nucleus

NUCLEUS FINANCIAL PLATFORMS LIMITED

(FORMERLY IFG UK HOLDINGS LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Registered in England and Wales: 06033126 nucleus

CONTENTS

1. DIRECTORS AND COMPANY INFORMATION

DIRECTORS:	Gavin Howard (resigned 12 September 2022) Michael Regan (appointed 12 September 2022) Richard Rowney (appointed 06 August 2021) Matthew Taylor
SECRETARY:	Michelle Bruce (appointed 01 January 2022) Alice Dixie (resigned 01 January 2022)
AUDITORS:	Deloitte LLP Statutory Audit Firm 110 Queen Street, Glasgow, G1 3BX.
REGISTERED OFFICE:	Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF.
REGISTERED NUMBER:	06033126

2. STRATEGIC REPORT

1. Business review

The purpose of this report is to provide information to the members of Nucleus Financial Platforms Ltd and its subsidiaries (the "Group") and as such it is only addressed to those members. The report may contain certain forward-looking statements with respect to the operations, performance, and financial condition of the Group. By their nature, these statements involve inherent risks and uncertainties since future events, circumstances and other factors can cause results and developments to differ materially from the plans, objectives, expectations and intentions expressed in such forward-looking statements. Members should consider this when relying on any forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of preparation of this report and the Group undertakes no obligation to update any forward-looking statement during the year. Nothing in this report should be construed as a profit forecast.

About the business

One of the most significant developments during the year from a strategic perspective was the acquisition of the Nucleus Financial Group ("NFG"). The acquisition was implemented by way of a recommended takeover offer for an aggregate consideration of £144.6m, which was declared unconditional as to acceptances on 4 May 2021. Following the Financial Conduct Authority ("FCA") approval on 5 August 2021, and the offer being declared wholly unconditional, the Group exercised its rights to acquire compulsorily the remaining shares in NFG in respect of which its offer had not been validly accepted, NFG's admission to trading on AIM was cancelled and it was re-registered as a private company.

The acquisition combines the existing James Hay Group of companies, renowned for its SIPP expertise, with NFG's reputation as an award-winning, adviser-led financial planning and investment platform. NFG was founded in 2006 by advisers committed to altering the balance of power in the industry by putting the customer centre stage. The Group's two platforms are run exclusively for financial advisers, with over 160,000 customers across the UK. James Hay Online is our retirement platform for larger financial advisory businesses, and Nucleus Wrap our financial planning platform for small to medium-sized advisers. We have an exciting vision for the future as we combine our respective experience, skills, and services.

The combined Group, which has adopted the corporate brand 'Nucleus' is already one of the UK's leading, independent, adviser platform groups and had £48.4bn of assets under administration ("AUA") as at 31 December 2021 across its platforms and other constituent parts, in a market where scale is increasingly important in order to generate the profitability necessary to make greater investments in technology, service and pricing to meet the needs of advisers and their clients. Integration of the management, operations and support services has progressed well under the leadership of a single executive management team. In this regard, considerable progress has been made on a number of fronts, including development of an integrated business plan that was approved in December 2021, development of an agreed target operating model and determination of the combined business' brand, pricing and service strategy.

On 27 January 2021, companies within the Group entered into a long-term agreement with FNZ (UK) Limited ("FNZ") to outsource all of its IT and Operations function. This arrangement is expected to grow over time as we move to a single operating model across the Group. We are at present, however, in a period of transition and consequently are in a period of transformation and change.

On 8 March 2021, the Group reached an agreement to sell its Small Self-Administered Scheme ("SSAS") book of business to Westbridge Pensions Administration Limited. The sale completion date was 25 March 2021 and the overall consideration received was £1.25m, which was apportioned amongst all applicable subsidiary undertakings.

2. STRATEGIC REPORT (CONTINUED)

1. Business review (continued)

Epiris GP Limited, controlling general partner of the funds that hold the majority shareholding in the ultimate parent of the Group, initiated a process prior to the year-end to investigate the opportunity to introduce one or more additional shareholders to co-invest in the Group, including the Company, alongside it. On 29 March 2022, the Group announced that HPS Investment Partners LLC, a major American private equity firm, had through certain funds and accounts managed, advised or controlled by it acquired a majority stake in the Group. Epiris GP Limited will retain a significant minority shareholding. The transaction, which received regulatory approval on 26 August 2022 and completed on 21 September 2022, is a vote of confidence in the business, its strategy, management team and people and is not expected to result in a change in the Group's strategy.

Financial key performance indicators

Description	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
AUA[1]	48,381,394	26,707,268	25,887,113	23,625,950	20,159,384
Gross inflows[1]	2,308,905	1,444,776	1,705,766	2,534,296	3,399,922
Net inflows[1]	11,663	249,217	280,457	751,742	1,928,751
Adjusted profit[2]	7,855	12,117	17,352	12,378	3,343
Number of customers	160,970	58,354	57,528	57,499	57,300

1 Industry-specific financial key performance indicators are alternative measures that the Directors believe help to inform the results and financial position of the Group.
2 The Non-IFRS adjusted profit performance measure for the Group for the current and prior financial year is disclosed in Note 6.

The acquisition of NFG during the year, resulting in them being a consolidated subsidiary from the 05 August 2021, has resulted in a material increase in AUA, Inflows and the number of customers. However net inflows and adjusted profit decreased in 2021, impacted by the challenging economic environment and the full year impact of lower interest rates.

Financial performance and highlights

The loss for the year on ordinary activities after taxation for the Group amounted to £22,900k (2020: £57,357k profit) and for the Company £10,717k (2020: £72,802k profit).

The results of the Group and the Company are included in the Financial Statements on pages 22 to 62.

Covid-19 has continued to have a significant impact on our lives, financial markets and our business. Pleasingly, the Group has continued to prove resilient to the pressures introduced by Covid-19, with our people maintaining our high standards of online and offline services throughout the period under review. With the world appearing to be moving into a new phase of 'living with the virus', we have adopted a hybrid (working from home and office) model, whilst continuing to support our people and remaining vigilant to the threats posed by existing and future variants of Covid-19. Operations and service levels have been maintained throughout the period, with the Group well-positioned to achieve the benefits of scale, particularly following the acquisition of NFG.

