydleman	4	4	4	4
Jill Lucas (appointed 19 January 2021)	-	-	-	-

Board Evaluation

Board effectiveness as a whole is evaluated annually by means of formal questionnaire completed by each Director followed by collective discussions on the results and evaluation of the effectiveness of the Board. The latest evaluation was undertaken in the second half of 2020 and the results of the review confirmed consistent responses among the participants and no formal recommendations were put forward as a consequence.

Chairman's Corporate Governance Report (continued)

Relationships with shareholders

The Group has a programme of meetings each year with institutional shareholders, potential shareholders, brokers and analysts following the release of interim and annual results. These include formal written presentations that are available on our website. These meetings allow the Executive Directors to update existing and potential shareholders on strategy and the Group's performance. Additional meetings with institutional investors and analysts are arranged from time to time during the year as requested by our brokers and investor relations representatives.

Following the formal interim and annual results presentations, the Board receive copies of feedback reports keeping them in touch with shareholder views.

Instinctif Partners provide investor public relations to the Group with Peel Hunt LLP and N+1 Singers acting as joint brokers.

Chris Macdonald, as Non-Executive Chairman, and the other Non-Executive Directors are all willing to engage with shareholders should they have a concern that is not resolved through the normal channels. The Company Secretary can also be contacted by shareholders on matters of governance and investor relations.

The Board also uses the annual general meeting to communicate with investors, including those staff holding shares or options in the Company. The meeting is ordinarily held in Bristol and attended by shareholders and professional advisers. All shareholders are given the opportunity to ask questions and raise issues; this can be done formally during the meeting or informally with the Directors after it. Computershare plc are registrars to the Company and attend the annual general meeting.

Copies of our annual report, the annual general meeting notice and the interim report are sent to all shareholders and copies can be downloaded from the Investors section of our website. They are also available on request by writing to the Company Secretary at 3 Temple Quay, Bristol, BS1 6DZ.

Other information for shareholders (and other interested parties) is also provided on the Investors section of our website, including all RNS Announcements, interim and full year results presentations to shareholders and other matters relevant to shareholders.

Compliance with legislation

The Group has documented internal policies to ensure compliance with legislation including those relating to the Bribery Act, the Modern Slavery Act, and the General Data Protection Regulations and anti-tax evasion procedures. There are also internal policies on dealing in shares of the Company to ensure compliance with Market Abuse Regulation of the AIM market.

Approved on behalf of the Board

Chris Macdonald
Chairman
6 April 2021

Corporate governance

Audit Committee Report

The Audit Committee is chaired by Bill Rattray with Chris Macdonald, Jules Hydleman and Jill Lucas as the other members.

The key duties of the Committee are:

a) To monitor the integrity of the financial statements of the Group, including its annual and half yearly reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain;

b) To keep under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems;

c) To review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;

d) Meet regularly with the external auditors, including once at the planning stage before the audit and once after the audit at the reporting stage to discuss their remit and any issues arising from the audit. In addition, the Committee will review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team. The Committee will also agree the level of audit fee.

e) Evaluation of the external auditor's qualifications, performance, objectivity and independence, including consideration of the where other audit services are provided, and recommendation of appointment of the external auditor to the annual general meeting of shareholders.

The Audit Committee has met four times during the year under review with the external auditors and internal auditors being in attendance at all of those meetings. Specific matters discussed at those meetings included:

a) Review of financial statements for the Group for the year ended 31 December 2019 and receiving the external auditors audit report thereon and considering the key accounting considerations and judgments attaching to those financial statements;

b) Consideration and approval of the plan for the interim review by the external auditor on the interim financial statements for the six month period to 30 June 2020;

c) Review of financial statements for the Group for the six month period ended 30 June 2020 and receiving the external auditors review report thereon and considering the key accounting considerations and judgments attaching to those financial statements;

d) Consideration and approval of the audit plan for the year ended 31 December 2020 and confirmation of key audit matters and areas of judgement, including carrying value of intangible assets, going concern assumptions including consideration of the impact of COVID-19 on the Group, along with accounting and disclosure requirements in relation to the acquisitions;

Corporate governance (continued)

e) Consideration of the effect of the acquisition and consolidation of Dunstan Thomas and Talbot and Muir, including the initial valuation of assets acquired;

f) Review of three reports produced by KPMG in their role as internal auditors to the Group and consideration of actions to be taken on matters arising from those reports;

g) Review the outcome of a tender for appointment of internal auditors for the period 2021 – 2023 and selection of Mazars as the internal audit provider for that period.

Risk and Compliance Committee Report

The Risk and Compliance committee is chaired by Bill Rattray with Chris Macdonald, Jules Hydleman and Jill Lucas as the other members.

The key duties of the Committee are:

a) To consider the Group's appetite for risk, in particular review and monitor the process undertaken by the Group to set and adhere to the Group's current risk profile;

b) To ensure that the Group has in place procedures and mechanisms for the identification and control of all fundamental risks including financial, legal, regulatory and operational risks;

c) In relation to proposed strategic transactions including acquisitions, disposals or joint ventures and significant new business streams, products or business partners, ensure that due diligence of the proposition has been carried out, in particular on the risk aspects and implications for the Group's risk appetite alongside the commercial and legal aspects;

d) To ensure that the Group has in place sufficient regulatory capital.

Internal control and risk management is monitored by the Committee by the review of key risk and control documentation, review of internal compliance reports and discussions with Executive Directors and Compliance staff.

The Risk and Compliance Committee has met four times during the year under review and received formal presentations from the Compliance Officer of the Group at two of the meetings.

Specific matters discussed at those meetings included:

a) Review and consideration of Compliance Reviews and Compliance Strategy reports for the Group;

b) Consideration of Risk appetite throughout the Group;

Corporate governance (continued)

c) Consideration of the risks posed by the COVID-19 pandemic on the business

d) Review of the Group Risk Register and individual risks within each area of the business. This register summarises the key risks for the business, their likely impact and relevant mitigation actions;

e) Consideration of the appointment of an additional Non-Executive Director with a technology background

f) Review and acceptance of Own Risk and Solvency Assessments for Suffolk Life Annuities Limited.

Remuneration Committee Report

The Remuneration Committee is chaired by Jules Hydleman with Bill Rattray, Chris Macdonald and Jill Lucas as the other members. The key duties of the Committee are:

a) To determine and agree with the Board the framework or broad policy for the remuneration of the Group's Chairman and the Executive Directors including pension rights and compensation payments;

b) In determining such policy, to take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of the Corporate Governance Guidelines for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance (QCA Code) and other relevant guidance;

c) To review the on-going appropriateness and relevance of the overall remuneration policies in the Group. To approve the design of, and determine targets for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes;

d) To review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors, Company Secretary and other senior executives and the performance targets to be used;

e) Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, to determine the total individual remuneration package of the Chairman, each Executive Director, the Company Secretary and other senior executives including bonuses, incentive payments and share options or other share awards;

f) To obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;

g) It is the policy of the Committee that all appointments in the Group with a remuneration package of in excess of £100,000 be reviewed and approved by the Committee. Any changes to existing employees with such packages are also reviewed and approved by the Committee.

Corporate governance (continued)

The Remuneration Committee has met four times during the year under review.

Specific matters discussed at those meetings included:

a) Annual salary reviews for all Executive Directors and senior management and approval of parameters for overall annual staff salary annual reviews;

b) Agreement of Bonus awards in respect of the year ended 31 December 2020;

c) Proposals and agreement to a further offering in 2020 to all staff of the "Save As You Earn" Share Scheme;

d) Consideration and agreement of a remuneration package for the new Non-Executive joining the Group during the year.

e) Consideration of the funding of the Employee Benefit Trust and the use of the Trust for satisfying options exercised.

f) Consideration and agreement of the Executive bonus schemes with performance targets for 2020 for Executive Directors and senior staff and approval of the parameters for the 2020 staff bonus scheme.

g) Consideration and agreement of bonus scheme for the sales and distribution team.

The Committee continues to evaluate other incentive based share option schemes for all employees and Directors and additional grants under the existing schemes.

Remuneration Policy

It is the policy of the Remuneration Committee to reward Executive Directors with packages that will retain, incentivise and motivate them. The packages are designed to be market competitive and are reviewed annually.

Current remuneration packages for Executive Directors comprise:

a) Basic salary
b) Pension contributions
c) Benefits in kind comprising principally life assurance and travel allowance
d) Performance based annual bonus
e) Award of shares under share incentive plans

Corporate governance (continued)

The performance based annual bonus scheme provides for an Executive Director to earn a maximum annual bonus equivalent to 100% of their basic annual salary. A percentage of the annual bonus entitlement is based on the financial performance of the Group against budgets approved by the Board and a percentage based on individual performance.

The Remuneration Committee has previously granted awards based under the Long Term Incentive Plan and the Company Share Option Plan. Awards are limited to a maximum of 100% of the Executive Directors salary in any one year and calculated using the market value of the shares in the Company at the date of grant.

For awards made under the Long Term Incentive Plan in 2017 and 2018, the percentage vesting of the shares depends on the performance of the fully diluted Earnings per Share ("EPS") of the Group, based on the adjusted operating profit of the Group. To fully vest the average increase of the adjusted EPS over a three year period has to average more than 8% per annum plus the annual increase in the Retail Price Index in the respective year. There is partial vesting for increases of more than 2% plus the annual increase in the Retail Price Index. After the shares vest the Executive Director is required to hold these for a minimum of two years before sale. In the event of the Director ceasing employment with the Company during the vesting period, except under such conditions as retirement or illness, the grant of shares will lapse.

Awards were made to each of the Executive Directors in September 2020 under a new LTIP. Vesting of these awards is dependent on the extent to which a basket of performance criteria are satisfied, measured over a three year period. To the extent that the performance criteria are met, 50% of the awards will vest following publication of the company's interim results to 30 June 2023, and 50% one year later. The performance criteria encompass the following categories:

- Financial – measured by reference to adjusted EPS and operating margin;
- Customer – measured by reference to organic net growth of the SIPP book;
- Internal process – by reference to appropriate quantitative operational efficiency measures; and
- Innovation and delivery of strategy – review by Remuneration Committee, with the intention that this may be supported by quantitative metrics in due course.

For reasons of commercial sensitivity, the precise performance measures will only be disclosed at the end of the performance period.

The Remuneration Committee continually reviews these elements of the Executive Remuneration packages to ensure that appropriate annual and long term incentives are in place and that management's interests are aligned with those of shareholders.

Service Agreements and Notice periods for Executive Directors.

Service Agreements for Executive Directors are terminable by either party on twelve months written notice, with the Group having the option to place the Executive on garden leave or to make a payment in lieu of notice.

The Service Agreements include restrictive covenants following the termination of employment for the period of six months as regards non-competition and solicitation of staff and clients.

Corporate governance (continued)

Director	Date of Service Agreements	Notice Period by Company	Notice Period by Director
Executive:			
Will Self	30 August 2016	12 months	12 months
Jane Ridgley	18 January 2019	12 months	12 months
Dan Cowland	8 July 2019	12 months	12 months
***Non-Executive*:**			
Chris Macdonald	2 April 2015	3 months	3 months
Bill Rattray	2 April 2015	3 months	3 months
Jules Hydleman	2 April 2015	3 months	3 months
Jill Lucas	18 January 2021	3 months	3 months

Directors' remuneration report

Directors' remuneration

Director	Basic salary and fees	Bonus	Pension contributions	Benefits	Total emoluments 2020 £	Total emoluments 2019 £
Will Self	309,744	189,717	6,500	7,295	513,256	444,981
Jane Ridgley*	213,571	134,110	8,100	7,036	362,817	317,119
Dan Cowland**	251,116	150,465	5,480	13,295	420,356	176,039
Paul Tarran***	-	-	-	-	-	309,504
Chris Macdonald	104,000	-	-	-	104,000	101,667
Bill Rattray	52,000	-	-	-	52,000	50,833
Jules Hydleman	52,000	-	-	-	52,000	51,000
Jill Lucas****	-	-	-	-	-	-
Total	982,431	474,292	20,080	27,626	1,504,429	1,451,143

*appointed 18 January 2019.
**appointed 5 September 2019.
***resigned 30 September 2019.
****appointed 19 January 2021.

Directors' shareholdings

As at 31 December 2020, the interest of the Directors in the issued shares of the Company, as shown in its register maintained under section 809 (2) and (3) of the Companies Act 2006 were:

Director	2020 No.	2020 %	2019 No.	2019 %
Will Self	56,661	0.01	-	-
Jane Ridgley	27,166	0.01	-	-
Dan Cowland	9,523	0.01	-	-
Chris Macdonald	22,179	0.03	7,894	0.01
Bill Rattray	47,894	0.07	7,894	0.01
Jules Hydleman	40,270	0.06	37,890	0.07
Jill Lucas	-	-	-	-

Directors' remuneration report (continued)

Directors' shareholdings (continued)

The following share options are currently held by Directors under the Long Term Incentive Plan ("LTIP"):

Director	Date of grant	Number of shares under option at 31 December 2019	Granted / (Exercised) during the year	Number of shares under option at 31 December 2020	Exercise price	Exercise date
Will Self	26/10/2017	73,043	(73,043)	-	0p	26/10/2020
Will Self	05/10/2018	55,559	-	55,559	0p	05/10/2021
Will Self	14/09/2020	-	250,000	250,000	217p	14/09/2023
Will Self	14/09/2020	-	250,000	250,000	217p	14/09/2024
Jane Ridgley	26/10/2017	17,391	(17,391)	-	0p	26/10/2020
Jane Ridgley	18/09/2018	21,951	-	21,951	0p	18/09/2021
Jane Ridgley	14/09/2020	-	250,000	250,000	217p	14/09/2023
Jane Ridgley	14/09/2020	-	250,000	250,000	217p	14/09/2024
Dan Cowland	14/09/2020	-	250,000	250,000	217p	14/09/2023
Dan Cowland	14/09/2020	-	250,000	250,000	217p	14/09/2024
		167,944	1,409,566	1,577,510		

The following share options are currently held by Directors under the Company Share Option Plan ("CSOP"):

Director	Date of grant	Number of shares under option at 31 December 2019	Granted / (Exercised) during the year	Number of shares under option at 31 December 2020	Exercise price	Exercise date
Will Self	14/09/2016	53,745	-	53,745	267p	14/03/2018
Will Self	15/12/2016	535,996	-	535,996	201p	15/12/2019
Will Self	26/06/2017	535,996	-	535,996	260p	25/03/2020
Will Self	08/04/2020	-	93,548	93,548	217p	08/04/2023
Jane Ridgley	14/09/2016	27,388	-	27,388	267p	14/03/2018
Jane Ridgley	08/04/2020	-	66,129	66,129	217p	08/04/2023
Dan Cowland	08/04/2020	-	74,193	74,193	217p	08/04/2023
		1,153,125	233,870	1,386,995		

Directors' remuneration report (continued)

Directors' shareholdings (continued)

The following share options are currently held by Directors under the Executive Bonus Scheme ("EBS"):

Director	Date of grant	Number of shares under option at 31 December 2019	Granted / (Exercised) during the year	Number of shares under option at 31 December 2020	Exercise price	Exercise date
Will Self	08/04/2020	-	13,271	13,271	0p	08/04/2022
Jane Ridgley	08/04/2020	-	8,479	8,479	0p	08/04/2022
Dan Cowland	08/04/2020	-	3,686	3,686	0p	08/04/2022
		-	25,436	25,436		

Further information about the CSOP, LTIP and EBS share option schemes are contained within note 27.

Group Remuneration

Remuneration paid to employees of the Group, including salary and benefits, are set in line with prevailing market rates and at levels to attract the speciality skills required by the Group. In addition to salary and benefits wider share ownership of the Group by staff is encouraged through share option and sharesave schemes.

Jules Hydleman
Chairman of the Remuneration Committee
6 April 2021

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Independent auditors' report to the members of Curtis Banks Group plc

Report on the audit of the financial statements

Opinion

In our opinion, Curtis Banks Group plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements, which comprise: the Consolidated and Company statement of financial position as at 31 December 2020; the Consolidated statement of comprehensive income, the Consolidated and Company statement of cash flows and the Consolidated and Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 2 to the financial statements, the group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

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

Independence

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

Our audit approach

Context

Curtis Banks Group PLC is an administrator of self-invested pension products in the United Kingdom. During the year the group acquired the Talbot and Muir Group, another administrator of self-invested pension products and the Dunstan Thomas Group who is a provider of technology and complementary services in the financial services market.