The acquisition of NFG led to an increase in both revenue and expenses in continuing operations on a consolidated basis, but in relation to the James Hay entities only, the Group experienced an overall decrease in revenue primarily due to the change in revenue recognition of annual administration fees in certain regulated subsidiaries within the Group and due to the impact of the full year effect of lower Bank of England base rates resulting in a reduction in client interest margin. The disposal of the Group's SSAS book of business in the first quarter of the year also contributed towards the decrease in revenue and expenses. The Group also experienced a significant decrease in administrative expenses, primarily as a result of the outsourcing of its IT and Operations functions to FNZ from 01 May 2021.

2. STRATEGIC REPORT (CONTINUED)

1. Business review (continued)

In relation to the Company, the primary reason for the loss of £11m in the year, compared to a profit of £73m in the prior year, was the recognition of an exceptional gain of £71m in 2020 in relation to the disposal of Saunderson House Limited. In addition, expenditure of £7m and £4m was incurred in 2021 in relation to the transformation and service recovery programmes respectively, which are explained further in Note 14.

Outlook

The macro-economic environment remains very uncertain. The impacts of Covid-19 will continue to be felt for a long time, not only through the impact on public health of existing and future variants of the virus but also as a result of the impact on the domestic and global economy, government finances and working practices. In addition, the ongoing situation in Ukraine is of great concern. Whilst the Group has negligible exposure to Russian clients and companies, the consequences of materially lower market levels, economic contraction and negative sentiment directly impacts the Group's AUA, net inflows and profitability and will therefore be kept under close review.

Notwithstanding the above, the long-term outlook for the sector remains positive with the need for advice remaining as strong as ever. We believe we remain well-positioned for growth and look forward to the challenges in front of us.

2. Principal risks and uncertainties

The following principal risks relate to the Group and the wider sector in which it operates. The risks and uncertainties described below are not intended to be exhaustive. Additional risks and uncertainties not presently known to the Directors or that the Directors currently deem to be immaterial could also have an adverse effect on the business and its financial performance.

The business continues to come together following the acquisition of NFP and we now operate a single risk management framework through which we systematically identify actual and potential risks and seeks to put in place appropriate mitigants through our processes, policies and controls.

The key risks of the Group are set out below and these are managed within the risk appetites set by the Board on an annual basis. Additional information can be found in our Pillar 3 disclosures which can be found on the Group's websites, as detailed in the Directors' Report on page 18.

Culture risk

Conduct risk is an intrinsic risk to our business as our behaviour and organisational structures have the ability to impact customer outcomes, market integrity and competition in our chosen markets. Our values are embedded in our business strategy and to mitigate our conduct risks, our internal systems and controls are focused on delivering our business plan while meeting our culture, behaviour and customer expectations. The business has established management information to oversee conduct risk and act where required.

Culture risk extends to our role in society and over the last 12 months we have developed our thinking on climate, ESG and sustainability risks. In 2022 this is being incorporated more formally into our risk universe with the introduction of a sustainability risk which will drive increased measurement and assessment of this important area.

Similarly, governance risk is intrinsic to our business model. We believe good governance provides assurance to our stakeholders that we are focused on what matters most, our conduct and customer outcomes. These areas are of particular importance and prominence currently as our business goes through a significant period of integration and change. We have implemented formal governance arrangements and established ownership for decisions.

2. STRATEGIC REPORT (CONTINUED)

2. Principal risks and uncertainties (continued)

Strategic and business model risks

Fluctuations in capital markets, and economic, political and market factors that are beyond the Group's control

Revenue and performance are directly linked to the value of AUA held on and off platform, which in turn is linked to the level of inflows, outflows and the performance of the assets and asset classes into which customers have invested. A decline in capital market asset values may: (i) reduce the value of the AUA on the platform; (ii) prompt customers (in conjunction with their financial advisers) not to make further investments or to withdraw funds from the platform; and (iii) make it more difficult for financial advisers to attract new customers to advise through the platform. This is partly mitigated through close monitoring of business flows and deviations from plan.

Economic, political and market factors can also affect the level of inflows and outflows and the performance of investment assets. For example, a general deterioration in the global economy, and the UK economy in particular may have a negative impact on customers' disposable income and assets, and the value of savings and investments on the platform. The business is adjusting to a post Brexit operating environment, and during 2021 there continued to be market volatility as the world navigated the Covid-19 pandemic illustrating the significance and importance of this risk. At the current time there is also increased market uncertainty due to Russia's invasion of Ukraine and the 'cost of living crisis'. Whilst these are areas of risk for our business, exposure is reduced following the FNZ outsourcing arrangements where a significant portion of the cost base is also now linked to the value of AUA through a basis points cost model.

The Group is also exposed to movements in interest rates as these impact on the margin on cash retained by the Group. We have experienced a low interest rate environment for a number of years and are now entering a period of rising interest rates. This will generate some risk within the Group business plan due to our treasury activity, uncertain future interest rate movements and changing customer expectations.

The above risks are managed through close monitoring of AUA levels, business flows and deviations from plan, with regular reforecasting and business planning taking into account market levels and macro-economic conditions. From time to time, the Group may use hedging to mitigate interest rate and market risk.

Competition

The industry in which we operate is competitive and the Group faces significant competition from a number of sources, including intermediated platform providers, life insurance companies, asset and fund managers and direct to consumer investment platforms. While the Group strives to mitigate this risk and remain competitive by continuing to develop its online and offline offering, the risk exists that it is unable to adapt to changing market pressures or customer demands, keep pace with technological change and platform functionality relative to its competitors or maintain its market share given the intensity of the competition.

Competition may also increase in response to demand dynamics, further consolidation (including vertical integration) in the wider financial services sector, new entrants to the market or the introduction of new regulatory requirements (including those targeted at financial advisers or other market participants). In addition, pricing pressure across the investment lifecycle is prevalent as competitors invest in new technologies and new blends of products and services to deliver value and compelling propositions for their customers and other stakeholders. To mitigate this risk, the Group monitors this competitive environment and takes action where required to maintain a competitive position.

This risk is of key significance currently as our Group scale creates competitive opportunity, as does our proposed future operating model with FNZ. We are however in a period of transition and consequently are in a period of transformation and change which brings competition risk if not managed well.

2. STRATEGIC REPORT (CONTINUED)

2. **Principal risks and uncertainties (continued)**

Relationship with financial advisers

While the Group has been able to maintain strong, longstanding relationships with its customers and adviser users, there can be no assurance that this will continue. The Group could lose or impair relationships as a consequence of, among other things, operational failures, uncompetitive functionality or pricing, reputational damage, consolidation and vertical integration in the financial advice market or the closure of firms of financial advisers. The loss of, or deterioration in, the Group's relationships with its financial adviser base, particularly those responsible for directing significant inflows to the platform, could have a material adverse effect on AUA and revenues. This is part mitigated by our adviser relationship model and also by directly involving advisers in the propositional elements of the platform.

Reliance on key suppliers

The Group operates a business model that outsources significant components of its operations and technology services and enters into agreements with selected product providers to distribute and administer their products as part of the wrap platform. As a result, the Group has a reliance on its key suppliers and performance issues affecting these products and services may have an adverse impact on the Group's strategy and business performance. To manage these key relationships and mitigate the associated risks, we have outsourcing policies in place and a framework for vendor management and oversight.

The Group's key suppliers are FNZ, who provides IT and Operational functions, Bravura Solutions Limited, who provides part of the Group with platform technology services and Amazon Web Services (AWS), who provides IT infrastructure and cloud hosting services. In addition, we use suppliers for product services and stockbroking services amongst others.

Strategic transformation

From time to time the Group undertakes major strategic merger and acquisition activity. There is an inherent risk within these transactions that material matters that may impact the future performance of the Group are not identified as part of the process. In order to mitigate this risk, the Group makes extensive use of specialist external advisers from an early stage.

Transformation risk also exists as a result of the potential failure to integrate services under a common model. Over 2021 this has been elevated as NFG's business was integrated and the SSAS business was disposed. Risks in this area are mitigated by establishing strong oversight frameworks and by establishing dedicated project and change teams to deliver. Monitoring of business capacity and delivery is also in place to ensure transformation remains on track for delivery.

Operational and regulatory risks

Operational

The nature of the activities performed by the Group is such that a degree of operational risk is unavoidable. Operational risk may have a number of consequences, including deficient service delivery, poor customer outcomes, an inability to scale effectively, reputational damage and financial loss. This could occur directly within our retained organisation, or through our outsourced services. As the business outsources more the nature of the operational risk changes, however the accountability for ensuring service delivery and operational stability remains with the retained organisation.

The Group's operational risks can be divided into three main categories (people, operational process and controls, operational resilience and technology) with relevant examples of each below:

2. STRATEGIC REPORT (CONTINUED)

2. **Principal risks and uncertainties (continued)**

People

- Failure to attract, train, motivate and retain core skills and knowledge in the retained elements of our business.
- People-related errors in core processes.

Operational process and controls

- Failure in core processes and controls (whether preventative or detective), either by the retained business or by third parties.
- Failure in systems and controls in place to meet the requirements of taxation and other regulations in respect of the suitability of certain investments to be held within certain tax wrappers and accounts.
- Failure to implement platform and business change and deliver transformation.
- Failure to maintain adequate controls around fraud and other forms of financial crime, compliance, and client money.
- Failure in processes within FNZ or failure in the oversight of FNZ.

Operational resilience and technology

- Failure of, or disruption to, the sophisticated technology and advanced information systems (including those of the Group and its third-party service providers) upon which the Group is dependent. This could be from an external threat (cyber-attack) or internal causes (failure to maintain systems or licenses).

- Inability to respond to the need for technological change as a result of the failure to continue to improve new technologies, through lack of appropriate investment in new technologies or through such investment proving unsuccessful.
- Failure to maintain existing technologies or to invest appropriately in continuing improvements to those technologies.
- Vulnerability of the Group's networks and platform (and those of its third-party service providers) to security risks, cyber-attack or other leakage of sensitive or personal data.
- Vulnerability of the Group's networks and platform (and those of its third-party service providers) to security risks or cyber-attack leading to direct theft of monies or assets.

These areas of operational risk are managed and mitigated through a strong risk and control framework, a suite of operational risk policies, and oversight through an embedded governance model.

Regulatory

Regulatory risk includes the risk of non-compliance with existing regulatory requirements as well as the risk relating to changes in government policy and applicable regulations. To mitigate the risks in this area we have a compliance-aware culture with clear risk appetites for regulatory compliance and provide compliance consultancy and advisory services. In addition, compliance monitoring and assurance is carried out as part of our three lines of defence model.

A number of companies within the Group are enhanced firms under the FCA's Senior Managers Certification Regime (SMCR), and as the wider group has elected to opt up to this level it is therefore subject to the associated standards and expectations. If the Group, and/or any of its key suppliers, were to commit a serious breach of any of the regulations that apply to it (not least the applicable regulatory regime relating to the Group's FCA authorisations and its FCA regulated activities), there could be both regulatory and financial consequences (including, without limitation, sanctions, fines, censures, loss of permissions and/or the cost of being required to take remedial action).

In 2022, there have been further material regulatory changes, notably the implementation of the Investment Firms Prudential Regime ("IFPR"), the implementation of Operational Resilience requirements and development work required for Consumer Duty. The Group's readiness for these has been overseen by the Risk Committee and Board.