Overview

Audit scope

We have scoped the audit based on the financially significant components and material account balances within the group, which are described below

Key audit matters

- Accounting for the 2020 acquisitions in the consolidated Group accounts (group)
- Carrying value of goodwill and client portfolios (group)
- Impact of COVID-19 (group and parent)

Materiality

- Overall group materiality: £670,000 (2019: £668,000) based on 5% of Adjusted profit before tax.
- Overall company materiality: £635,000 (2019: £493,000) based on 1% of net assets capped at 95% the overall group materiality.
- Performance materiality: £503,000 (group) and £476,000 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in 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 in the Auditors' responsibilities for the audit of the financial statements section, 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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority and the Prudential Regulation Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates specifically the carrying value of intangible assets and the valuation of the contingent consideration relating the acquired entities. Audit procedures performed by the engagement team included:

- Discussions with Risk and Compliance function and the company's Head of Legal, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Assessment of any matters reported on the company's whistleblowing helpline .
- Reading key correspondence with, the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations.
- Reviewing relevant meeting minutes including those of the Board and Risk Committee.
- Reviewing data regarding customer complaints, the company's register of litigation and claims and the professional indemnity notification log, in so far as they related to non-compliance with laws and regulations and fraud.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Accounting treatment of acquisitions and the Impact of COVID-19 are new key audit matters this year. Carrying value of investment in the Suffolk Life Group and Provisioning and contingent liability disclosure, which were key audit matters last year, are no longer included because of there is a relatively low level of judgement required to establish that the carrying value of investment in the Suffolk Life Group is supportable. The provision considered within our key audit matter in the prior year has been partly utilised and the associated data cleansing exercise has progressed which in combination has reduced the uncertainty in relation to these balances and disclosures.. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Accounting for the 2020 acquisitions in the consolidated Group accounts (group) During the year ended 31 December 2020, the Group completed the purchase of the Dunstan Thomas Group ("DT"), and the Talbot and Muir Group ("T&M"). In line with IFRS 3, management have consolidated DT and T&M into the Group accounts at year end. This included a purchase price allocation ("PPA") for each acquisition to fair value the balance sheets of the new subsidiaries at their acquisition date and allocate the consideration paid between Tangible Assets and separately identifiable Intangible Assets with the remainder included in Goodwill. As required under accounting standards management have performed an initial assessment of the fair value of the acquired tangible and intangible assets and liabilities and, having regard to the consideration payable, determined the level of goodwill arising in relation to each acquisition. There is judgement and estimation involved in: • The valuation of the consideration paid for each acquisition, including a fair value of the consideration contingent upon future performance of the businesses acquired.	The audit procedures we have performed to address this key audit matter are as follows: For T&M: • We assessed the total valuation of the consideration paid including the estimation of the contingent consideration due in the future. • We considered management's assessment that there should be a separately identifiable intangible asset to represent existing customer relationships or "client portfolios" and how its valuation had been derived. We challenged the assumptions used in the valuation and considered their consistency with our understanding of similar books of business acquired in the past. • We assessed the estimation of the useful life of the intangible created.

• The identification and valuation of the separately identifiable intangible assets within the newly acquired businesses. In the case of DT and T&M these comprise internally generated software and customer relationships. In relation to DT, the fair value adjustments to reflect the separately identifiable intangible assets have been measured provisionally and collectively pending completion of an independent valuation, which has been delayed as explained in note 34. The consolidation process itself, including the fair value of tangible assets is not judgemental and we consider this to be of a lower risk. We have therefore focused this key audit matter on the assumptions, methodology and disclosure of the result of this PPA process including the valuation of the resulting intangibles. Refer to note 2, Significant accounting policies, note 13, Intangible assets and note 34, Business combinations.	For DT: • We assessed the total valuation of the consideration paid including the estimation of the contingent consideration due in the future. • We considered management's assessment that there should be a separately identifiable intangible asset to represent existing customer relationships and the software developed within the business. We challenged as to whether these should be shown as separate intangibles and whether there should be consideration of other types of intangible asset. • We considered management's assessment of the useful life of the intangible created. We concluded that, with further information from the DT business, a more precise valuation could be determined. We therefore agree with management's assertion that the measurement of the separately identifiable intangible assets in relation to DT are provisional. • We considered the disclosures made in the financial statements in relation to these intangibles and particularly in relation to the provisional nature of the DT PPA process. We concluded that the total valuation of intangibles created (combining Goodwill and the separately identifiable assets discussed above) was appropriate. We also concluded that the split between Goodwill and the separately identifiable intangible in relation to the customer book within T&M was appropriate and that the equivalent split in DT has been disclosed correctly as provisional with a reasonable estimate made.
Carrying value of goodwill and client portfolios (group) The Group financial statements include intangible assets arising from various business and client portfolio acquisitions including these that have related to previous acquisitions and also Dunstan Thomas ("DT") and Talbot & Muir ("T&M") in 2020 (which are considered in a separate key audit matter as discussed above). The total carrying value of these intangible assets, as reflected in note 13, is material to the consolidated Group accounts. Management is required to consider if the carrying values are appropriate or if an impairment loss should be recognised if the carrying value of any intangible asset is less than its recoverable value. The recoverable amount is determined by estimating the present value of future cash flows that are expected to be derived from the assets. Management considers the fair value of the intangible assets to be their value in use. We consider the primary risk, in respect of determining an appropriate carrying value for intangibles, is in relation to the assumptions adopted by management as part of their impairment assessments most notably the quantum and timing of future cash flows arising in relation to the individual assets and the discount rate to apply to derive a net present value in relation to these cash flows as well as	The audit procedures we have performed to address this key audit matter are as follows: - We assessed the key assumptions which management have adopted in their impairment assessment. This included: • the relevant future expected cash flows from the business that are used to support the carrying value of individual client portfolios and goodwill; • the revenue and margin forecasts for each of the customer books; • the discount rate and attrition assumption used in these calculations; and • the period over which the client portfolios are amortised. - We performed sensitivity analysis over the assumptions used; - We assessed management's forecasting ability by comparing previous forecasts to actual past performance; and - We considered whether management had considered the potential future impact of COVID-19 in their forward looking forecasts. From our work carried out we found that the assumptions used were supported by the evidence we obtained and

the period over which Curtis Banks will derive benefit from various acquired client portfolios. The Covid-19 pandemic and associated economic situation creates additional uncertainty in the development of these forward looking financial predictions. Refer to note 13, Intangible assets.	accordingly that the carrying value of intangible assets was supported.
Impact of COVID-19 (group and parent) The impacts of the global pandemic due to COVID-19 continue to cause significant social and economic disruption up to the date of reporting. In our audit we have identified the following key impacts of COVID-19 to consider: **Ability of the entity to continue as a going concern** There are a number of potential matters in relation to COVID-19 which could impact on the going concern status of the Group and Company such as continued downward pressure on interest rates due to the economic environment. Management has produced a going concern assessment which projects the future cash position considering, particularly, liquidity, regulatory capital surplus and compliance with debt covenants of the group. The assessment has shown the group and entity to have sufficient liquid resources to meet payments as they fall due and not to breach their regulatory capital requirements as well as to ensure compliance with the Group's debt covenants for the period of the assessment. The Directors' have concluded that the Group and Parent are a going concern for at least the period of 12 months from the date of the accounts being approved. **Impact on Estimation Uncertainty in the Financial Statements** The pandemic and the associated economic situation has increased the level of estimation uncertainty in the financial statements. The Directors have therefore considered how COVID-19 has impacted the key estimates that determine the valuation of material balances, particularly the valuation of intangible assets held. **Qualitative Disclosures in the Annual Report and Financial Statements** In addition the Directors have considered the qualitative disclosures included in the Annual Report and Financial Statements in respect of COVID-19 and the impact that the pandemic has had, and continues to have, on the Group and Company. Refer to the COVID-19 section in the strategic report and the Going Concern section in the Directors' report.	In assessing management's consideration of the impact of COVID-19 on the Group and Company we have performed the following procedures: • Obtained and reviewed management's going concern assessment which included severe but plausible downside scenarios, board approved operating plan, cash flow, regulatory capital and debt covenant forecasts; • Considered the forward looking assumptions and assessed the reasonableness of this based on recent historic performance; and • Considered information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict management's assessment of the ongoing impact of COVID-19. As a result of the procedures performed, we agree with the Director's conclusions in respect of going concern. • Considered the potential impact of COVID 19 in the completion of the procedures in relation to the new and existing intangible assets that are described in the key audit matters above. We have audited the balances impacted by estimation uncertainty and believe the values presented in the Financial Statements to be reasonable. • Reviewed the appropriateness of disclosures within the Annual Report and Financial Statements with respect to COVID-19 and where relevant checked the material consistency of other information to the audited financial statements. We conclude that the disclosures made are appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment, the financial significance of components and other qualitative factors including history of misstatement through fraud or error.

For the purposes of our group scoping we have considered each separate trading entity within the group to be a separate component. We concluded that the three principal trading entities, Curtis Banks Limited, Suffolk Life Pensions Limited and Suffolk Life Annuities Limited as well as the group holding company, Curtis Banks Group PLC to be financially significant components for the group audit and as such we have performed a full scope audit of these components.

The newly acquired entities of Dunstan Thomas Holdings Limited and Talbot and Muir Limited contain a number of individual balances that form part of our scope based on the magnitude of the individual balances. Other trading and dormant entities within the group, listed in note 16 are considered to be non-significant components.

Together with additional procedures performed at a Group level on the consolidation, the result of the above scoping was that we achieved greater than 95% coverage of revenue, expenses and adjusted profit before tax.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£670,000 (2019: £668,000).	£635,000 (2019: £493,000).
How we determined it	5% of Adjusted profit before tax	1% of net assets capped at 95% the overall group materiality
Rationale for benchmark applied	We have selected this benchmark because it is considered to be a key performance indicator of the group by the Directors and to be a reflection of the underlying performance of the trading business.	We consider the net assets of the Company to be an appropriate benchmark as the entity is principally a holding company and does not itself trade. Profit measures are therefore less relevant to the financial reporting for this entity.

We have applied a higher materiality of £37m (2019: £36m), based on 1% of total policyholder assets solely for the purpose of identifying and evaluating the effect of misstatements that are likely only to lead to a reclassification between line items within assets and liabilities.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £200,000 and £635,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £503,000 for the group financial statements and £476,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £32,000 (group audit) (2019: £33,000) and £32,000 (company audit) (2019: £32,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtained and reviewed management's going concern assessment which included severe but plausible downside scenarios, board approved operating plan, cash flow, regulatory capital and debt covenant forecasts
- Considered the forward looking assumptions and assessed the reasonableness of this based on recent historic performance
- Considered information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict management's assessment of the ongoing impact of COVID-19

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Sue Morling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
6 April 2021

Curtis Banks Group PLC

Consolidated statement of comprehensive income

	Notes	Year ended 31 December 2020 Before amortisation and non-recurring costs £'000	Year ended 31 December 2020 Amortisation and non-recurring costs £'000	Year ended 31 December 2020 Total £'000	Year ended 31 December 2019 Before amortisation and non-recurring costs £'000	Year ended 31 December 2019 Amortisation and non-recurring costs £'000	Year ended 31 December 2019 Total £'000
Revenue	4	53,871	-	53,871	48,949	-	48,949
Administrative expenses		(39,885)	(5,411)	(45,296)	(35,218)	(2,470)	(37,688)
Impairment on client portfolios		-	(344)	(344)	-	-	-
Policyholder investment returns*	13	125,231	-	125,231	365,815	-	365,815
Non-participating investment contract expenses	22	(35,343)	-	(35,343)	(33,943)	-	(33,943)
Changes in provisions: Non-participating investment contract liabilities		(89,888)	-	(89,888)	(331,872)	-	(331,872)
Policyholder total		-	-	-	-	-	-
Operating profit		13,986	(5,755)	8,231	13,731	(2,470)	11,261
Finance income	10	83	-	83	145	-	145
Finance costs	9	(697)	(188)	(885)	(523)	-	(523)
Profit before tax		13,372	(5,943)	7,429	13,353	(2,470)	10,883
Taxation	11	(2,793)	1,129	(1,664)	(2,502)	469	(2,033)
Total comprehensive income for the year		10,579	(4,814)	5,765	10,851	(2,001)	8,850
Attributable to:							
Equity holders of the company				5,765			8,850
Non-controlling interests				-			-
				5,765			8,850
Earnings per ordinary share on net profit							
Basic (pence)**	12			9.7			16.2
Diluted (pence)**	12			9.5			15.9

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

*Policyholder investment returns were previously presented within revenue. Amounts for the current period and comparatives are now represented alongside non-participating investment contract expenses and changes in provisions for non-participating investment contract liabilities to better reflect the fact that all such returns are due back to policyholders under non-participating investment contracts, and therefore have nil impact on shareholder profit or loss. Please see note 2 to the financial statements for further information.

**Adjusted to take into account impact of bonus factor within shares issued during the year ended 31 December 2020, see note 12 to the financial statements for further detail.

Curtis Banks Group PLC

Consolidated statement of financial position

Group	Notes	Group As at 31-Dec-20 £'000	Group As at 31-Dec-19 £'000
ASSETS			
Non-current assets			
Intangible assets	13	91,166	43,427
Investment property	14	1,208,605	1,265,784
Property, plant and equipment	15	7,658	6,195
Investments	16	2,072,317	1,994,197
Deferred tax asset	23	-	911
		3,379,746	3,310,514
Current assets			
Trade and other receivables	18	26,913	19,915
Cash and cash equivalents	19	430,578	421,547
Current tax asset		580	446
		458,071	441,908
Total assets		3,837,817	3,752,422
LIABILITIES			
Current liabilities			
Trade and other payables	20	18,895	15,608
Deferred income		26,995	26,192
Borrowings	21	53,533	28,215
Lease liabilities		672	719
Provisions	22	501	553
Contingent consideration	35	2,516	214
Current tax liability		-	738
		103,112	72,239
Non-current liabilities			
Borrowings	21	53,370	48,911
Lease liabilities		5,201	3,915
Provisions		7	-
Contingent consideration	35	5,657	-
Non-participating investment contract liabilities	24	3,585,307	3,571,904
Deferred tax liability	23	5,013	-
		3,654,555	3,624,730
Total liabilities		3,757,667	3,696,969
Net assets		80,150	55,453
Equity attributable to owners of the parent			
Issued capital	25	330	271
Share premium	26	57,799	33,659
Equity share based payments	26	2,747	2,313
Treasury shares	26	(741)	(534)
Retained earnings	26	20,001	19,730
		80,136	55,439
Non-controlling interest	28	14	14
Total equity		80,150	55,453

The financial statements on pages 58 to 125 were approved by the Board of Directors and authorised for issue on 6 April 2021.

Dan Cowland

Dan Cowland
Chief Financial Officer

Company Registration No. 07934492

Company statement of financial position

		Company	
Company	**Notes**	**As at 31-Dec-20 £'000**	**As at 31-Dec-19 £'000**
ASSETS			
Non-current assets			
Investments	16	108,373	59,396
		108,373	59,396
Current assets			
Trade and other receivables	18	296	78
Cash and cash equivalents	19	4,411	1,330
Current tax asset		244	243
		4,951	1,651
Total assets		113,324	61,047
LIABILITIES			
Current liabilities			
Trade and other payables	20	1,567	322
Borrowings	21	3,852	3,156
Contingent consideration	35	2,516	-
		7,935	3,478
Non-current liabilities			
Borrowings	21	19,904	8,274
Contingent consideration	35	5,657	-
		25,561	8,274
Total liabilities		33,496	11,752
Net assets		**79,828**	**49,295**
Equity attributable to owners of the parent			
Issued capital	25	330	271
Share premium	26	57,799	33,659
Equity share based payments	26	2,747	2,313
Retained earnings	26	18,952	13,052
Total equity		**79,828**	**49,295**

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The Company's profit after tax for the year was £11,049,000 (2019: £6,925,000).

The financial statements on pages 58 to 125 were approved by the Board of Directors and authorised for issue on 6 April 2021.

Dan Cowland

Dan Cowland
Chief Financial Officer

Company Registration No. 07934492

Curtis Banks Group PLC

Consolidated statement of changes in equity

Group

	Issued capital £'000	Share premium £'000	Equity share based payments £'000	Treasury shares £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2019	269	33,451	1,357	(716)	15,295	49,656	14	49,670
Total comprehensive income for the year	-	-	-	-	8,850	8,850	-	8,850
Share based payments	-	-	956	-	-	956	-	956
Ordinary shares bought and sold by EBT	-	-	-	182	-	182	-	182
Ordinary shares issued	2	208	-	-	-	210	-	210
Deferred tax on share based payments	-	-	-	-	147	147	-	147
Ordinary dividends declared and paid	-	-	-	-	(4,562)	(4,562)	-	(4,562)
At 31 December 2019	271	33,659	2,313	(534)	19,730	55,439	14	55,453
Total comprehensive income for the year	-	-	-	-	5,765	5,765	-	5,765
Share based payments	-	-	434	-	-	434	-	434
Ordinary shares bought and sold by EBT	-	-	-	(207)	-	(207)	-	(207)
Ordinary shares issued	59	24,140	-	-	-	24,199	-	24,199
Deferred tax on share based payments	-	-	-	-	(345)	(345)	-	(345)
Ordinary dividends declared and paid	-	-	-	-	(5,149)	(5,149)	-	(5,149)
At 31 December 2020	330	57,799	2,747	(741)	20,001	80,136	14	80,150

Company

	Issued capital £'000	Share premium £'000	Equity share based payments £'000	Retained earnings £'000	Total £'000
At 1 January 2019	269	33,451	1,357	10,689	45,766
Total comprehensive income for the year	-	-	-	6,925	6,925
Share based payments	-	-	956	-	956
Ordinary shares issued	2	208	-	-	210
Ordinary dividends declared and paid	-	-	-	(4,562)	(4,562)
At 31 December 2019	271	33,659	2,313	13,052	49,295
Total comprehensive income for the year	-	-	-	11,049	11,049
Share based payments	-	-	434	-	434
Ordinary shares issued	59	24,140	-	-	24,199
Ordinary dividends declared and paid	-	-	-	(5,149)	(5,149)
At 31 December 2020	330	57,799	2,747	18,952	79,828

Consolidated statement of cash flows

	Group	
	Year ended 31 December	
	2020	2019
	£'000	£'000
Cash flows from operating activities		
Profit before tax	7,429	10,883
Adjustments for:		
Depreciation	1,499	1,321
Amortisation and impairments	2,442	1,379
Interest expense	697	523
Share based payment expense	434	956
Fair value gains on financial investments	(119,957)	(232,848)
Additions of financial investments	(631,200)	(532,717)
Disposals of financial investments	673,037	584,425
Fair value losses on investment properties	60,751	12,469
Increase in liability for investment contracts	13,403	166,476
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(2,737)	(1,730)
(Decrease)/increase in trade and other payables	(1,105)	1,990
Taxes paid	(2,996)	(2,454)
Net cash flows received from operating activities	1,697	10,673
Cash flows from investing activities		
Payments for intangible assets	(986)	(696)
Purchase of property, plant and equipment	(591)	(1,015)
Purchase of investment property	(122,449)	(125,848)
Purchase and sale of shares in the Group by the EBT	(207)	182
Receipts from sale of investment property	118,877	122,047
Net cash flows from acquisitions	(34,638)	(166)
Net cash flows used in investing activities	(39,994)	(5,496)
Cash flows from financing activities		
Equity dividends paid	(5,149)	(4,562)
Net proceeds from issue of ordinary shares	24,199	210
Net increase/(decrease) in borrowings	29,595	(9,456)
Principal elements of lease payments	(934)	(933)
Interest paid	(383)	(465)
Net cash received from / (used in) financing activities	47,328	(15,206)
Net increase/(decrease) in cash and cash equivalents	9,031	(10,029)
Cash and cash equivalents at the beginning of the year	421,547	431,576
Cash and cash equivalents at the end of the year	430,578	421,547

Company statement of cash flows

	Company	
	Year ended 31 December	
	2020	2019
	£'000	£'000
Cash flows from operating activities		
Profit before tax	11,049	6,922
Adjustments for:		
Interest expense	514	376
Changes in working capital:		
Increase in trade and other receivables	(288)	(6)
Increase in trade and other payables	1,269	204
Taxes paid	-	(158)
Net cash flows received from operating activities	12,544	7,338
Cash flows from investing activities		
Investment in employee benefit trust	(850)	-
Net cash flows from acquisitions	(39,522)	-
Net cash flows used in investing activities	(40,372)	-
Cash flows from financing activities		
Equity dividends paid	(5,149)	(4,562)
Net proceeds from issue of ordinary shares	24,199	210
Net increase/(decrease) in borrowings	12,242	(3,158)
Interest paid	(383)	(465)
Net cash received from / (used in) financing activities	30,909	(7,975)
Net increase/(decrease) in cash and cash equivalents	3,081	(637)
Cash and cash equivalents at the beginning of the year	1,330	1,967
Cash and cash equivalents at the end of the year	4,411	1,330

1 Corporate information

Curtis Banks Group PLC ("the Company") is a public limited company incorporated in the United Kingdom and domiciled and registered in England and Wales whose shares are publicly traded on the AIM market of the London Stock Exchange PLC. The financial statements were authorised for issue in accordance with a resolution of the Directors on 6 April 2021.

2 Significant accounting policies

Basis of preparation

The financial statements comprise the financial statements of the Company and its subsidiaries ("the Group") as at 31 December each year. The nature of the Group's operations and its principal activities are set out in the Chief Executive's review.

The financial statements have been prepared on a historical cost basis modified by revaluation of financial assets and financial liabilities through profit and loss where held at fair value, and are presented in pounds sterling, with all values rounded to the nearest thousand pounds except when otherwise indicated.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and accounting policies have been consistently applied.

Presentation of policyholder investment returns

Policyholder investment returns were, previous to 31 December 2020, presented within revenue in the Consolidated Statement of Comprehensive Income. To better reflect the fact that all such returns are due back to policyholders under non-participating investment contracts the Group has decided to present such amounts alongside non-participating investment contract expenses and changes in provisions for non-participating investment contract liabilities, such that the nil impact on shareholder profit or loss is evident.

New standards adopted by the Group

The Group has not applied any new accounting standards for the first time for the financial year commencing 1 January 2020.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings up to 31 December 2020.

The profits and losses of the Company and its subsidiaries are consolidated from the date of acquisition using the acquisition method of accounting.

The trading subsidiaries of Curtis Banks Group PLC as at 31 December 2020 were Curtis Banks Limited, Suffolk Life Pensions Limited, Suffolk Life Annuities Limited, Rivergate Legal Limited, Templemead Property Solutions Limited, Dunstan Thomas Group Limited, Digital Keystone Limited, Dunstan Thomas Holdings Limited, Dunstan Thomas Consulting Limited, Platform Action Limited, and Talbot and Muir Limited.

2 Significant accounting policies *(continued)*

Basis of consolidation (continued)

Suffolk Life Annuities Limited provides SIPPs through non-participating individual insurance contracts. As such, it is regarded as an insurance company for the purposes of regulatory and statutory reporting. Due to Suffolk Life Annuities Limited's status as an insurance company, the consolidated results for the Group are required to disclose insurance policyholder assets, liabilities and returns.

Certain trading subsidiaries of Curtis Banks Group PLC hold the entire issued share capital of several non-trading trustee companies. The financial statements of these companies have not been consolidated as they would be immaterial to the Group's position. All of these companies are bare trustee companies for the pension products administered by the trading subsidiaries of Curtis Banks Group PLC and have been dormant throughout the year and are expected to remain dormant.

Going concern

The Group and Company are required to assess whether they have sufficient resources to continue their operations and to meet their commitments for the foreseeable future. The directors have prepared the financial statements on a going concern basis, as in their opinion the Group and Company are both able to meet their obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months from the date these financial statements have been signed based on current and expected market conditions together with current performance levels. The Company is supported by dividend income from its subsidiaries. The Directors have also considered the impact of a number of severe but plausible events that could impact the business, such as the Covid-19 pandemic, and are satisfied that this opinion remains unchanged.

In respect of shareholder reserves, excluding policyholder assets and liabilities, the Group has net current assets of £17,108k (2019: £16,976k).

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights currently exercisable are taken into account. The financial statements of trading subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange of control of the acquiree, plus any costs directly attributable to the business combination. Any deferred consideration is included as part of the initial fair value, with a corresponding liability being recognised. The acquiree's identifiable assets, liabilities and contingent liabilities that meet conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Once all information is obtained about facts and circumstances that existed as of the acquisition date, or following a maximum period of 12 months after the acquisition takes place, the Group may update these provisional amounts to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

2 Significant accounting policies *(continued)*

Segment Reporting

IFRS 8 *Operating Segments* requires segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker ("CODM").

The Group acquired FinTech provider Dunstan Thomas on 3 August 2020. Prior to this acquisition, all results were viewed as one by the CODM for the purposes of management decisions. This is because all operations were conducted within the UK and all material operations were of the same nature and shared the same economic characteristics including a similar customer base and nature of product and services (i.e. pensions administration). As a result, the Group only had one reportable segment being pensions administration.

Following the acquisition of Dunstan Thomas during the year ended 31 December 2020, the Group is now considered to have two operating segments. Dunstan Thomas provides IT software development, licences and consultancy services and, collectively, these services are described in the Group's financial statements as FinTech.

Foreign Currencies

The consolidated financial statements are presented in Pounds Sterling which is the Group's functional and presentational currency. All foreign currency transactions and foreign currency balances relate to policyholder assets and liabilities.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Financial Position date and the gains or losses on translation are included in the Statement of Comprehensive income.

All foreign exchange gains or losses arising on policyholder transactions and balances have a net impact of £nil on the consolidated statement of comprehensive income due to the legal structure of policyholder assets and liabilities as further described in the accounting policy for non-participating investment contracts.

Pensions

The Group contributes to defined contribution schemes for the benefit of its employees. Contributions payable are charged to the consolidated statement of comprehensive income in the year they are payable.

Research and development

Research expenditure is written off to the consolidated statement of comprehensive income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over a four year period during which the Group is expected to benefit.

2 Significant accounting policies *(continued)*

Non-participating investment contracts

The Group's long term business includes unit linked Self-Invested Personal Pension policies, also referred to as the 'Policyholder Business', wholly administered by Suffolk Life Annuities Limited, a subsidiary company. The liability of the Group towards its policyholders is exactly equal to the value of policyholder assets held at all times.

Non-participating investment contract liabilities are measured at fair value by reference to the value of the underlying net asset values of the assets held to cover investment contracts at the Statement of Financial Position date.

For non-participating investment contracts, premiums are not included in the consolidated statement of comprehensive income but are reported as contributions to non-participating investment contract liabilities in the consolidated statement of financial position. Investment income in respect of non-participating investment contracts are accounted for in 'Investment return'. Investment income and investment return includes dividends, rental and interest income.

Expenses and charges in respect of non-participating investment contracts are accounted for in 'non-participating investment contract expenses'. These expenses include investment management fees and interest payable.

Claims are not included in the consolidated statement of comprehensive income but are deducted from non-participating investment contract liabilities.

Transfers out, annuity purchases and drawdowns are accounted for when the associated assets have been transferred out of the Company. Acquisition costs comprising direct and indirect costs arising from the conclusion of non-participating investment contracts are expensed on receipt of the inwards premium. There are no deferred acquisition costs.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the assets, at their fair value less transaction costs. Investments carried at fair value are measured using a fair value hierarchy, with values based on quoted bid prices where available.

Investment property held within non-participating investment contracts comprises land and buildings which are held for long term rental yields and capital growth. It is carried at fair value with movements recognised in the consolidated statement of comprehensive income.

Unquoted investments in property vehicles and direct holdings in investment property are valued by independent valuers on the basis of open market value as defined in the appraisal and valuation manual of the Royal Institute of Chartered Surveyors or by reference to the movement in a property index from the last purchase or valuation date. Valuation techniques may include discounted cash flow calculations using net current rent, and estimated and terminal values; they may also include yield methodology calculations using

2 Significant accounting policies *(continued)*

Non-participating investment contracts (continued)

market rental values capitalised with a market capitalisation rate. Both of these are then further validated against market transactions to produce a final valuation.

Revenue recognition

Operating revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activity. Revenue is shown net of value added tax ("VAT"), returns, rebates and discounts and after eliminating sales within the Group. The Group applies the 5 step model under IFRS 15 *Revenue from Contracts with Customers* to recognition of revenue as follows:

- Step 1: Identify the contract(s) with a customer

The Group's customers are deemed to be the underlying SIPP & SSAS members regardless of whether the Group is providing services under a third party administration agreement or direct to its own clients.

The Group also provides IT software licences, development and support services predominantly to businesses within the financial services sector, collectively referred to as FinTech revenue. The customer is deemed to be the named recipient of services as per the contract, rather than any subsequent downstream user of the product.

- Step 2: Identify the performance obligations in the contract

Performance obligations are understood to be the individual components of SIPP & SSAS administration as detailed on the Group's products' terms and conditions and fee schedules or any contractual obligations laid out in contracts for provision of FinTech services. Annual renewal fees are deemed to comprise multiple individual obligations. However, each of these obligations represents a continuous service over the same annual period and can therefore be viewed collectively as one obligation for the purpose of revenue recognition. Obligations under set up fees and transaction fees are deemed to be short term in nature (three months or less).

Contracts for the provision of FinTech services individually details the performance obligations and trigger events for progress and any other payments. These vary according to the contract as FinTech solutions are bespoke to the customer.

- Step 3: Determine the transaction price

The transaction price is deemed to be that shown in the Group's products' terms and conditions and fee schedules against each individual fee item which includes interest turn on client funds. Transaction prices for individual components of the annual renewal fee are not separable as the combined set of obligations represents a continuous service over the same annual period.

Contracted fees relating to provision of FinTech services are as per each individual contract.

- Step 4: Allocate the transaction price to the performance obligations in the contract

The result of judgements made in Step 2 and Step 3 mean that transaction prices are allocated in substance to fee items included in the Group's product's terms and conditions and fee schedules, as these also wholly reflect the individual performance obligations. The same applies in relation to FinTech contracts, the price and performance obligations being detailed in the individual contract along with timing of both service delivery and payments.

2 Significant accounting policies *(continued)*

Revenue recognition (continued)

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Set up and initial transaction fees, as well as ad hoc transaction fees are recognised as the work is completed and performance obligations satisfied, net of VAT.

Annual renewal fees are invoiced in advance and recognised, net of VAT, evenly over the year to which they relate, and held as deferred income at the year end where the annual fee period spans multiple accounting periods.

Fees which are received in arrears, including certain property annual fees and property acquisition fees, are accrued over the period in which services are provided and performance obligations are satisfied.

Income derived in relation to FinTech contracts is generally recognised on a progress basis, with usually 25% recognised at the outset of the contract and the remainder of the income recognised in equal amount annually over the term of the contract.

Any interest received in excess of that payable to clients is retained by the Group and is included within revenue. Interest income receivable by the Group is recognised as it accrues.

The timing of satisfaction of performance obligations under contracts with SIPP & SSAS members does not bear any relevance to the typical timing of payment for such services. The typical timing of payment is on or after the related fee invoice is issued.

Policyholder revenue comprises investment income and investment gains and losses on non-participating investment contracts. Investment income includes dividends, rental and interest income. Dividends and distributions from collective investment schemes are recognised on the date on which shares are quoted ex-dividend. Interest and rental income is recognised on an accruals basis.

Investment gains and losses in the consolidated statement of comprehensive income comprise realised and unrealised gains and losses. Realised gains and losses are calculated as the difference between the net sale proceeds and the original cost or, if previously re-valued, the valuation at the last statement of financial position date. Unrealised gains and losses on investments are calculated as the difference between the current valuation and the original cost or, if previously re-valued, the valuation at the last statement of financial position date.

All brought forward deferred income in relation to the pension administration operating segment is recognised in the current year as there are no performance obligations spanning a period of more than twelve months.

Contract income relating to FinTech is recognised in equal amounts over the course of contract in line with satisfaction of contractual performance obligations at relevant points in time. The remainder of the income is then recognised in equal amounts over the course of the term of the contract through deferred income, as relates to the on-going servicing element of the contractual performance obligations.