2. STRATEGIC REPORT (CONTINUED)

2. Principal risks and uncertainties (continued)

Financial and liquidity risks

Solvency (including access to capital)

We are required to maintain and have available a sufficient level of capital and maintain appropriate coverage throughout the year in line with regularly requirements, risk appetite and our policy framework. The Group may require access to additional capital for a number of reasons, including increased regulatory capital requirements, and as a consequence the Group reviews its capital requirements on a quarterly basis, with periodic stress testing of the results to evidence that its regulatory capital requirements can continue to be met in a range of stressed scenarios. In addition, the Group's capital management policy requires setting capital requirements significantly in excess of the minimum regulatory requirement.

We retain a planning assumption that the Group will pay regular dividends, however the ability of the Group to pay dividends is dependent on a number of factors including, among other things, the results of its operations, its financial condition, anticipated cash requirements, regulatory capital requirements, future prospects and its profits available for distribution, and there can be no assurance that the Group will pay dividends or, if a dividend is paid, of the amount that any dividend will be. To mitigate the risk to dividends, profitability, solvency and liquidity are monitored by the Finance team.

Liquidity

Our liquidity position is subject to a number of factors that may generate liquidity strain in the short or medium term. The Group manages its liquidity risk through an ongoing evaluation of its working capital requirements against available cash balances and credit facilities. The Group also has liquidity management frameworks that require management to monitor and report on liquidity positions and potential risks.

Credit

The Group is exposed to credit risk through our outsourced partners, trade and other receivables and our banking relationships. Exposure is mitigated through due diligence processes and by setting minimum policy standards for credit exposure.

The associated Financial Risk is disclosed in Note 3

Risk management framework

The Board's objective regarding risk management is to deliver the Group's strategy and business plan supported by a robust, scalable and enterprise-wide governance, risk management and control framework.

Our framework is concerned with:

- Demonstrating it is proportionate and effective in the governance and performance of risk management for an authorised and regulated investment firm.
- Evidencing our business strategy and business planning processes are aligned with the risk management framework.
- Supporting the Board set and monitor risk appetite.
- Demonstrating we manage our risk appetite tolerances and limits across agreed risk categories.
- Demonstrating we meet all applicable regulatory principles and requirements on an ongoing basis and do so based on strong and effective risk management culture and structures.
- Embedding a risk aware culture with risk management recognised as a management competence, critical to the delivery of our business strategy and performance targets.
- Demonstrating that we treat our customers fairly at all times.

2. STRATEGIC REPORT (CONTINUED)

2. Principal risks and uncertainties (continued)

We use a clearly defined risk framework to effectively identify, assess, manage and report the Group's risks. The framework is set out in our internal policies and process documentation and is subject to annual review and challenge by the Risk Committee.

In assigning risk management responsibilities, the Group operates an approach to risk management that is commonly referred to as the "three lines of defence" model. The activities within each of the three lines are:

First line of defence

Business lines have responsibility for identifying, assessing and managing their risks through a sound set of policies, processes and controls. Business lines are also responsible for the development and deployment of appropriate mitigating actions and embedding of systems and controls. Activity in the first line of defence extends to the relationships and management of our outsourced partners.

Second line of defence

The roles of the second line risk and compliance functions are to develop and maintain the Group risk and compliance management policies and frameworks. Review of the effectiveness of the risk management practices performed by operational management is evidenced through effective assurance reporting to management and the Board Committees. The second line also provides support and advice to the business risk owners in reporting risk-related information within the Group, including management information on risk and assurance matters to the Audit and Risk Committees and the Board. The Risk Committee receives regular reporting from the second line functions on business performance against risk appetites across the risk universe.

Third line of defence

The Group has an external partner as an appointed internal audit function to serve as its third line of defence on a fully outsourced basis. Through the model the Group obtains independent assurance on the effectiveness of its control environment for material processes. Internal audit, through a risk-based approach, provides assurance to the Risk Committee and the Board on how effectively risks are assessed and managed, and the effectiveness of the risk management framework. Findings arising from these audit processes are reported to the Risk Committee. As at 31 December 2021 BDO were appointed as internal auditors for the Group and were auditors for the James Hay entities throughout 2021.

The Group also engages other third parties to provide independent assurance.

3. Corporate Social Responsibility

Corporate Social Responsibility is embedded into our policies and practices for the benefit of our stakeholders and the wider community. The Group is committed to integrating sustainable social, ethical and environmental considerations into our operations with a long-term view of managing the wider environment and social footprint.

Investing in our community

The Group has a strong social conscience and encourages staff to give something back through charitable and voluntary activities. The Group supports staff through paid time off for volunteering and through a matched fundraising programme.

Investing in our environment

The Group recognises its responsibility to conserve and protect the environment as far as possible. As a financial services business, the Group's main environmental impacts are primarily through consumption of resources and emissions at our

2. STRATEGIC REPORT (CONTINUED)

3. Corporate Social Responsibility (continued)

business premises together with employee travel. The Group is looking into reducing waste where possible and to minimise the environmental impact through sensible policies and initiatives.

4. Environmental initiatives, energy and carbon results

Reducing emissions is the right thing to do for a responsible Group seeking sustainable profits. It conserves energy, saves money and helps deliver energy security and better resource efficiency. Some initiatives have included installing motion activated lighting and a PC power management system at a number of properties within the Group.

Our gross greenhouse gas ("GHG") emissions for the year ended 31 December 2021 totalled 112 tonnes of CO2e. We break down our emissions into three categories which can be seen in the table below. We have used emission factors from Defra/DECC's GHG Conversion Factors for the Group Reporting.

Our carbon data is collected by the relevant managers in the Group and entered into a reporting tool that has been designed specifically to support our carbon footprint process. This tool has been developed to reflect the requirements of the GHG protocol and calculates CO2e emissions.

Sustainability for the Group means creating a successful business for the long-term. Fulfilling our purpose of making retirement more rewarding for our customers goes hand-in-hand with delivering long-term shareholder value and we also aim to address environmental and societal challenges to ensure we operate in a world worth living. We believe that by running our business in a sustainable way, we can deliver better customer outcomes and more consistent profits whilst having a positive impact on our communities and our planet.