2 Significant accounting policies *(continued)*

Intangible assets – Client Portfolios

Client portfolios are included in the statement of financial position at cost to the Group less accumulated amortisation and provisions for impairment and wholly comprise SIPPs acquired.

Client portfolios are amortised on a straight line basis over their estimated useful life of 20 years based upon long term historic average client attrition rates experienced by the Group and other factors that indicate this longevity such as the SIPPs themselves being utilised throughout retirement, and often passed down to dependents in the event of a death.

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

Intangible assets – Computer Software

Computer software is included in the statement of financial position at cost to the Group less accumulated amortisation and provisions for impairment. The carrying value of computer software is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount. The carrying value of computer software is also reviewed for impairment annually at each reporting date. Computer software is amortised on a straight line basis over its estimated useful life of between 4 and 5 years.

Administrative expenses

Administrative expenses represent those arising as a result of the Group's operations and include depreciation. All amounts are recognised on an accruals basis.

Property, plant and equipment

Property, plant and equipment are included in the statement of financial position at cost to the Group less accumulated depreciation and provisions for impairment.

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

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

Computer equipment	25%	straight line
Office equipment, fixtures & fittings	25%	straight line
Right of use assets	Expected underlying office lease length of between 1 and 12 years	

On initial recognition, right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Any restoration costs expected

2 Significant accounting policies *(continued)*

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments

Non-current asset investments excluding those held under non-participating investment contracts are stated at cost less provision for diminution in value.

Financial assets

Financial assets held under non-participating investment contracts are categorized either as fair value through profit and loss, or recorded and subsequently measured at amortised cost. The classification depends on the purposes for which these assets were acquired. Management takes decisions concerning the classification of its financial assets at initial recognition and reviews such classification for reliability at each reporting date.

The Group classifies its financial assets at amortised cost where the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. Other financial assets are classified as fair value through profit or loss. The Group has no financial assets at fair value through other comprehensive income.

Amounts recorded and measured at amortised cost include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Group's financial assets comprise "non-current asset investments", "investment property", "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

2 Significant accounting policies *(continued)*

Trade receivables

Trade receivables are recorded and subsequently measured at amortised cost in accordance with IFRS 9 *Financial Instruments.*

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

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared characteristics and overall credit quality. A provision for impairment of trade receivables is established when there is evidence that the Group might not be able to collect all amounts due according to the original terms of the receivables. The movement in the provision is recognised in the consolidated statement of comprehensive income.

The expected loss rates for each grouping are based on historic actual recovery rates achieved for such groupings over the last 12 months, modified for factors such as existing market conditions, days past due or forward looking estimates, where supported by existing reliable evidence.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, deposits with credit institutions, cash equivalents and bank overdrafts.

Cash at bank and in hand, and deposits with credit institutions, are classified and measured at amortised cost. Cash equivalents are classified as fair value through profit loss.

Financial liabilities – Trade and other payables

Trade and other payables are recognised and initially measured at cost, due to their short term nature, and subsequently measured at amortised cost. All of the Group's trade payables are non-interest bearing.

Financial liabilities - Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less attributable transaction costs. After initial recognition interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Current and deferred income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income, because it excludes items of income or expense that are taxable or tax deductible in other years and it further excludes items that are never taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

2 Significant accounting policies *(continued)*

Current and deferred income tax (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled. Deferred tax is charged or credited in the profit or loss, except when it relates to items credited or charged in other comprehensive income directly to equity, in which case the deferred tax is also dealt with in other comprehensive income.

Provisions

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

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Leases

Leases of property, plant and equipment are assessed as to whether a right-of-use relationship exists and are classified as property, plant and equipment when this criteria is satisfied. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Interest and finance costs associated with lease liabilities on right-of-use assets are expensed to the consolidated statement of comprehensive income within total finance costs.

2 Significant accounting policies *(continued)*

Leases (continued)

Assets and liabilities arising from a lease where a right-of-use relation exists are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, less any lease incentive payments receivable, and include amounts following lease extension options where there is reasonable certainty of extension. There are no other types of payments or variable amounts included. Lease payments are allocated between principal and finance cost. The finance cost is charge to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Lease payments are discounted using the interest rate implicit in the lease where possible. However, this cannot currently be readily determined for any of the leases that the Group holds in respect of right-of-use assets. The Group therefore uses an incremental borrowing rate similar to what it would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

The Group has no short-term leases or low value assets that may be considered as short term leases. All of the Group's leases where a right-of-use relationship exists relate to commercial property assets. The Group has no other classes of right-of-use assets such as equipment or vehicles.

All other leases are classified as operating leases. Rentals payable under operating leases, net of lease incentives, are charged to the consolidated statement of comprehensive income on a straight-line basis over the year of the lease.

A right-of-use asset exists and a corresponding lease liability exists in respect of non-participating investment contract assets which relate entirely to ground rent on policyholder leasehold investment property. Consequently the Group has opted not to recognise right-of-use assets and lease liabilities in relation to these leases as the impact from recognition in the consolidated financial statements is minimal.

Non-recurring costs

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

Contingent consideration

Where the Group has entered into certain acquisition agreements that provide for contingent consideration to be paid management estimates the net present value of contingent consideration payable by utilising a future discounted cash flow model. Management then continue to review the agreement and monitor the financial and other targets to be met to maintain an accurate estimate of the fair value of any amounts payable. Subsequent changes to the fair value of contingent consideration are recognised in accordance with IFRS 9 in the Statement of Comprehensive Income.

2 Significant accounting policies *(continued)*

Share based payments

Curtis Banks Group PLC operates several share schemes under which certain employees of the Group receive part of their remuneration for the financial year in the form of options to purchase shares in Curtis Banks Group PLC.

These schemes are accounted for as equity-settled share-based payment transactions in accordance with IFRS 2.

The share options granted become exercisable at varying future dates. If certain conditions are met, following the vesting period, employees and third parties will be eligible to exercise their option at an exercise price determined on the date the share options are granted.

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

The share based payment charge to the consolidated statement of comprehensive income is calculated based on the Group's estimate of the number of options that will eventually vest.

The resulting staff costs under the share schemes are recognised pro rata in the consolidated statement of comprehensive income to reflect the services rendered as consideration during the vesting period.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, interpretations and amendments to existing standards have been published by the IASB but are yet to be endorsed by the EU or are not effective for the period presented in the financial statements and the Group has decided not to early adopt them.

Standard	**Effective date, annual period beginning on or after**
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 1 – Presentation of Financial Statements	1 January 2023

The directors anticipate that the adoption of these standards and interpretations and amendments in future years will have no material impact on the financial statements of the Group.

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

The key sources of estimation uncertainty are disclosed below:

Client portfolios

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

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

Assessing recoverable amount through value in use comprises an estimation of future cash flows expected to arise from each client portfolio, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset, together with an estimated rate of attrition for each portfolio. The estimation of future cash flows is derived by taking the current earnings before tax, interest, depreciation and amortisation ("EBITDA") margin of the Group and applying this against forecast revenue from the relevant client portfolio.

One key source of estimation uncertainty is the level of future interest income expected, and in particular the longevity of the current low interest rate environment. Another key source of estimation uncertainty arises from the attrition rates used. The recoverable amount is most sensitive to both of these assumptions.

A 20% increase to the attrition rate assumption would result in a cumulative £164,000 decrease in the carrying value of client portfolios. A 40% increase to the attrition rate assumption would result in a cumulative £316,000 decrease in the carrying value of client portfolios.

A 2% decrease in the EBITDA margin assumption would result in a cumulative £123,000 decrease in the carrying value of client portfolios. A 4% decrease in the EBITDA margin assumption would result in a cumulative £314,000 decrease in the carrying value of client portfolios.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

IFRS 9 impairment

Trade and other receivables are impaired based on the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables. The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history of shared credit risk characteristics, days past due, existing market conditions as well as forward looking estimates at the end of each reporting period. The loss rates are considered the key source of estimation uncertainty because the impact of a change in these could result in a material change in the expected credit loss. Details of the key assumptions and estimates are disclosed in note 32 to the financial statements.

Contingent consideration payable on acquisitions

The Group has entered into certain acquisition agreements that provide for a contingent consideration to be paid. A financial instrument is recognised for all amounts management anticipates will be paid under the relevant acquisition agreement. This requires management to make an estimate of the expected future cash flows from the acquired business using forecasts that cover the contingent consideration period, and determine a suitable discount rate for the calculation of the present value of any contingent consideration payments.

A material change to the carrying value might occur if the acquired businesses achieve significantly more or less than their target earnings. The key assumption used in determining the value of these provisions is the forecast financial performance as applied in the terms of the contingent consideration arrangement. A 10% increase or reduction in achievement of forecast contingent consideration targets would increase or reduce the value of contingent consideration payable required by £0.8m.

4 Revenue

Revenue is wholly derived from activities undertaken within the United Kingdom and comprises the following categories:

	Year ended 31 December 2020 £'000	2019 £'000
Pension administration fees	36,856	36,268
FinTech services	4,793	-
Interest income	12,222	12,681
	53,871	48,949

5 Profit for the year

Profit for the year is arrived at after charging:

	Year ended 31 December 2020 £'000	2019 £'000
Amortisation and impairment of intangible assets	2,442	1,379
Depreciation of property, plant and equipment	1,499	1,321
Auditors' remuneration:		
- audit of the financial statements of the Group	421	278
- audit of the financial statements of the Company	70	50
- audit related assurance services	37	35

6 Operating segment reporting

The Group acquired FinTech provider Dunstan Thomas on 3 August 2020. Prior to this acquisition, all results were viewed as one operating segment for the purposes of management decisions as all operations were conducted within the UK and all material operations were of the same nature and shared the same economic characteristics including a similar customer base and nature of product and services (i.e. pensions administration).

Following the acquisition of Dunstan Thomas during the year ended 31 December 2020, the Group is now considered to have two operating segments. Dunstan Thomas provides IT software development, licences and consultancy services and, collectively, these services are described in the Group's financial statements as FinTech.

The following tables present revenue and profit information regarding the Group's operating segments for the two years ended 31 December 2020 and 31 December 2019 respectively.

Year ended 31 December 2020	Pension Administration £'000	FinTech £'000	Consolidation adjustments £'000	Consolidated £'000
Revenue				
External customers	49,078	4,793	-	53,871
Internal customers	-	485	(485)	-
	49,078	5,278	(485)	53,871
Administrative expenses				
External customers	36,830	3,055	-	39,885
Internal customers	-	485	(485)	-
	36,830	3,540	(485)	39,885
Adjusted operating profit	12,248	1,738	-	13,986
Adjusted operating profit margin	25.0%	32.9%		26.0%

Year ended 31 December 2019	Pension Administration £'000	Consolidated £'000
Revenue		
External customers	48,949	48,949
	48,949	48,949
Administrative expenses		
External customers	35,218	35,218
	35,218	35,218
Adjusted operating profit	13,731	13,731
Adjusted operating profit margin	28.1%	28.1%

6 Operating segment reporting (continued)

Corporate costs

The Group's operating segments are managed together as one business. Accordingly, certain corporate costs such as finance income and expenses, non-recurring costs, gains and losses on the disposal of assets, taxes, intangible assets and certain other assets and liabilities are not allocated to individual segments as they are managed on a group basis. Segment adjusted operating profit or loss reflects the measure of segment performance reviewed by the Board of Directors (the Chief Operating Decision Maker).

The following table reconciles the total segments adjusted operating profit to statutory profit before tax:

	Year ended 31 December 2020 £'000	2019 £'000
Total segments adjusted operating profit	13,986	13,731
Amortisation and impairments	(2,442)	(1,379)
Non-recurring administrative expenses	(3,313)	(1,091)
Finance income	83	145
Finance costs	(885)	(523)
Profit before tax	7,429	10,883

The following table presents a split of assets and liabilities of the Group's operating segments for the year ended 31 December 2020. For the year ended 31 December 2019 the Group had only one operating segment, being Pension Administration, and consequently comparative information is disclosed in the Consolidated Statement of Financial Position.

Corporate assets and liabilities are not allocated to individual operating segments as they are managed on a group basis. Policyholder assets and liabilities are not allocated to individual operating segments as all investment returns associated with these are due back to policyholders under non-participating investment contracts, alongside non-participating investment contract expenses and changes in provisions for non-participating investment contract liabilities, such that the impact on shareholder assets and liabilities, and profit or loss, is nil.

Year ended 31 December 2020	Pension Administration £'000	FinTech £'000	Corporate £'000	Policyholder £'000	Consolidated £'000
Total assets	63,241	8,079	75,041	3,691,456	3,837,817
Total liabilities	26,621	3,798	35,792	3,691,456	3,757,667

7 Non-recurring administrative expenses

Non-recurring administrative expenses include the following significant items:

	Year ended 31 December	
	2020	**2019**
	£'000	**£'000**
Dunstan Thomas acquisition costs	769	-
Talbot and Muir acquisitions costs	561	-
Other acquisition related costs	151	61
Redundancy & restructuring costs	1,091	696
In-specie contributions	402	-
Treasury solution implementation	286	-
Data cleansing provision	53	-
Costs relating to directorate and senior management changes	-	334
	3,313	1,091

Acquisition costs - Dunstan Thomas and Talbot and Muir

Two acquisitions were completed during the year: FinTech provider Dunstan Thomas on 3 August 2020, and fellow SIPP provider Talbot and Muir on 30 October 2020. The Group has incurred legal and professional fees in connection with these transactions and, in accordance with IFRS 3 *Business Combinations*, these have been expensed and treated as non-recurring costs. The Group expects that further costs may be recognised for these acquisitions over the next three financial years in relation to fair value changes to the amount of contingent consideration payable.

Other acquisition related costs

During the year, the Group incurred some final costs in relation to deferred consideration payable on the client portfolio acquired from Friends Life in 2015, together with final costs related to the acquisitions of Hargreave Hale and European Pension Management Ltd.

Redundancy & restructuring costs

During the year ended 31 December 2020 and 31 December 2019, the Group progressed its strategy to deliver its Target Operating Model and centralise commercial property administration within one office location. Redundancy costs associated with this decision as well as costs associated with duplicated staff efforts while work is transferred between offices were included within non-recurring costs.

7 Non-recurring costs (continued)

In-specie contributions

As previously reported, the Group has been in correspondence with HMRC regarding processes and documentation in respect of in specie contributions. HMRC have alleged that incorrect procedures were followed and is seeking to reclaim tax reliefs granted and interest thereon. This is an industry wide issue affecting other SIPP operators and has been challenged by the sector as a whole. Following a favourable ruling for HMRC in a case affecting another SIPP operator, and having taken further legal advice, the Directors now consider it more likely than not that some cost associated with this issue will be incurred by the Group. See provisions note 24 for further detail.

Treasury solution implementation

During the year ended 31 December 2020, the Group invested in a new strategic treasury solution with a global provider of back office operational cash management software. The investment is designed to innovate and improve the Group's treasury management function through provision of a system that provides a multibank facility. Costs associated with this investment that did not meet the criteria for capitalisation have been treated as non-recurring cost.

Data cleansing provision

As part of the consolidation and integration exercise undertaken during the year ended 31 December 2018 management initiated a review of data records relating to commercial properties held within SIPPs administered by the Group. A small amount of further cost, over and above amounts previously provided, associated with this process arose during the year ended 31 December 2020.

Costs relating to directorate and senior management changes

During the year ended 31 December 2019, the incumbent Chief Financial Officer of the Group announced he was stepping down from the role and a successor was recruited. An orderly handover of responsibilities took place between the previous Chief Financial Officer and the new Chief Financial Officer. Costs associated with this transitional period incurred during the year ended 31 December 2019, including recruitment costs and costs of associated senior staff changes, have been treated as non-recurring costs.

8 Directors and employees

	Year ended 31 December 2020 £'000	2019 £'000
Wages and salaries	21,317	18,524
Social security costs	2,301	1,765
Other pension costs	2,015	1,704
Share-based incentive awards	434	956
	26,067	22,949

The monthly average number of employees during the year was:	2020 Number	2019 Number
Directors	6	6
Administration	692	566
	698	572

Details of emoluments paid to the directors and key management personnel of the Group are as follows:

	Year ended 31 December 2020 £'000	2019 £'000
Total emoluments paid to:		
Directors		
Wages and salaries	1,487	1,280
Social security costs	220	146
Post-employment costs	20	37
Share-based incentive awards	202	427
Key management personnel		
Wages and salaries	908	1,334
Compensation for loss of office	-	126
Social security costs	136	173
Post-employment costs	60	67
Share-based incentive awards	80	177
	3,113	3,767
Emoluments of highest paid director:		
Wages and salaries	508	436
Pension contribution	7	9
	515	445

Short term employee benefits include wages and salaries. Long term employee benefits include share-based incentive awards.

9 Finance costs

	Year ended 31 December	
	2020	2019
	£'000	£'000
Operational cost		
Interest payable on bank loans	523	382
Interest and finance costs on lease liabilities	174	141
Non-recurring cost		
Unwind of discount factor on contingent consideration relating to:		
Acquisition of Dunstan Thomas	131	-
Acquisition of Talbot and Muir	57	-
	885	523

10 Finance income

	Year ended 31 December	
	2020	2019
	£'000	£'000
Interest income	83	145

11 Taxation

	Year ended 31 December	
	2020	2019
	£'000	£'000
Domestic current year tax		
UK Corporation tax	1,542	2,202
Deferred tax		
Origination and reversal of temporary differences	122	(169)
	1,664	2,033
Factors affecting the tax charge for the year		
Profit before tax	7,429	10,883
Profit before tax multiplied by standard rate of UK Corporation tax of 19% (2019: 19%)	1,412	2,068
Effects of:		
Adjustment to prior year	117	(33)
Non-deductible expenses	177	10
Other tax adjustments	(42)	(12)
	252	(35)
Total tax charge	1,664	2,033

12 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Changes in income or expense that would result from the conversion of the dilutive potential ordinary shares are deemed to be trivial, and therefore no separate diluted net profit is presented.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2020 £'000	2019 £'000
Net profit available to equity holders of the Company	5,765	8,850
Net profit before tax, non-recurring costs and amortisation available to equity holders of the Company.	13,372	13,353
Weighted average number of ordinary shares:	**Number**	**Number**
Issued ordinary shares at start of the year	54,142,346	53,807,346
Effect of shares issued during the year**	5,859,094	1,002,290
Effect of shares held by employee benefit trust	(296,835)	(244,741)
Basic weighted average number of shares	59,704,605	54,564,895
Effect of dilutive options **	886,707	1,216,778
Diluted weighted average number of shares	60,591,312	55,781,673
	Pence	**Pence**
Earnings per share:		
Basic**	9.7	16.2
Diluted**	9.5	15.9
Earnings per share on net profit before non-recurring costs and amortisation, less an effective tax rate*:		
Basic**	18.1	19.8
Diluted**	17.9	19.4

*In order to reduce the impact of accounting measures such as deferred tax, and the timing of tax reliefs, the effective tax rate matches the current tax rate applicable to the accounting year. The current tax rate applicable for the year ended 31 December 2020 was 19% (2019: 19%).

** Both basic EPS and diluted EPS have been adjusted to reflect the impact of a bonus factor within shares issued during the year ended 31 December 2020. Diluted EPS for the year ended 31 December 2019 has been restated on the same basis in these financial statements. There is no impact to either the income statement or balance sheet of the Group.

13 Intangible assets

Group

	Goodwill £'000	Client Portfolios £'000	Computer Software £'000	Internally Generated Software and Relationships £'000	Total £'000
Cost					
At 1 January 2019	28,903	18,866	1,481	-	49,250
Additions	-	-	696	-	696
At 31 December 2019	28,903	18,866	2,177	-	49,946
Arising on acquisitions	20,682	17,435	-	11,078	49,195
Additions	-	-	606	380	986
At 31 December 2020	49,585	36,301	2,783	11,458	100,127
Amortisation and Impairment					
At 1 January 2019	-	4,379	761	-	5,140
Charge for the year	-	941	438	-	1,379
At 31 December 2019	-	5,320	1,199	-	6,519
Charge for the year	-	1,081	248	769	2,098
Impairment	-	344	-	-	344
At 31 December 2020	-	6,745	1,447	769	8,961
Net book value					
At 1 January 2019	28,903	14,487	720	-	44,110
At 31 December 2019	28,903	13,546	978	-	43,427
At 31 December 2020	49,585	29,556	1,336	10,689	91,166

13 Intangible assets *(continued)*

Goodwill

Goodwill totalling £28,903,000 arose on the acquisition of Suffolk Life Group Limited and its subsidiaries on 25 May 2016. Goodwill totalling £16,115,000 arose on the acquisition of Dunstan Thomas Group Limited and its subsidiaries on 3 August 2020. Goodwill totalling £4,567,000 arose on the acquisition of Talbot and Muir Limited and its subsidiaries on 30 October 2020.

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired. The recoverable amount of goodwill has been determined based on value-in-use calculations using a discount rate appropriate to the risk profile of the asset. These calculations use operating cash flow projections based on financial budgets approved by management covering a three year period, assuming business then continues onwards after this period at a steady rate for the purpose of the analysis.

Client Portfolios

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

The brought forward balance relates to the purchase by Curtis Banks Limited, a subsidiary company, of the trade and assets of Montpelier Pension Administration Services Limited on 13 May 2011, the full SIPP business of Alliance Trust Savings Limited on 18 January 2013, the full SIPP business and certain assets of Pointon York SIPP Solutions Limited on 31 October 2014, the full SIPP business of Rathbones Pension & Advisory Services Limited on 31 December 2014, a book of full SIPPs from Friends Life PLC (now Aviva PLC) on 13 March 2015 and a book of SIPPs from Hargreave Hale Limited on 10 December 2018.

The brought forward balance also includes the purchase by Suffolk Life Pensions Limited, a subsidiary company, of the trade and assets of European Pensions Management Limited on 14 July 2016, and books of SIPPs purchased from Pointon York SIPP Solutions Limited on 9 November 2012, Pearson Jones PLC on 30 April 2013, and Origen Investment Services Limited on 22 May 2013.

Client portfolios fair valued at £17,435,000 arose on acquisition of Talbot and Muir Limited and its subsidiaries on 30 October 2020.

Impairment charges totalling £344,000 against the intangible asset relating to client portfolios have been recognised during the year (2019: £nil). This relates to changes in the estimate of future cash flows expected on these assets over their remaining useful economic lives owing to increased uncertainty over the longevity of the current low interest rate environment.

The client portfolios are being amortised over a period of 20 years and have an average remaining expected useful economic life as at 31 December 2020 of 14 years and 1 month.

Computer Software

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

13 Intangible assets *(continued)*

Internally Generated Software

Internally generated software and relationships represents the provisional and collective valuation of identifiable intangible assets separate to goodwill arising on acquisition of Dunstan Thomas by Curtis Banks Group PLC during the year ended 31 December 2020. Internally generated software and relationships are being provisionally amortised over a period of between 5 and 7.5 years. Please see business combinations note 34 to the consolidated financial statements for further detail.

14 Investment Property

Assets held at fair value

Group

	Year ended 31 December	
	2020	2019
	£'000	£'000
Fair value		
At 1 January	1,265,784	1,274,452
Additions	122,449	125,848
Disposals	(118,877)	(122,047)
Fair value losses	(60,751)	(12,469)
At 31 December	1,208,605	1,265,784

All investment properties have been valued at the year end by reference to most recent professional valuations and this is further adjusted by applying the corresponding property index available. Investment properties held to cover the linked policyholder business are included in non-participating investment contract liabilities.

Rental income from investment property is disclosed in note 22(b) to the financial statements.

15 Property, plant and equipment

Assets held at cost

Group

	Right of use assets	Computer equipment	Office equipment, fixtures & fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	-	4,338	1,528	5,866
Arising on transition to IFRS 16	5,285	-	-	5,285
Additions	-	917	98	1,015
Disposals	-	(172)	-	(172)
At 31 December 2019	5,285	5,083	1,626	11,994
Arising from acquisitions	1,904	292	468	2,664
Additions	-	570	21	591
At 31 December 2020	7,189	5,945	2,115	15,249
Depreciation				
At 1 January 2019	-	3,555	1,095	4,650
Charge for the year	695	459	167	1,321
Disposals	-	(172)	-	(172)
At 31 December 2019	695	3,842	1,262	5,799
Arising from acquisitions	-	180	113	293
Charge for the year	763	547	189	1,499
At 31 December 2020	1,458	4,569	1,564	7,591
Carrying value				
At 1 January 2019	-	783	433	1,216
At 31 December 2019	4,590	1,241	364	6,195
At 31 December 2020	5,731	1,376	551	7,658

16 Investments

Assets held at fair value

Total fair value as at 31 December 2020	Group	
	2020	2019
	£'000	£'000
Fair value		
Equity and other variable-yield securities	2,015,190	1,920,595
Debt securities and other fixed-income securities	57,127	73,602
Total shares and securities	2,072,317	1,994,197
At cost	1,641,683	1,578,366

Movement in the year on total shares and securities	Group	
	2020	2019
	£'000	£'000
At beginning of the year	1,994,197	1,813,057
Additions	631,200	532,717
Disposals	(673,037)	(584,425)
Unrealised gains	119,957	232,848
At end of the year	2,072,317	1,994,197

The Group values all investments in line with its accounting policy.

16 Investments (continued)

Assets held at cost

	Company £'000
Cost	
At 1 January 2019	58,440
Additions – equity share based payment costs	956
At 31 December 2019	59,396
Additions – equity share based payment costs	434
Additions – acquisition of Dunstan Thomas (see note 34)	25,848
Additions – acquisition of Talbot and Muir (see note 34)	21,845
Additions – investment in employee benefit trust	850
At 31 December 2020	108,373
Net book value	
At 1 January 2019	58,440
At 31 December 2019	59,396
At 31 December 2020	108,373

Details of the investments are as follows:

Name of entity	Registered Office Address Indicator	Principal activity	Country of Incorporation	% of Ordinary Shares held by parent Company	% of Ordinary Shares held by Group
Curtis Banks Limited	(A)	Provision of pension administration services	England and Wales	100.00	100.00
Suffolk Life Group Limited	(B)	Holding company	England and Wales	100.00	100.00
Suffolk Life Pensions Limited	(B)	Provision of pension administration services	England and Wales	-	100.00
Suffolk Life Annuities Limited	(B)	Provision of pension administration services	England and Wales	-	100.00
CB 2019 Limited	(A)	Non-trading	England and Wales	-	90.00
Rivergate Legal Limited	(A)	Provision of legal services	England and Wales	100.00	100.00
Templemead Property Solutions Limited	(A)	Provision of property valuation services	England and Wales	100.00	100.00
Dunstan Thomas Group Limited	(D)	Holding company	England and Wales	100.00	100.00

16 Investments (continued)

Name of entity	Registered Office Address Indicator	Principal activity	Country of Incorporation	% of Ordinary Shares held by parent Company	% of Ordinary Shares held by Group
Digital Keystone Limited	(D)	Provision of IT products and services	England and Wales	-	100.00
Dunstan Thomas Holdings Limited	(D)	Provision of IT product development and services	England and Wales	-	100.00
Dunstan Thomas Consulting Limited	(D)	Provision of IT product development and services	England and Wales	-	100.00
Platform Action Limited	(D)	Provision of IT product development and services	England and Wales	-	100.00
Talbot and Muir Limited	(E)	Provision of pension administration services	England and Wales	100.00	100.00
The Pension Partnership Limited	(E)	Non-trading	England and Wales	-	100.00
MYSIPP Trustees Limited	(E)	Dormant	England and Wales	-	100.00
The Ward Mitchell Trustees Limited	(E)	Dormant	England and Wales	-	100.00
Oval Trustees Limited	(E)	Dormant	England and Wales	-	100.00
SAM Trustees Limited	(E)	Dormant	England and Wales	-	100.00
T M Trustees Limited	(E)	Dormant	England and Wales	-	100.00
MYSIPP Trustees (Property) Limited	(E)	Dormant	England and Wales	-	100.00
TPP Nominees Limited	(E)	Dormant	England and Wales	-	100.00
The Pension Partnership SIPP Trustees Limited	(F)	Dormant	England and Wales	-	100.00
The Pension Partnership SSAS Trustees Limited	(F)	Dormant	England and Wales	-	100.00
MYSSAS Trustees Limited	(E)	Dormant	England and Wales	-	100.00
Colston Trustees Limited	(A)	Dormant	England and Wales	-	100.00
Montpelier Pension Trustees Limited	(A)	Dormant	England and Wales	-	100.00
Tower Pension Trustees Limited	(A)	Dormant	England and Wales	-	100.00
SPS Trustees Limited	(A)	Dormant	England and Wales	-	100.00
Crescent Trustees Limited	(A)	Dormant	England and Wales	-	100.00

16 Investments (continued)

Name of entity	Registered Office Address Indicator	Principal activity	Country of Incorporation	% of Ordinary Shares held by parent Company	% of Ordinary Shares held by Group
Tower Pension (S-B) Trustees Limited	(C)	Dormant	Scotland	-	100.00
Bridgewater Pension Trustees Limited	(A)	Non-trading	England and Wales	-	100.00
Temple Quay Pension Trustees Limited	(A)	Dormant	England and Wales	-	100.00
Suffolk Life Trustees Limited	(B)	Non-trading	England and Wales	-	100.00
Suffolk Life (Spartan Estate) Limited	(B)	Dormant	England and Wales	-	100.00
SLA Property Company Limited	(B)	Dormant	England and Wales	-	100.00
EPPL P1056 Limited	(B)	Dormant	England and Wales	-	100.00
Tower Pension (S-B) Trustees Limited	(C)	Dormant	Scotland	-	100.00

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

- **(A)** 3 Temple Quay, Temple Back East, Bristol, BS1 6DZ
- **(B)** 153 Princes Street, Ipswich, Suffolk, IP1 1QJ
- **(C)** Suite 3, West Port House, 144 West Marketgait, Dundee, DD1 1NJ
- **(D)** Building 3000 Lakeside North Harbour, Portsmouth, PO6 3EN
- **(E)** 55 Maid Marian Way Nottingham NG1 6GE
- **(F)** 33 Park Square West, Leeds, LS1 2PF

In the opinion of the directors, the aggregate value of the Group's investment in subsidiary undertakings is not less than the amount included in the statement of financial position. All subsidiaries, other than Curtis Banks Limited, Suffolk Life Pensions Limited, Suffolk Life Annuities Limited and Talbot and Muir Limited are exempt from audit under the requirements of s479 of the Companies Act 2006.

17 Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflects the Group's view of market assumptions in the absence of observable market information. The Group utilises techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement 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: fair values measured using valuation techniques for any input for the asset or liability significant to the measurement that is not based on observable market data (unobservable inputs).

The following table presents the Group's financial investments and investment property by IFRS 13 hierarchy levels:

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
As at 31 December 2020				
Equity and other variable-yield securities	2,015,190	1,975,187	27,655	12,348
Debt securities and other fixed-income securities	57,127	34,034	21,348	1,745
Cash equivalents	551	-	551	-
Investment property	1,208,605	-	-	1,208,605
Total financial investments and investment property	3,281,473	2,009,221	49,554	1,222,698

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
As at 31 December 2019				
Equity and other variable-yield securities	1,920,595	1,881,632	28,477	10,486
Debt securities and other fixed-income securities	73,602	40,995	25,110	7,497
Cash equivalents	604	416	188	-
Investment property	1,265,784	-	-	1,265,784
Total financial investments and investment property	3,260,585	1,923,043	53,775	1,283,767

There have been no significant transfers between level 1 and level 2 in 2020 or 2019.

Level 3 assets where internal models are used comprise property and unquoted investments, the latter including investments in private equity, property vehicles and suspended securities.

17 Fair value hierarchy (continued)

In many situations, inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In these situations, the Group determines the level in which the fair value falls based upon the lowest level input that is significant to the determination of the fair value. As a result, both observable and unobservable inputs may be used in the determination of fair values that the Group has classified within level 3.

The Group determines the fair values of certain financial assets and liabilities based on quoted market prices, where available. The Group also determines fair value based on estimated future cash flows discounted at the appropriate current market rate. As appropriate, fair values reflect adjustments for counterparty credit quality, the Group's credit standing, liquidity and risk margins on unobservable inputs.