As we recognise the importance of our impact on all our stakeholders, we've created a B-Corp inspired Sustainability Framework to capture and progress our impact across five key workstreams: Governance, Environment, Community, People, Customer and Sustainable Investing. Consequently, we can monitor progress against our sustainability ambitions not only in the way that we operate but also across the products and services we provide. The Group's sustainability working group meet regularly and are responsible for monitoring and progressing the Group's sustainability impact across these workstreams.

GHG emissions (tonnes CO2e)

Description	2017	2018	2019	2020	2021
Owned vehicles	-	-	-	-	-
Electricity, gas and water	303	215	184	142	93
Business travel	132	145	137	46	19
Total	435	360	321	188	112

5. S172 Statement: Duty to promote the success of the Company

The Board is obliged to fulfil its duties under section 172(1) (a)-(f) of the Act, and when taking decisions, ensure that they promote the long-term success of the Group and Company for the benefit of their members as a whole. The Board acknowledges that this involves both judgement and process and has created a number of forums to engage the views of our stakeholders and seek to ensure we can demonstrate how their views, as well as long-term consequences, are taken into account in our strategic decision making.

In doing this, the Board takes into account factors which will affect the success of the Group and Company such as the long-term consequences of any decision, the interests of our people, the needs of our customers and platform users, relationships with suppliers, shareholders, regulators and other stakeholders and the wider community and the Group's reputation.

2. STRATEGIC REPORT (CONTINUED)

5. S172 Statement: Duty to promote the success of the Company

The Board seeks to maintain our reputation for high standards of business conduct. Consideration of the long-term consequences of our decisions and recognition of the need to act fairly between stakeholders of the company is integral to the way the Board operates and to the operation of the business as a whole. The relevance of each stakeholder group will be different for each issue considered by the Board. Therefore, it is important that the Board understands the needs of each stakeholder group during its discussions and as part of its decision making.

The views of stakeholders are heard by the Board through information provided by management and by Directors' engagement with stakeholders. The Group's key stakeholders and the principal ways it engages with them are:

Customers	Platform users
What matters most: • Transparency and simplicity • Fair pricing • Quality of service • Security of assets • Positive outcomes	What matters most: • Connection to customers' needs • Continuous platform development • Dependable and consistent service standards • Effective relationship management • Cost-effective platform • Clear guidance and thought leadership
How do we engage: • Regular customer and advisor surveys • Clear communication • Net Promoter Score to assess customers views of the overall service and proposition provided by the JH entities • Customer Committee whose purpose is to ensure positive outcomes for investors, and monitoring customer experience	How do we engage: • User sessions and illuminate events • Dedicated client relations and business development teams • Stakeholder forums such as the practice development group and our advisory board • Thought leadership platform
How did we respond: • The results of each survey are analysed, shared with the Board and used as a foundation for improvement plans • Continued emphasis on our conduct framework to ensure continued focus on creating good customer outcome • Maintained service levels throughout the year, NFG was awarded a 5-star service rating at the 2021 Financial Adviser Awards for the third consecutive year	How did we respond: • Delivered a major upgrade to the NFG platform software and migrated the hosting of the platform into the cloud • Introduced next day faster payments for customer withdrawals • Introduced adviser login for Nucleus Go • Released the first set of NFG APIs for discretionary fund managers to allow them to manage and rebalance model portfolios • Added a range of new benchmarks to Narrate and the investment

2. STRATEGIC REPORT (CONTINUED)

5. S172 Statement: Duty to promote the success of the Company (continued)

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Our people

What matters most:

Making a difference for our customers
Autonomy, coupled with clear expectations and boundaries
Having opportunities to grow and progress
Being fairly rewarded for their contributions
Knowing that their voice is heard
Feeling alignment between the Group and personal values

How do we engage:

Regular online surveys
Tools to facilitate goal setting, 1-to-1's and feedback
All company briefing and Q&A session led by our CEO and his executive team
Online communication platform
Employee forums
Culture leaders
Staff social events

How did we respond:

Sustained support, safety, productivity and engagement during working from home
Revamped Group Values - 'Heart', 'Smart' and 'Courage'
Created a new version of our progression framework

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Suppliers

What matters most:

Trusted partnerships
Strong governance
Clear communications
Our input into their service delivery

How do we engage:

Vendor Manager Office (VMO) manage vendor activities and maintain both new and existing vendor relationships
Regular service reviews
Clearly documented vendor management onboarding and maintenance policies and practices
Annual due diligence reviews
Collaborative engagement
Governance schedules

How did we respond:

Identified relationship managers across all key suppliers
Performed an ongoing review of our vendor management suite of policies

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Shareholders

What matters most:

Compelling business model and growth strategy
Stability, resilience and ability to scale
Reliable returns
Investing in our talent and succession

How do we engage:

AGM and regular disclosures (as appropriate)
Shareholder communications in respect of any specific corporate actions
Monthly Board and Shareholder meetings

How did we respond:

Reported Q1 and Q2 trading and AUA updates to NFG's shareholders (prior to its acquisition)
Released shareholder circulars relevant to the offer for NFG by James Hay Holdings
Held regular shareholder meetings with Epiris

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Regulators

What matters most:

We strive to "Do the right thing" at all times and we have an open and transparent dialogue with all relevant regulators.
Understanding and adopting the principles and rules of the FCA Handbook
Demonstrating good conduct
Acting in our customers' best interests

How do we engage:

Members of the UK platform development group
Direct communication via our Chief Risk Officer and our regulatory and external engagement leads
Responding to consultations where appropriate

How did we respond:

Provided a response to the FCA Consumer Duty consultation and worked on a response to the FCA consultation on sustainability disclosure requirements (submitted January 2022)
Operated our conduct group as an established part of our governance framework

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2. STRATEGIC REPORT (CONTINUED)

5. S172 Statement: Duty to promote the success of the Company (continued)

Community, the environment, and wider society What matters most: • Supporting local communities • Supporting the UK transition to a low-carbon economy • Providing jobs and investment How do we engage: • Support employment and apprenticeship schemes with graduate coding schemes • Engage in charitable activities • Created a framework to set and monitor targets in respect of our Environmental and Social impact How did we respond: • In NFG we retained a staff run charity committee running monthly fundraising and wellbeing events. Raised over £20k for our chosen annual charity partner, Scottish Association for Mental Health • Established a staff run sustainability working group to support the design of a group wide ESG framework and promote the development of internal ESG initiatives	

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

M Regan
Director

30 September 2022

Registered Office Address: Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF

3. DIRECTORS' REPORT

The Directors submit their report together with the audited Financial Statements for the year ended 31 December 2021.

1. Principal activity

These Financial Statements are prepared for Nucleus Financial Platforms Limited and its subsidiaries and present a complete view of the Group's combined operations. In addition to Group Financial Statements, separate Financial Statements have been presented for the Company.

The Group's principal activity is providing the administration of Self Invested Personal Pensions (SIPPs), wrap platform administration, pension portfolio administration and pension scheme administration and certain subsidiary undertakings within the Group are regulated by the FCA.

The principal activity of Nucleus Financial Platforms, company number 06033126 (the "Company") is that of an intermediate holding company, and it does not perform any trade. The Company is a private limited company, incorporated and domiciled in England and Wales.

The Group is also a member of the group headed by, and forms part of the Group Financial Statements drawn up by, the parent undertaking, Larousseco Limited.

2. Functional and presentation currency

Items included in the Financial Statements of the Group and the Company are measured using the currency of the primary economic environment in which the Group and the Company operates ("the functional currency"). The Financial Statements are presented in "GBP" (£), which is the Group's and the Company's presentation currency.

3. Financial Results and dividends

The loss after tax for the financial year of the Group is £22,900k (2020: £57,357k profit), and for the Company is £10,712k (2020: £72,802k profit).

The Group did not pay an interim dividend (2020: £Nil).

No dividends are recommended for payment (2020: £Nil).

4. Directors

The Directors who served throughout the year for the Company and to the date of this report unless otherwise indicated were as follows:

Gavin Howard (resigned 12 September 2022)
Michael Regan (appointed 12 September 2022)
Richard Rowney (appointed 06 August 2021)
Matthew Taylor

3. DIRECTORS' REPORT (CONTINUED)

5. Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the Financial Statements in accordance with applicable law and regulations; and for the maintenance and integrity of the corporate and financial information included on the Group's websites. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors are required by the Companies Act 2006 ("the Act") to prepare the Group and the Company Financial Statements for each financial year and have elected to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards, including interpretations issued by the IFRS Interpretations Committee and the Company Financial Statements in accordance with FRS 101: "Reduced Disclosure Framework". Under the Act, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Financial Statements comply with the Act. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The current Directors, whose names are set out on page 1, confirm to the best of their knowledge that the Group Financial Statements, are prepared in accordance with UK-adopted international accounting standards, including interpretations issued by the IFRS Interpretations Committee, and the Company Financial Statements in accordance with FRS 101: "Reduced Disclosure Framework" and that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company and the undertakings as a whole.

The details of how the Directors have engaged with key stakeholders is set out in the Strategic Report on page 10.

6. Directors' indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

7. Political donations

The Group did not make any political donations during the financial year (2020: £Nil).

8. Statement of going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above and in the Strategic Report on page 2. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Financial Statements. In addition, Notes 3 and 4 to the Financial Statements include the Group's objectives, policies and processes for managing its capital; its financial risk objectives, details of its financial instruments and its exposures to credit risk, liquidity risk and market risk.

The Directors have assessed the Group's operational resilience and ability to meet its liquidity and capital requirements. In addition, the Directors have performed stress tests on liquidity and capital, for material financial risks including a market downturn and interest rate decreases. These provide assurance that the Group has sufficient capital and liquidity to operate under stressed scenarios.

3. DIRECTORS' REPORT (CONTINUED)

8. Statement of going concern (continued)

The Directors believe, after reviewing both the Group's forecasts and projections and taking into account any likely changes in trading performance, that the Group will have sufficient current financial resources to continue to operate and to meet its financial obligations as they fall due, for at least the 12 months from the date of approval of these Financial Statements.

9. Research and development

The Group continues to research and develop new financial services products and make a series of incremental improvements, while ensuring continuity of service to its existing customer base. The Group is harnessing James Hay's pensions expertise and Nucleus' digital capability to build the best retirement-focused adviser platform for larger adviser firms in the UK.

The Group's combined scale is enabling us to invest in products, technology, price and service that will deliver better value for its customers. The Group plans to provide the right blend of human service, online proposition and attractive pricing.

10. Financial risk

Financial risk objectives and policies which have been implemented by Executive Management are set out in *Principal risks and uncertainties* and Note 3 to the Financial Statements.

11. Financial instruments

The Group's financial instruments comprise loans to Group undertakings, borrowings, cash and liquid resources, and various items, such as debtors and creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken on its own behalf.

Further disclosures regarding financial risk objectives and policies and the Group's exposure to principal risks can be found in Note 3.

12. Significant events after the balance sheet date

Epiris GP Limited, controlling general partner of the funds that hold the majority shareholding in the ultimate parent of the Group, initiated a process prior to the year-end to investigate the opportunity to introduce one or more additional shareholders to co-invest in the Group, including the company, alongside it and the management team. On 29 March 2022, the Group announced that HPS Investment Partners LLC, a major American private equity firm, had through certain funds and accounts managed, advised or controlled by it acquired a majority stake in the Group. Epiris GP Limited will retain a significant minority shareholding. The transaction, which received regulatory approval on 26 August 2022 and completed on 21 September 2022, is not expected to result in a change in the Group's strategy and ambitions, but is a vote of confidence in the business, its strategy, management team and people. This is considered to be a non-adjusting post balance sheet event.