Where quoted market prices are not available, fair value estimates are made at a point in time, based on relevant market data, as well as the best information about the individual financial instrument. Illiquid market conditions have resulted in inactive markets for certain of the Group's financial instruments. As a result, there is generally no or limited observable market data for these assets and liabilities. Fair value estimates for financial instruments deemed to be in an illiquid market are based on judgements regarding current economic conditions, liquidity discounts, currency, credit and interest rate risks, loss experience and other factors. These fair values are estimates and involve considerable uncertainty and variability as a result of the inputs selected and may differ significantly from the values that would have been used had a ready market existed, and the differences could be material. As a result, such calculated fair value estimates may not be realisable in an immediate sale or settlement of the instrument. In addition, changes in the underlying assumptions used in the fair value measurement technique could significantly affect these fair value estimates.

With the exception of £nil (2019: £42k) of investment property, all level 3 investments relate to policyholder assets and movements in the value of such assets do not therefore impact on shareholder reserves.

17 Fair value hierarchy (continued)

Level 3 Investments	Equity and other variable-yield securities 2020 £'000	Debt securities and other fixed income securities 2020 £'000	Investment Property 2020 £'000
Fair value			
At 1 January 2020	10,486	7,497	1,265,784
Net (losses)/gains for the year recognised in profit and loss	(6,702)	(7,486)	(60,751)
Purchases/Additions	-	-	122,449
Disposals	-	-	(118,877)
Transfers into level 3	9,268	1,734	-
Transfers out of level 3	(704)	-	-
At 31 December 2020	12,348	1,745	1,208,605

Level 3 Investments	Equity and other variable-yield securities 2019 £'000	Debt securities and other fixed income securities 2019 £'000	Investment Property 2019 £'000
Fair value			
At 1 January 2019	16,907	4,189	1,274,452
Net (losses)/gains for the year recognised in profit and loss	(5,948)	4,759	(12,469)
Purchases/Additions	-	-	125,848
Disposals	-	-	(122,047)
Transfers into level 3	7,836	966	-
Transfers out of level 3	(8,309)	(2,417)	-
At 31 December 2019	10,486	7,497	1,265,784

Transfers out of level 3 relate to assets held for which observable inputs subsequently became available. Transfers into level 3 relate to assets formerly categorised as level 1 or level 2 assets where observable inputs are no longer available. This is principally due to assets becoming illiquid meaning that observable inputs are no longer available.

17 Fair value hierarchy (continued)

Fair values of financial instruments are, in certain circumstances, measured using valuation techniques that incorporate inputs and assumptions that are not evidenced by prices from observable current market transactions in the same instrument and are not based on observable market data. The following table shows the level 3 financial instruments carried at fair value as at the balance sheet date, the valuation basis, main assumptions used in the valuation of these instruments and reasonably possible increases or decreases in fair value based on reasonably possible alternative assumptions. A factor of 5% has been used as the reasonably possible alternative assumption.

As at 31 December 2020

				Reasonably possible alternative assumptions	
Assets	**Valuation Basis / Technique**	**Main inputs and assumptions**	**Current fair value 2020 £'000**	**Increase in fair value 2020 £'000**	**Decrease in fair value 2020 £'000**
Suspended securities	*Note 1*	Estimated recoverable amount	10,665	533	(533)
Unquoted securities	*Note 1*	Price earning multiple	3,428	170	(170)
Investment property	*Note 2*	Third party property index	1,208,605	60,430	(60,430)
			1,222,698	61,133	(61,133)

As at 31 December 2019

				Reasonably possible alternative assumptions	
Assets	**Valuation Basis / Technique**	**Main assumptions**	**Current fair value 2019 £'000**	**Increase in fair value 2019 £'000**	**Decrease in fair value 2019 £'000**
Suspended securities	*Note 1*	Estimated recoverable amount	9,992	500	(500)
Unquoted securities	*Note 1*	Price earning multiple	7,991	400	(400)
Investment property	*Note 2*	Third party property index	1,265,784	63,289	(63,289)
			1,283,767	64,189	(64,189)

1. Values are based on estimate of market price. Sources used in deriving these estimates include the last traded price between a buyer and a seller, brokers providing a matched bargain facility or a company's audited financial statements, if available.

2. Valued using professional specialist property third party indexation data and indexation from the last valuation.

17 Fair value hierarchy (continued)

Any changes in value of assets held within non-participating investment contracts are offset by an equal and opposite change in investment contract liabilities.

The fair value of cash equivalents, trade receivables and trade payables approximate to their carrying values due to their short-term nature.

The fair value of contingent consideration payable is split between creditors due within one year and creditors due in more than one year. The total amount payable relates to acquisitions by the Group of Dunstan Thomas and Talbot and Muir. See notes 34 and 35 for further details. Contingent consideration payable is wholly classified as Level 3 for fair value measurement under IFRS 13.

18 Trade and other receivables

	Group As at 31 December		Company As at 31 December	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade receivables	17,496	13,305	-	-
Prepayments and accrued income	7,150	5,689	17	8
Amounts owed by group undertakings	-	-	-	70
Other receivables	2,267	921	279	-
	26,913	19,915	296	78

All trade receivables were non-interest bearing and receivable under normal commercial terms. The directors consider that the carrying value of trade and other receivables approximates to their fair value. All trade receivables are fees due from SIPPs and SSASs or due from policyholders in relation to their investments. Fees are taken from the assets of the respective schemes of which the Group has control. If there are no assets in the scheme, payment of the fees is the responsibility of the member who set the scheme up. As such, all debts should be recoverable over time. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Details about the Group's impairment policies and the calculation of loss allowance are provided in note 32 to the financial statements.

19 Cash and cash equivalents

As at 31 December 2020 and 2019 cash and cash equivalents were as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash at bank and in hand	32,509	31,228	4,411	1,330
Deposits with credit institutions	397,518	389,715	-	-
Cash equivalents	551	604	-	-
Cash and cash equivalents	430,578	421,547	4,411	1,330

The Group considers potential expected credit losses on cash and cash equivalents to be insignificant.

20 Trade and other payables

	Group		Company	
	As at 31 December		As at 31 December	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade payables	8,172	1,553	29	47
Taxes and social security costs	2,880	3,204	51	-
Amounts owed to group undertakings	-	-	1,347	168
Other payables	246	4,974	-	-
Accruals	7,597	5,877	140	107
	18,895	15,608	1,567	322

Trade payables are non-interest bearing and are normally settled on 30 day terms.

21 Borrowings

	Group As at 31 December		Company As at 31 December	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Current				
Bank loans	53,533	28,215	3,852	3,156
	53,533	28,215	3,852	3,156
Non-current				
Bank loans	53,370	48,911	19,904	8,274
	53,370	48,911	19,904	8,274
Total borrowings	106,903	77,126	23,756	11,430

Bank borrowings

The bank borrowings are repayable as follows:

	Group As at 31 December		Company As at 31 December	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Within 1 year	53,533	28,215	3,852	3,156
Between 1 year and 5 years	42,531	31,793	19,904	8,274
After more than 5 years	10,839	17,118	-	-
	106,903	77,126	23,756	11,430

Bank borrowings of the Company are repayable between January 2021 and July 2025 and bear average coupons of 2.25% plus LIBOR per annum.

Total borrowings of the Group include liabilities of £83,147,000 (2019: £65,696,000) secured by legal charge over certain properties held within non-participating investment contracts, and liabilities of £23,756,000 (2019: £11,430,000) secured on the shares of Curtis Banks Limited, Suffolk Life Pensions Limited, Suffolk Life Annuities Limited, and Dunstan Thomas Group Limited.

22 Non-participating investment contract liabilities

All amounts within this note relate to the Group only. There are no non-participating investment contract liabilities within the Company.

(a) Analysis of investment contract liabilities

Investment contract liability provisions for linked liabilities arising in connection with the above policies are detailed below. There is no reinsurance amount (2019: £nil). For each linked SIPP the Group provides, there is a separate internal fund. Where the Group provides a Trustee Investment Plan or Group Managed Fund, there are a number of separate internal funds.

Movement in non-participating investment contract liabilities	**2020 £'000**	**2019 £'000**
As at 1 January	3,571,904	3,405,428
Reserves in respect of new business	180,513	112,052
Amounts paid on surrenders and maturities during the year	(256,998)	(277,448)
Investment income	125,231	365,815
Expenses	(35,343)	(33,943)
As at 31 December	3,585,307	3,571,904

These relate to:

	2020 £'000	**2019 £'000**
Self-Invested Personal Pensions	2,554,264	2,500,340
Group Managed Funds – Trustee Investment Plans	55,583	65,054
Group Managed Funds	55,306	74,736
Trustee Investment Plans	920,154	931,774
As at 31 December	3,585,307	3,571,904

Assets held to cover non-participating investment contracts are detailed under separate notes to the financial statements.

(b) Investment contract liabilities – investment income

	2020 £'000	**2019 £'000**
Rents receivable	75,931	81,697
Interest receivable	2,715	3,326
Investment and other income	27,526	36,378
Realised (losses)/gains on investments	(40,093)	24,772
Unrealised gains on investments	59,152	219,642
	125,231	365,815

22 Non-participating investment contract liabilities *(continued)*

(c) *Investment contract liabilities – expenses*

	2020 £'000	2019 £'000
Investment management fees	10,010	10,322
Adviser fees	610	379
Management charges – administration	6,859	8,807
Bank fees and charges	300	180
Professional fees and sundries	11,150	11,417
Bad debts	4,104	593
Interest payable on bank loans and overdrafts	2,310	2,245
	35,343	33,943

(d) Reserves in respect of new business

	2020 £'000	2019 £'000
Gross premiums		
Periodic premiums relating to Self-Invested Personal Pensions	1,700	2,270
Single premiums relating to Self-Invested Personal Pensions	120,837	34,164
Single premiums relating to Group Managed Funds – TIPs	3,851	3,274
Single premiums relating to Group Managed Funds	1,212	2,280
Single premiums relating to Trustee Investment Plans	52,913	70,064
	180,513	112,052

(e) Amounts paid on surrenders and maturities during the year

	2020 £'000	2019 £'000
Gross claims paid		
Lump sums on death	16,910	9,868
Lump sums on pensions vesting	12,010	23,039
Income withdrawals	31,090	33,979
Annuities purchased	122	941
Transfers out	183,705	200,949
Surrenders of managed funds – Trustee Investment Plans	13,161	8,672
	256,998	277,448

23 Deferred tax liability

As a result of the taxation position set out in note 11, a deferred tax asset has arisen as follows:

		Group
	2020	2019
	£'000	£'000
Brought forward asset	(911)	(595)
Net change in temporary differences on equity share based payments	568	(383)
Net change in temporary differences on plant and equipment	77	67
Net change in temporary differences on intangible assets	5,279	-
Carried forward liability/(asset)	5,013	(911)

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

	Group As at 31 December	
	2020	2019
	£'000	£'000
Temporary differences on equity share based payments	(269)	(837)
Temporary differences on plant and equipment	3	(74)
Temporary differences on intangible assets	5,279	-
	5,013	(911)

The deferred tax asset assumes a future corporation tax rate of 19% will be applicable to the Group.

24 Provisions

			As at 31 December	
Provisions	Other provision £'000	Restructuring provision £'000	In-specie contributions provision £'000	Group Total £'000
Balance as at 1 January 2019	500	-	-	500
Amounts introduced	-	307	-	307
Amounts utilised	(254)	-	-	(254)
Balance as at 31 December 2019	246	307	-	553
Amounts introduced	53	-	402	455
Amounts arising on acquisitions	7	-	-	7
Amounts utilised	(292)	(170)	-	(462)
Amounts released as unutilised	(7)	(38)	-	(45)
Balance as at 31 December 2020	7	99	402	508

24 Provisions *(continued)*

Other provision

As part of the consolidation and integration exercise undertaken during the year ended 31 December 2018 management initiated a review of data records relating to commercial properties held within SIPPs administered by the Group. A provision of £500,000 was made for the estimated costs arising from this exercise. Additionally, a contingent liability was recognised and remains disclosed within note 38 to the financial statements.

As at 31 December 2019, the Group had completed its review enabling identification of the total number of cases potentially requiring remediation, and as of 31 December 2020, the vast majority of cases had been settled. There were no material variances to the original estimate of future remaining direct costs the Group expected to potentially bear.

Restructuring provision

During the year ended 31 December 2019, the Group progressed its strategy to deliver its Target Operating Model by deciding to centralise commercial property administration within one office location. Redundancy costs associated with this decision, relating to the year ended 31 December 2019, are included as amounts introduced to the restructuring provision for that year. There were no material variances to the original estimate of costs the Group expected to potentially bear.

In-specie contributions provision

As previously reported, the Group has been in correspondence with HMRC regarding processes and documentation in respect of in specie contributions. HMRC have alleged that incorrect procedures were followed and is seeking to reclaim tax reliefs granted and interest thereon. This is an industry wide issue affecting other SIPP operators and has been challenged by the sector as a whole. Following a favourable ruling for HMRC in a case affecting another SIPP operator, and having taken further legal advice, the Directors now consider it more likely than not that some cost associated with this issue will be incurred by the Group.

The total exposure for affected clients is estimated at £1.1m inclusive of interest. However, in recognition of the possibility that some clients may have insufficient assets to settle their share of the cost, the Group has recognised a provision of £0.4m and treated this amount as a non-recurring cost during the year ended 31 December 2020.

25 Issued capital

	Group & Company 2020 £'000	Group & Company 2019 £'000
Allotted, called up and fully paid		
Ordinary shares of 0.5p each	330	271
	330	271
	Number	**Number**
Number of Ordinary shares		
Brought forward	54,142,346	53,807,346
Issued during the year	12,271,966	335,000
Carried forward	66,414,312	54,142,346

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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

26 Reserves

Share premium

This reserve was created on admission to trading on the Alternative Investment Market ("AIM") and arises on the difference between the placing price and the par value of Ordinary shares issued. Expenses directly relating to the issue of new shares in the Company onto the AIM market have been deducted from the share premium account.

Equity share based payments

This reserve arises from share options granted by the Group to certain employees of the Group. Further details are disclosed in note 27.

Retained earnings

Retained earnings comprise the cumulative realised gains and losses of the Group from each of the individual combined entities.

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The Company's profit after tax for the year was £11,049,000 (2019: £6,925,000).

26 Reserves (continued)

Treasury shares

The Group has established an employee benefit trust ("EBT") in order to acquire ordinary shares in the Company to satisfy awards under the Group's share based payment schemes. At 31 December 2020, the EBT held 261,276 ordinary shares in the Company, acquired for a total consideration of £681,490 with a market value of £600,935 (2019: 206,286 ordinary shares acquired for a total consideration of £614,084 with a market value of £728,190). They are classified as treasury shares in the Consolidated Statement of Financial Position, their cost being deducted from equity.

27 Equity share based payments

The weighted average exercise price for all options outstanding at 31 December 2020 was 197.08p (2019: 162.17p).

The weighted average exercise price for all options exercised during the year ended 31 December 2020 was 79.04p (2019: 99.32p).

The weighted average remaining contractual life of all unexercised share options as at 31 December 2020 was 6 years and 7 months (2019: 5 years and 8 months).

The total charge to the Consolidated Statement of Comprehensive Income arising from equity-settled share-based payment transactions for the year ended 31 December 2020 was £434,000 (year ended 31 December 2019: £956,000). The total increase in equity arising from equity-settled share-based payment transactions for the year ended 31 December 2020 was £434,000 (year ended 31 December 2019: £956,000).

27 Equity share based payments (continued)

The following table sets out each of the Group's equity share based payments in operation during the year ended 31 December 2020:

Scheme	Date of grant	Number of shares under option at 1 January 2020	Granted	Exercised	Lapsed	Number of shares under option at 31 December 2020	Exercise price	Latest Exercise Date
EMI15	08/04/15	465,000	-	-	-	465,000	62.54p	08/04/25
SS16	28/06/16	17,518	-	(7,103)	(10,415)	-	288.88p	01/02/20
SS17	30/05/17	471,493	-	(204,601)	(16,230)	250,662	213.60p	01/02/21
SS18	21/05/18	77,795	-	-	(8,432)	69,363	268.80p	01/02/22
SS19	21/05/19	180,585	-	-	(42,368)	138,217	244.80p	01/02/23
SS20	19/05/20	-	587,977	-	(20,636)	567,341	212.80p	01/02/24
CSOP16A	14/09/16	171,616	-	-	-	171,616	267.00p	14/09/26
CSOP16B	15/12/16	535,996	-	-	-	535,996	201.00p	15/12/26
CSOP17	26/06/17	535,996	-	-	-	535,996	260.00p	25/06/27
CSOP20	08/04/20	-	391,757	-	-	391,757	217.00p	08/04/30
LTIP17	26/10/17	373,073	-	(367,204)	-	5,869	0p	26/10/27
LTIP18A	18/09/18	154,603	-	-	-	154,603	0p	18/09/28
LTIP18B	05/10/18	55,559	-	-	-	55,559	0p	05/10/28
LTIP20A	14/09/20	-	750,000	-	-	750,000	217.00p	14/09/30
LTIP20B	14/09/20	-	750,000	-	-	750,000	217.00p	14/09/30
EBS20	08/04/20	-	25,436	-	-	25,436	0p	08/04/30
		3,039,234	2,505,170	(578,908)	(98,081)	4,867,415		

Of the total 4,867,415 shares under option as at 31 December 2020, 1,882,014 were exercisable.