Russia's invasion of Ukraine on 24 February 2022 has brought about significant uncertainty that could have wide-ranging impacts on economic growth, market levels and investor sentiment, with a resulting impact on the company's flows AUA and revenue. This is considered to be a non-adjusting post balance sheet event.

There were no other subsequent events that required adjustment to or disclosure in the Financial Statements for the period from 31 December 2021 to the date upon which the Financial Statements were available to be issued.

3. DIRECTORS' REPORT (CONTINUED)

13. Employees

Details of the number of employees and related costs can be found in Note 10 to the Financial Statements.

The Group is committed to equality of access and quality of service for disabled people and embraces the UK Disability Discrimination Acts 1995 and 2005 and the Disability and Equality Act 2010 throughout its business operations. The Group has processes in place to help recruit, train, develop, retain and promote employees with disabilities and is committed to giving full and fair consideration to applications for employment made by disabled persons and for continuing the employment of, and arranging appropriate training for, existing employees who have become disabled.

The Group is subject to the FCA's enhanced Senior Managers and Certification Regime ("SMCR") and complies fully with these requirements.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole. Communication with all employees continues through online systems and tools, regular company-wide meetings and other briefings.

The Group firmly believes in diversity, equity, and inclusion. For us that's about the culture and workplace we build, how we work together, how well we understand each other and the opportunities we create together. Building the best possible workplace that our people are all proud to be part of is our goal.

14. Health and safety

The Group is committed to providing a safe and healthy environment in which its employees can work. We use health and safety consultants on an ongoing basis to ensure that standards are maintained and health and safety policies are made available to all staff. These policies are reviewed and updated on an ongoing basis taking into account changes in the law, and staff are notified of any changes that are made.

15. Human rights and Modern Slavery Act 2015

The Board gives due regard to human rights considerations and periodically carries out risk assessments to ensure that our suppliers present a very low risk of modern slavery or human trafficking. Additionally, all contractual arrangements with suppliers include a provision in their contracts requiring suppliers to comply with the Modern Slavery Act.

We continue to be aware of our responsibilities and obligations under the Modern Slavery Act and continue to develop our approach to the prevention of modern slavery and human trafficking, managing risks on an on-going basis.

16. Anti-bribery and corruption

The Board is responsible for the oversight of the Group's Anti-Bribery and Corruption and Whistleblowing policies and is committed to applying the highest standards of ethical conduct and integrity in its business activities. Every employee and individual acting on the Group's behalf is responsible for maintaining our reputation and for conducting business honestly and professionally.

The Group considers that bribery and corruption have a detrimental impact on business by undermining good governance and distorting free markets. The Board and Senior Management are committed to implementing and enforcing effective systems throughout the Group to prevent, monitor and eliminate bribery, in accordance with the UK Bribery Act 2010, which applies to the Company and its subsidiaries. The Group's Whistleblowing policy encourages employees to report any instances of wrongdoing anonymously.

During 2021 there were no instances of non-compliance reported with the Anti-Bribery and Corruption policy.

3. DIRECTORS' REPORT (CONTINUED)

17. Pillar 3 disclosures

The Group has complied with the minimum capital requirement provisions under Pillar 1 of the Capital Requirements Directive ("CRD") and completed and maintained its Internal Capital Adequacy Assessment Process ("ICAAP") under Pillar 2 of the CRD. The Group's ICAAP has been designed to capture and address any risks not fully considered under Pillar 1 and to ensure that adequate measurement and assessment of any such risks is considered in determining the capital requirements of the Group. The Group's ICAAP for the year ended 31 December 2021 was approved by the Board on 29 June 2022.

The Group's Pillar 3 disclosures, which include both quantitative and qualitative information concerning risks, capital, and risk management, are available on the Group's website:

https://group.nucleusfinancial.com/pillar-3-disclosures

18. Auditor

Each of the Directors as at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

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

In accordance with s485 and 487 of the Act Deloitte LLP are deemed to have been re-appointed as auditor of the Group.

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

M Regan
Director

30 September 2022

Registered Office Address: Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF.

4. INDEPENDENT AUDITORS' REPORT

Independent auditor's report to the members of Nucleus Financial Platforms Limited

Report on the audit of the financial statements

Opinion
In our opinion:
- the financial statements of Nucleus Financial Platforms Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 34.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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

4. INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

- The risk that revenue recognition policies applied by management were not in compliance with IFRS 15: We reviewed management's recognition policies and their application both pre and post entry into the outsourcing arrangement that was entered in to during the period against the requirements of the standard.

4. INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Partridge

Andrew Partridge CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
30 September 2022

5. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 and 31 DECEMBER 2020

	Notes	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		2021	2021	2021	2020	2020	2020
		£'000	£'000	£'000	£'000	£'000	£'000
Revenue	7	63,278	349	63,627	45,172	25,373	70,545
Administrative expenses	11	(65,853)	(802)	(66,655)	(41,477)	(24,161)	(65,638)
Credit impairment charges		(2)	-	(2)	(229)	-	(229)
Operating loss	8	**(2,577)**	**(453)**	**(3,030)**	**3,466**	**1,212**	**4,678**
Finance income	12	8	-	8	74	18	92
Finance costs	13	(128)	-	(128)	(106)	(44)	(150)
Exceptional items	14	(21,795)	918	(20,877)	51,875	967	52,842
(Loss) / profit on ordinary activities before taxation		**(24,492)**	**465**	**(24,027)**	**55,309**	**2,153**	**57,462**
Tax on profit on ordinary activities	15	1,046	81	1,127	244	(349)	(105)
(Loss) / profit for the financial year		**(23,446)**	**546**	**(22,900)**	**55,553**	**1,804**	**57,357**
Total comprehensive (Loss) / profit for the financial year		**(23,446)**	**546**	**(22,900)**	**55,553**	**1,804**	**57,357**

The results were derived from both continuing operations and discontinued operations.

On 28 August 2020, the Group announced that it had sold its independent wealth management business, Saunderson House Limited, to Cabinco Limited, a separate wholly owned indirect subsidiary of Epiris Funds. The consideration received was £91m.