EMI15

The Group set up an EMI scheme during the year ended 31 December 2014 by which certain employees and key management personnel of Curtis Banks Limited were able to subscribe to ordinary shares in the Company. As at the year end 31 December 2020, one member of key management personnel of the Group held options under the EMI.

SS16, SS17, SS18, SS19 & SS20

The Group operates a Save As You Earn ("SAYE") share option scheme under which almost all employees of the Group are eligible to subscribe to ordinary shares in the Company following a 3 year contribution and vesting period. Grants under the SAYE are expected to be provided to eligible employees annually.

27 Equity share based payments (continued)

CSOP16A, CSOP16B, CSOP17 & CSOP20

During the year ended 31 December 2016, the Group set up a Company Share Option Plan ("CSOP") share option scheme under which certain key management of the Group are able to subscribe to ordinary shares in the Company. As at the year end 31 December 2020, five key management personnel of the Group held options under the CSOP. The CSOP is a performance based option grant.

LTIP17, LTIP18A, LTIP18B, LTIP20A & LTIP20B

The Group operates a performance based Long Term Incentive Plan ("LTIP") under which executive directors and certain key management of the Group are able to subscribe to ordinary shares in the Company. As at the year end 31 December 2020, five key management personnel of the Group held options granted under the LTIP in 2017 and 2018. In September 2020, awards were made to the executive directors under a new LTIP.

Vesting of LTIP awards is subject to satisfaction of performance criteria as described in the Corporate Governance Report on page 45.

EBS20

The Group operates an executive bonus scheme through which a proportion of annual bonus amounts over a certain threshold for certain executives are provided as share options providing those individuals with the ability to subscribe to ordinary shares in the Company. As at the year end 31 December 2020, only certain executive directors of the Group held options under the EBS, as disclosed in the Directors' Remuneration Report.

27 Equity share based payments (continued)

Share based payment expenses – all schemes

The fair values of all options at the date of grant were determined by using the Black Scholes model. Expected volatility was based upon historical information about the Group's share price, measured using the standard deviation of its monthly share prices over the last three years (where data is available) and comparisons against similar entities at the date of grant. The Company first listed on the Alternative Investment Market ("AIM") in May 2015 and consequently less than three years of data has been available for use in measuring the expected volatility of certain grants shown below. The model includes separate vesting periods for each proportion of options based on their exercise dates. The fair values derived and model inputs for each grant are reflected in the table below:

Scheme	Date of grant	Option vesting period	Fair value per option granted	Share price on grant date	Risk free rate of interest	Expected volatility	Dividend yield
EMI15	08/04/15	3 years	5.64p	62.54p	0.50%	24.00%	0.00%
SS16	28/06/16	3 years	58.76p	302.50p	0.50%	29.00%	1.00%
SS17	30/05/17	3 years	99.77p	282.50p	0.25%	44.29%	1.50%
SS18	21/05/18	3 years	84.09p	316.00p	0.50%	37.39%	1.98%
SS19	21/05/19	3 years	79.37p	308.00p	0.75%	33.05%	2.60%
SS20	19/05/20	3 years	60.43p	271.00p	0.10%	29.60%	3.32%
CSOP16A	14/09/16	1.5 years	45.58p	267.00p	0.25%	39.01%	1.00%
CSOP16B	15/12/16	3 years	52.42p	201.00p	0.25%	42.95%	1.00%
CSOP17	26/06/17	3 years	63.54p	260.00p	0.25%	43.41%	1.50%
CSOP20	08/04/20	3 years	31.82p	217.00p	0.10%	32.82%	4.15%
LTIP17	26/10/17	3 years	289.25p	310.00p	0.25%	46.66%	1.50%
LTIP18A	18/09/18	3 years	262.35p	287.00p	0.75%	36.05%	2.18%
LTIP18B	05/10/18	3 years	265.09p	290.00p	0.75%	35.98%	2.18%
LTIP20A	14/09/20	3 years	31.17p	215.00p	0.10%	33.09%	4.19%
LTIP20B	14/09/20	4 years	33.78p	215.00p	0.10%	33.09%	4.19%
EBS20	08/04/20	2 years	194.80p	217.00p	0.10%	32.82%	4.15%

28 Non-controlling interests

The non-controlling interests reflect the relevant amounts of the trading results and net assets attributable to the non-controlling shareholders in CB 2019 Limited (see note 16).

	As at 31 December 2020 £'000	2019 £'000
Share of net assets brought forward and carried forward	14	14

29 Financial commitments

The Group holds investment properties on behalf of non-participating investment contracts which generate income by leasing these to tenants under operating leases.

At the statement of financial position date, the Group had contracted with vendors to purchase investment properties or develop existing investment properties to pay the following future payments:

	As at 31 December	
	2020	**2019**
Attributable to non-participating investment contracts	**£'000**	**£'000**
Authorised and contracted commitments not provided for in respect of investment property acquisition and development, payable after 31 December:	2,041	1,490

At the statement of financial position date, the Group had contracted with tenants to receive the following future minimum lease payments on behalf of non-participating investment contracts:

	As at 31 December	
	2020	**2019**
Attributable to non-participating investment contracts	**£'000**	**£'000**
Future aggregate minimum lease receivables under non-cancellable operating leases:		
Within 1 year	70,324	71,363
Within 2 – 5 years	128,114	139,164
After more than 5 years	82,941	78,786
	281,379	289,313

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	As at 31 December	
	2020	**2019**
Attributable to shareholder reserves	**£'000**	**£'000**
Intangible assets	-	878

30 Pension costs – defined contribution

	Year to 31 December 2020 £'000	2019 £'000
Contributions payable by the Group for the year	2,015	1,704

31 Dividends

	Year to 31 December 2020 £'000	2019 £'000
Ordinary dividend declared and paid	5,149	4,562
	5,149	4,562

An interim dividend in respect of the year ended 31 December 2020 of 2.5p per share was declared by reference to audited distributable reserves as at 31 December 2019 and paid on 13 November 2020.

A final dividend in respect of the year ended 31 December 2020 of 6.5p per share is proposed by reference to audited distributable reserves as at 31 December 2020 and, if approved, will be paid on 4 June 2021.

32 Financial risk management

The main risks arising from financial instruments are interest rate risk, credit risk, and liquidity risk. Each of these risks is discussed in detail below. There is deemed to be minimal concentration risk present due to revenue generation being spread over a high volume of individual customers. All risk management included in this note is in relation to shareholder assets and liabilities, as there is no credit risk, interest risk or liquidity risk on the policyholder assets and liabilities attributable to shareholder reserves.

The Group monitors financial risks on a consolidated basis, with its financial risk management based upon sound economic objectives and good corporate practice. No hedging transactions have taken place during the years presented. Financial assets principally comprise trade and other receivables, cash and short-term deposits, which arise directly from its operations. Financial liabilities principally comprise trade and other payables, deferred consideration and borrowings.

32 Financial risk management *(continued)*

Interest rate risk

Interest rate risk is the risk that the Group will sustain losses from adverse movements in interest bearing assets. There is an exposure to interest rates on shareholder owned banking deposits held in the ordinary course of business. The value of financial instruments on the Group's consolidated statement of financial position exposed to interest rate risk was £32,126k (2019: £31,228k) comprising cash and short-term deposits. This exposure is monitored to ensure that the Group is maximising its interest earning potential within accepted liquidity and credit constraints. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are also made for varying periods of between one day and 30 days depending on the immediate cash requirements of the Group and earn interest at the respective term deposit rates.

The Group had external borrowings attributable to shareholders at the year end of £23,756k (2019: £11,339k). The interest rates attached to borrowings held include a floating rate based on the London Interbank Offered Rate ("LIBOR"). There is an exposure on external borrowings therefore to interest rate risk.

The following table demonstrates the sensitivity to a 100bps (1%) change in interest rates on actual borrowings, with all other variables held constant, on the Group's profit before tax.

	Increase / decrease in basis points	Effect on profit before tax £'000
2020		
£ Sterling	+100	(238)
£ Sterling	-100	238
2019		
£ Sterling	+100	(146)
£ Sterling	-100	146

In addition, a source of revenue is based on the value of client cash under administration. The Group has an indirect exposure to interest rate risk on these cash balances held for clients. The Group manages this risk through a central treasury function which monitors client cash and interest rate movement on a monthly basis.

Credit risk

The Group trades only with third parties it recognises as being creditworthy. In addition, receivable balances are monitored continually.

The maximum credit risk exposure of the Group's financial instruments in the event of other parties failing to perform their obligations is considered to be equal to the carrying amount of such financial instruments, excluding policyholder assets and liabilities within non-participating investment contracts included within the consolidated statement of financial position. Given the nature of the Group's operations, it does not have significant concentration of credit risk in respect of shareholder trade receivables, with exposure spread over a large number of customers.

32 Financial risk management *(continued)*

Credit risk (continued)

All of the banks currently used by the Group have long-term credit ratings of at least BBB+ (Fitch). This results in the Group retaining the ability to further mitigate the counterparty risk on its own behalf and that of its customers. The directors continue to monitor the strength of the banks used by the Group.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss rate is determined by reference to the underlying level of liquidity in each of the Group's clients' SIPPs because clients' fees are normally settled directly from their SIPP cash holdings. A lower level of liquidity in the SIPP, or indeed illiquidity, indicates reduced credit quality in the related trade receivable balance.

The Group's credit quality ratings as at 31 December 2020 in respect of shareholder trade receivables are set out below:

	IFRS 9 loss rate %	Trade receivables gross carrying amount £'000	Loss allowance £'000	Net trade receivables £'000
Good quality	0.00 - 10.00	5,422	(144)	5,278
Satisfactory quality	10.01 - 30.00	1,855	(339)	1,516
Low quality	30.01 - 99.99	1,535	(1,111)	424
No expected recovery	100.00	30	(30)	-
		8,842	(1,624)	7,218

The Group's credit quality ratings as at 31 December 2019 in respect of shareholder trade receivables are set out below:

	IFRS 9 loss rate %	Trade receivables gross carrying amount £'000	Loss allowance £'000	Net trade receivables £'000
Good quality	0.00 - 10.00	4,370	(187)	4,183
Satisfactory quality	10.01 - 30.00	52	(16)	36
Low quality	30.01 - 99.99	1,043	(793)	250
No expected recovery	100.00	30	(30)	-
		5,495	(1,026)	4,469

The Group's approach to managing credit risk is based on its credit quality ratings, where a set of policies and procedures are in place to recover fee debt based on individual SIPP liquidity. This underlying level of liquidity in each of the Group's clients' SIPPs is mostly driven by the clients' use of the SIPP and what they choose to invest in.

32 Financial risk management *(continued)*

Credit risk (continued)

The terms and conditions attached to the Group's SIPP products include a requirement to maintain a minimum cash balance from which the Group normally draws fees when due. Where cash is not immediately available, assets from the SIPP are disinvested in order to settle fees. We also request fees direct from clients where necessary.

Trade receivables of £17,496,000 at 31 December 2020 (2019: £13,305,000) includes £10,278,000 (2019: £8,836,000) of policyholder receivables under non-participating investment contracts. Since there is a direct link between the investments and obligations for non-participating investment contracts, these policyholder receivables have not been included in the credit quality rating analysis since the Group is not directly exposed to the risks from these contracts.

The Group continually assesses historical recovery data to help determine how the underlying level of liquidity in the SIPPs fits into each of the credit quality ratings. Future historical data available may lead to changes in the estimated categorisation of trade receivables gross carrying amounts and associated loss allowance.

The Group regularly categorises its trade receivables to help determine underlying changes in the level of liquidity of the SIPP which then drives changes in the estimated loss allowance associated with the trade receivables balance.

Where trade and other receivables have been outstanding for more than six years, amounts are deemed to have no reasonable expectation of recovery and are written off.

Changes in macroeconomic factors may impact the Group's clients' use of the SIPP and cause the level of liquidity in the SIPP to increase or decrease. A 10% increase or decrease in loss rates estimated at the year end would have the following impact:

Year ended 31 December 2020	**Increase / (decrease) in loss rates**	**Effect on profit before tax £'000**
Loss rate	10%	(726)
Loss rate	(10%)	402

Year ended 31 December 2019	**Increase / (decrease) in loss rates**	**Effect on profit before tax £'000**
Loss rate	10%	(445)
Loss rate	(10%)	240

The Group charges fixed fees for its services reducing its exposure to changes in macroeconomic factors which may otherwise impact a percentage basis point fee charging model.

32 Financial risk management (continued)

Liquidity risk
This is the risk that the Group may be unable to meet its liabilities as and when they fall due. The Group monitors its risk to a shortage of funds by considering the maturity of its financial assets (e.g. trade receivables, other financial assets) and projected cash flows from operations. As part of these projections, the Group also monitors anticipated capital expenditure and the expected timing of settlement of financial liabilities. The Group is a highly cash generative business and maintains sufficient cash to fund its foreseeable trading requirements.

Details on the maturity of the Group's borrowings are disclosed in note 21 and details on the maturity of the Group's lease liabilities are as reflected in the consolidated statement of financial position. The undiscounted value of lease liabilities due <1 year is £905k. The undiscounted value of lease liabilities due >1 year is £5,739k. Maturity analysis relating to other financial liabilities including trade and other payables and deferred consideration is as disclosed in the consolidated statement of financial position as these liabilities are all due <1 year.

33 Capital management

Certain subsidiaries of the Group are supervised in the UK by the Financial Conduct Authority ("FCA") and, following the acquisition of Suffolk Life Annuities Limited during the year ended 31 December 2016, the Prudential Regulation Authority ("PRA"). The Group manages its capital through continuous review of the capital requirements of its regulated subsidiaries, which are monitored by the Group's management and reported monthly to the Board. The Group's objectives when managing capital are:

- To comply with the regulatory capital requirements set by the FCA and the PRA
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital of the Group as at 31 December 2020 was £80,150k (2019: £55,453k). The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. The Group's regulated subsidiary companies submit regular returns to the FCA and the PRA relating to their capital resources. The regulated subsidiaries are limited in the distributions that can be paid up to the Group by each of their individual capital resource requirements. Group internal policy is for regulated companies within the Group to hold at least 130% of their required regulatory capital.

Under the terms of the major shareholder borrowing facilities, the Group is required to comply with the following financial covenants:

- Cash flow cover – a measure of the Group's liquidity
- Interest cover – a measure of the Group's ability to meet interest repayments
- Leverage – a measure of the Group's overall net cash position

The Group has complied with these covenants throughout the current and prior reporting period.

34 Business combinations

Acquisition of Dunstan Thomas

On 3 August 2020, Curtis Banks Group PLC completed the acquisition of the entire share capital of Dunstan Thomas Group Limited and its subsidiaries. Dunstan Thomas Group Limited holds four wholly owned trading subsidiaries, Digital Keystone Limited, Dunstan Thomas Holdings Limited, Dunstan Thomas Consulting Limited and Platform Action Limited, all of which now form part of the enlarged Group.

Dunstan Thomas Group Limited is a holding company. Dunstan Thomas Holdings Limited, Digital Keystone Limited, Dunstan Thomas Consulting Limited, and Platform Action Limited provide licences to customers for financial technologies that have been developed in house including Imago Illustrations and Integro CX Enterprise, alongside training, consultancy and other development solutions to the financial services market.

Initial consideration settled wholly in cash totalled £21.9m. Variable deferred contingent consideration linked to post acquisition EBITDA and estimated at approximately £3.9m is payable after a three year earn-out period post acquisition.

The acquisition has been accounted for using the acquisition method and in accordance with IFRS 3: *Business Combinations*.

	£'000
Fair value of consideration payable	25,848
Less: Provisional fair value of net assets acquired	(9,733)
Goodwill arising on acquisition (note 13)	16,115

The goodwill recognised above is attributed to the expected benefits from combining the assets and activities of Dunstan Thomas with those of the Group. The primary components of this residual goodwill comprise

- Cost savings generated through use of Dunstan Thomas to progress Group IT strategy
- Cost savings generated through economies of scale and enlarged Group purchasing power
- A skilled and knowledgeable workforce
- New opportunities available to the combined business, as a result of Dunstan Thomas being part of an enlarged and more diversified Group

We have undertaken a valuation of the acquired goodwill and separately identifiable intangible assets, which comprise internally generated software and customer relationships. The fair value adjustments to reflect these assets have been measured provisionally and collectively pending completion of an independent valuation, which has been delayed as the impact of the covid-19 pandemic has required management to prioritise other commercial matters.

Fair value of these intangible assets has been based on the present value of expected future cash flows from these relationships, and the assumptions used in this exercise have also been used in determining the estimated useful economic life of each asset for the purposes of amortisation.

34 Business combinations (continued)

Acquisition of Dunstan Thomas (continued)

The provisional amounts recognised in respect of the identified assets acquired and liabilities assumed are set out in the following table:

	Carrying value £'000	Fair value adjustments £'000	Total £'000
Non-current assets			
Intangible assets	2,358	8,690	11,048
Property, plant and equipment	1,351	-	1,351
Current assets			
Trade receivables	1,527	-	1,527
Other debtors	1,356	-	1,356
Prepayments & accrued income	546	-	546
Bank and cash	918	-	918
Current liabilities			
Trade payables	(645)	-	(645)
Taxes and social security costs	(831)	-	(831)
Other payables	(49)	-	(49)
Accruals	(452)	-	(452)
Deferred income	(1,159)	-	(1,159)
Lease liabilities	(189)	-	(189)
Current tax liability	(380)	-	(380)
Non-current liabilities			
Deferred income	(125)	-	(125)
Lease liabilities	(1,084)	-	(1,084)
Deferred tax liability	-	(2,099)	(2,099)
Net assets acquired	3,142	6,591	9,733

Adjustments to finalise the fair values attributed to assets and liabilities acquired will be made in the financial statements for the year to 31 December 2021. If information obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the accounting for the acquisition will be revised.

34 Business combinations (continued)

Acquisition of Dunstan Thomas (continued)

Acquisition costs totalled £0.8m and comprised legal and professional fees, and due diligence work. In accordance with IFRS 3 *Business Combinations*, these costs have been expensed as reflected in note 7 to the financial statements as non-recurring cost.

The post-acquisition operating activity of Dunstan Thomas Group Limited and its subsidiaries for the period from acquisition to the end of 31 December 2020 generated net profits before tax of £1.5m and after tax of £1.4m.

Operating revenues of £5.3m have been recognised in relation to the acquisition of Dunstan Thomas Group Limited and its subsidiaries for the period from acquisition to 31 December 2020. The operating revenue as though the acquired business had been held for the full year ended 31 December 2020 is estimated to be £12.7m.

The net cash flows arising from this acquisition during the year ended 31 December 2020 were as follows:

	£'000
Net cash inflow from debt refinancing	15,630
Working capital utilised	6,305
Total initial consideration paid to vendors	21,935
Cash acquired on acquisition	(918)
Net cash outflow in the year ended 31 December 2020	**21,017**

Acquisition of Talbot and Muir

On 30 October 2020, Curtis Banks Group PLC completed the acquisition of the entire share capital of Talbot and Muir Limited and its subsidiaries. The subsidiaries of Talbot and Muir Limited are all non-trading trustee entities acting as bare trustee for SIPP and SSAS pension assets and liabilities, all of which now form part of the enlarged Group. Talbot and Muir is a provider of SIPP and SSAS pension scheme administration services.

Initial consideration settled wholly in cash totalled £18.0m. Variable deferred contingent consideration linked to post acquisition EBITDA and estimated at approximately £4.1m is payable over a two year earn-out period post acquisition.

The acquisition has been accounted for using the acquisition method and in accordance with IFRS 3: *Business Combinations*.

	£'000
Fair value of consideration payable	21,845
Less: fair value of net assets acquired	(17,278)
Goodwill arising on acquisition (note 13)	4,567

34 Business combinations (continued)

Acquisition of Talbot and Muir (continued)

The goodwill recognised above is attributed to the expected benefits from combining the assets and activities of Talbot and Muir with those of the Group. The primary components of this residual goodwill comprise

- Revenue synergies expected to be available to the Group as a result of the transaction
- Greater access to diverse distribution channels
- Cost savings generated through additional scale and the purchasing power of the enlarged Group
- A skilled and knowledgeable workforce
- New opportunities available to the combined business, as a result of Talbot and Muir being part of an enlarged Group

The fair value of the identifiable assets and liabilities acquired are set out below:

	Carrying value £'000	Fair value adjustments £'000	Total £'000
Non-current assets			
Intangible assets	3,145	14,290	17,435
Property, plant and equipment	1,020	-	1,020
Current assets			
Trade receivables	870	(113)	757
Other debtors	1	-	1
Prepayments & accrued income	468	-	468
Bank and cash	4,193	-	4,193
Current liabilities			
Trade payables	(45)	-	(45)
Taxes and social security costs	(322)	-	(322)
Accruals	(218)	-	(218)
Deferred income	(1,285)	-	(1,285)
Lease liabilities	(106)	-	(106)
Deferred consideration	(430)	-	(430)
Current tax liability	(113)	-	(113)
Non-current liabilities			
Lease liabilities	(687)	-	(687)
Deferred tax liability	(40)	(3,350)	(3,390)
Net assets acquired	6,451	10,827	17,278

Acquisition costs totalled £0.6m and comprised legal and professional fees, and due diligence work. In accordance with IFRS 3 *Business Combinations*, these costs have been expensed as reflected in note 7 to the financial statements as non-recurring cost.

34 Business combinations (continued)

Acquisition of Talbot and Muir (continued)

The post-acquisition operating activity of Talbot and Muir Limited and its subsidiaries for the period from acquisition to the end of 31 December 2020 generated net profits before tax of £0.3m and after tax of £0.2m.

Operating revenues of £1.0m have been recognised in relation to the acquisition of Talbot and Muir Limited and its subsidiaries for the period from acquisition to 31 December 2020. The operating revenue as though the acquired business had been held for the full year ended 31 December 2020 is estimated to be £6.0m.

The net cash flows arising from this acquisition during the year ended 31 December 2020 were as follows:

	£'000
Net cash inflow from equity financing	24,217
Amount retained as working capital	(6,177)
Total initial consideration paid to vendors	18,040
Cash acquired on acquisition	(4,193)
Net cash outflow in the year ended 31 December 2020	**13,847**

35 *Contingent consideration*

The Group and Company has entered into certain acquisition agreements that provide for contingent consideration to be paid. These agreements and the basis of calculation of the net present value of the contingent consideration are summarised below. While it is not possible to determine the exact amount of contingent consideration (as this will depend on the performance of the acquired businesses during the period), the Group estimates the fair value of the remaining contingent consideration payable is £8.2m (2019: £0.1m).

On 3 August 2020 the Group acquired Dunstan Thomas for total maximum consideration of up to £27.5m, comprising initial consideration of £21.9m in cash plus contingent consideration of up to £5.6m payable in cash after three years post completion date if certain financial targets based on growth in earnings before interest, tax, depreciation and amortisation are met. The Group estimates the fair value of the remaining contingent consideration at 31 December 2020 to be £4.1m using forecasts approved by the Board covering the contingent consideration period.

On 30 October 2020 the Group acquired Talbot and Muir for total maximum consideration of up to £25.25m, comprising initial consideration of £18.0m in cash plus contingent consideration of up to £7.25m payable in cash over a two year period post completion if certain financial targets based on growth in earnings before interest, tax, depreciation and amortisation are met. The Group estimates the fair value of the remaining contingent consideration at 31 December 2020 to be £4.1m using forecasts approved by the Board covering the contingent consideration period.

36 Off Balance Sheet Cash

The Group administers cash held in SIPP bank accounts on behalf of its SIPP clients. Given the nature of these client balances, neither the funds nor an offsetting liability are included in the financial statements. Off balance sheet cash held in SIPP bank accounts as at 31 December 2020 totalled £992m (2019: £993m).

37 Related parties

At the year end, Curtis Banks Group PLC owed £344,340 to Curtis Banks Limited (2019: £167,593). This relates to expenses paid by Curtis Banks Limited on behalf of Curtis Banks Group PLC. The total amount of expenses recharged by Curtis Banks Limited in the year amounted to £176,747 (2019: £141,007).

During the year ended 31 December 2020, Suffolk Life Group Limited paid dividends totalling £7,800,000 to Curtis Banks Group PLC (2019: £4,000,000). During the year ended 31 December 2020, Curtis Banks Limited paid dividends totalling £6,000,000 to Curtis Banks Group PLC (2019: £4,000,000).

During the year ended 31 December 2019, Curtis Banks Group PLC provided an unsecured loan of £20,000 to Rivergate Legal Limited, a subsidiary of the Group, to assist with set up costs. The loan was repaid during the year ended 31 December 2020.

During the year ended 31 December 2020, the Group paid £45,833 (2019: £50,000) gross emoluments to Chris Banks, a strategic adviser and significant shareholder of Curtis Banks Group PLC.

During the year ended 31 December 2018 Curtis Banks Group PLC provided an unsecured loan of £50,000 to Templemead Property Solutions Limited, a subsidiary of the Group, to assist with set up costs. The loan was written off as irrecoverable during the year ended 31 December 2020.

During the year ended 31 December 2020, as agreed and arranged under the sale and purchase agreement of Dunstan Thomas, Dunstan Thomas Group Limited settled demerger amounts totalling £1,002,648 to the vendors for the sale on behalf of Curtis Banks Group PLC. Consequently, at the year end Curtis Banks Group PLC owed £1,002,648 to Dunstan Thomas Group Limited.

Staff costs in relation to directors and key management personnel of the Group are disclosed in note 8.

38 Contingent liabilities

Data cleansing

During the year ended 31 December 2018 management initiated a review of data records related to properties held within SIPPs administered by the Group.

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

The Directors' best estimate of this contingent liability is £1.4m (31 December 2019: £2.3m). The decrease in estimate has arisen following satisfactory resolution of a number of cases and an overall reduction in the value of remaining cases and uncertainty remaining.

There remain inherent uncertainties in the estimate due to the potential for variations in the assumed action required to rectify individual positions. This estimate continues to be reviewed regularly, and any changes or refinements will be reported as appropriate. The Directors currently expect that, with COVID-19 related working limitations and also additional forbearance having been permitted in connection with the COVID-19 pandemic, any potential material follow up actions will be completed by 2021.

39 Control

There is no one ultimate controlling party.

Company information

Directors
Will Self – Chief Executive Officer
Dan Cowland – Chief Financial Officer
Jane Ridgley – Chief Operating Officer
Chris Macdonald – Non-Executive Chairman
Bill Rattray – Non-Executive Director
Jules Hydleman – Non-Executive Director
Jill Lucas – Non-Executive Director

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Registered Number
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Nominated Adviser and Broker
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Moor House
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EC2Y 5ET

Joint Broker
N+1 Singers
1 Bartholomew Lane
London
EC2N 2AX

Independent Auditors
PricewaterhouseCoopers LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0FR

Solicitors
Roxburgh Milkins Limited
Merchants House North
Wapping Road
Bristol
BS1 4RW

Registrars
Computershare PLC
The Pavilions
Bridgewater Road
Bristol
BS13 8AE

Unaudited IFRS Consolidated Statement of Financial Position as at 31 December 2020 split between insurance policy holders and the Group's shareholders

	2020 £'000 Group Total	2020 £'000 Policyholder	2020 £'000 Shareholder	2019 £'000 Shareholder
ASSETS				
Non-current assets				
Intangible assets	91,166	-	91,166	43,427
Investment property	1,208,605	1,208,605	-	42
Property, plant and equipment	7,658	-	7,658	6,195
Investments	2,072,317	2,072,317	-	-
Deferred tax asset	-	-	-	911
	3,379,746	3,280,922	98,824	50,575
Current assets				
Trade and other receivables	26,913	12,243	14,670	9,509
Cash and cash equivalents	430,578	398,069	32,509	31,228
Current tax asset	580	222	358	-
	458,071	410,534	47,537	40,737
Total assets	3,837,817	3,691,456	146,361	91,312
LIABILITIES				
Current liabilities				
Trade and other payables	18,895	10,626	8,269	5,966
Deferred income	26,995	12,376	14,619	12,415
Borrowings	53,533	49,681	3,852	3,156
Lease liabilities	672	-	672	719
Provisions	501	-	501	553
Contingent consideration	2,516	-	2,516	214
Current tax liability	-	-	-	738
	103,112	72,683	30,429	23,761
Non-current liabilities				
Borrowings	53,370	33,466	19,904	8,183
Lease liabilities	5,201	-	5,201	3,915
Provisions	7	-	7	-
Contingent consideration	5,657	-	5,657	-
Non-participating investment contract liabilities	3,585,307	3,585,307	-	-
Deferred tax liability	5,013	-	5,013	-
	3,654,555	3,618,773	35,782	12,098
Total liabilities	3,757,667	3,691,456	66,211	35,859
Net assets	**80,150**	**-**	**80,150**	**55,453**
Equity attributable to owners of the parent				
Issued capital	330	-	330	271
Share premium	57,799	-	57,799	33,659
Equity share based payments	2,747	-	2,747	2,313
Treasury shares	(741)	-	(741)	(534)
Retained earnings	20,001	-	20,001	19,730
	80,136	-	80,136	55,439
Non-controlling interest	14	-	14	14
Total equity	**80,150**	**-**	**80,150**	**55,453**

Curtis Banks Group PLC

Supplementary unaudited information

Unaudited IFRS Consolidated Statement of Cash Flows as at 31 December 2020 split between insurance policy holders and the Group's shareholders

	2020 £'000 Group Total	2020 £'000 Policyholder	2020 £'000 Shareholder	2019 £'000 Shareholder
Cash flows from operating activities				
Profit before tax	7,429	-	7,429	10,883
Adjustments for:				
Depreciation	1,499	-	1,499	1,321
Amortisation and impairments	2,442	-	2,442	1,379
Interest expense	697	-	697	523
Share based payment expense	434	-	434	956
Fair value gains on financial investments	(119,957)	(119,957)	-	-
Additions of financial investments	(631,200)	(631,200)	-	-
Disposals of financial investments	673,037	673,037	-	-
Fair value losses on investment properties	60,751	60,751	-	-
Increase in liability for investment contracts	13,403	13,403	-	-
Changes in working capital:				
(Increase)/decrease in trade and other receivables	(2,737)	(1,214)	(1,523)	113
(Decrease)/increase in trade and other payables	(1,105)	(816)	(289)	1,092
Taxes paid	(2,996)	-	(2,996)	(2,454)
Net cash flows from operating activities	**1,697**	**(5,996)**	**7,693**	**13,813**
Cash flows from investing activities				
Payments for intangible assets	(986)	-	(986)	(696)
Purchase of property, plant & equipment	(591)	-	(591)	(1,015)
Purchase of investment property	(122,449)	(122,449)	-	-
Purchase and sale of shares in the Group by the EBT	(207)	-	(207)	182
Receipts from sale of investment property	118,877	118,835	42	-
Net cash flows from acquisitions	(34,638)	-	(34,638)	(166)
Net cash flows from investing activities	**(39,994)**	**(3,614)**	**(36,380)**	**(1,695)**
Cash flows from financing activities				
Equity dividends paid	(5,149)	-	(5,149)	(4,562)
Net proceeds from issue of ordinary shares	24,199	-	24,199	210
Net increase/(decrease) in borrowings	29,595	17,360	12,235	(3,158)
Principal element of lease payments	(934)	-	(934)	(933)
Interest paid	(383)	-	(383)	(465)
Net cash flows from financing activities	**47,328**	**17,360**	**29,968**	**(8,908)**
Net increase In cash and cash equivalents	**9,031**	**7,750**	**1,281**	**3,210**
Cash and cash equivalents at the beginning of the year	421,547	390,319	31,228	28,018
Cash and cash equivalents at the end of the year	**430,578**	**398,069**	**32,509**	**31,228**