On 08 March 2021 the Group reached an agreement to sell its SSAS book of business to Westbridge Pensions Administration Limited. The sale completion date was 25 March 2021, the consideration received was £1.25m, which was apportioned amongst all applicable subsidiary undertakings.

As a result, the financial year 2020 discontinued operations comprise of both Saunderson House Limited and the SSAS book of business, and the financial year 2021 discontinued operations comprise solely of the SSAS book of business.

The applicable accompanying Notes 1 to 34 on pages 30 to 62 form an integral part of these Financial Statements.

6. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT THE FINANCIAL YEAR END 31 DECEMBER 2021 AND 31 DECEMBER 2020

		2021	2020
	Notes	£'000	£'000
Non-current assets			
Intangible assets	16	175,825	44,252
Property, plant and equipment	18	2,535	1,572
Right-of-use assets	19	4,266	2,022
Deferred tax asset		1,693	1,179
Total non-current assets		**184,319**	**49,025**
Current assets			
Trade and other receivables	20	24,924	15,381
Amount due from related parties	28	3,789	88,313
Income tax asset		585	-
Cash and cash equivalents	21	55,207	19,203
Total current assets		**84,505**	**122,897**
Non-current liabilities			
Lease liabilities	22	(3,601)	(1,408)
Deferred tax liabilities		(16,603)	(1,592)
Provisions for other liabilities	24	(77)	(75)
Total non-current liabilities		**(20,281)**	**(3,075)**
Current liabilities			
Trade and other payables	23	(27,760)	(13,439)
Lease liabilities	22	(1,180)	(589)
Income tax liabilities		(493)	(470)
Amount due to related parties	28	(8,653)	(7,560)
Provisions for other liabilities	24	(1,711)	(4,170)
Total current liabilities		**(39,797)**	**(26,228)**
Net current assets		44,708	96,669
Total assets less current liabilities		229,027	145,694
Net assets		208,746	142,619
Capital and reserves			
Share capital	25	156,290	67,138
Other reserves	26	16,582	16,582
Retained earnings	27	35,874	58,899
Shareholders' funds		208,746	142,619

The accompanying Notes 1 to 34 on pages 30 to 63 form an integral part of these Financial Statements.

6. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

The Financial Statements were approved and authorised for issue by the board:

M Regan
Director

Date: 30 September 2022

7. CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash (used) / generated from operations	32	(27,580)	(3,856)
Interest received		8	102
Income tax paid		(413)	(1,503)
Net cash (used) / generated from operating activities		**(27,985)**	**(5,257)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,099)	(648)
Proceed of sale of property, plant and equipment		675	-
Acquisition of intangible assets		(1,183)	(6,898)
Acquisition of a subsidiary undertaking, net of cash acquired	33	(123,100)	-
Disposal of subsidiary undertakings		1,335	(4,903)
Net cash (used) / generated in investing activities		**(125,372)**	**(12,449)**
Cash flows from financing activities			
Principal repayment of lease liabilities		(663)	-
Interest paid on lease liabilities		(128)	-
Loans with subsidiary undertakings of the ultimate parent		101,000	(2,302)
Proceeds from the issue of share capital		89,152	-
Net cash (used) / generated from financing activities		**189,361**	**(2,302)**
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		19,203	39,211
Net (decrease) / increase in cash and cash equivalents		36,004	(20,008)
Cash and cash equivalents at end of financial year	21	**55,207**	**19,203**

The accompanying Notes 1 to 34 on pages 30 to 63 form an integral part of these Financial Statements.

8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020

	Notes	Share capital and share premium	Other reserves	Profit and loss account	Total
		£'000	£'000	£'000	£'000
At 1 January 2020		67,138	21,120	(2,996)	85,262
Profit for the financial year	27	-	-	57,357	57,357
Recycle translation reserve – consolidation	27		(4,538)	4,538	-
At 31 December 2020		67,138	16,582	58,899	142,619
Loss for the financial year	27	-	-	(22,900)	(22,900)
Recycle translation reserve – consolidation	27	-	-	-	-
Accumulated adjustments – consolidation	27	-	-	(125)	(125)
Total		-	-	(23,025)	(23,025)
Transactions with owners for the year					
Issue of share capital	25	89,152	-	-	89,152
At 31 December 2021		156,290	16,582	35,874	208,746

The Statement of Comprehensive Income outlined on page 22 and the accompanying Notes 1 to 34 on pages 30 to 63 form an integral part of these Financial Statements.

9. PARENT COMPANY ACCOUNTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020

	Notes	2021 £'000	2020 £'000
Revenue		-	-
Administrative expenses	11	(64)	(13)
Operating loss	8	(64)	(13)
Exceptional items	14	(11,511)	70,933
Inter-company dividends received		-	2,000
(Loss) / profit on ordinary activities before taxation		(11,575)	72,920
Tax on profit on ordinary activities	15	858	(118)
(Loss) / profit for the financial year		(10,717)	72,802
Total comprehensive (Loss) / profit for the financial year		(10,712)	72,802

The total comprehensive loss for the year is wholly attributable to the equity holders of the Company.

All results were derived from continuing operations.

The applicable accompanying Notes 1 to 34 on pages 30 to 63 form an integral part of these Financial Statements.

9. PARENT COMPANY ACCOUNTS (CONTINUED)

STATEMENT OF FINANCIAL POSITION AS AT THE FINANCIAL YEAR END 31 DECEMBER 2021 AND 31 DECEMBER 2020

	Notes	2021 £'000	2020 £'000
Non-current assets			
Investment in subsidiaries	17	253,163	73,012
Loans due from related parties		-	91,000
Deferred tax asset	15	863	-
Total non-current assets		254,026	164,012
Current assets			
Amount due from related parties	28	24,044	12,762
Cash and cash equivalents	21	6,866	2,168
Total Current assets		30,910	14,930
Current liabilities			
Trade and other payables	23	(77)	(2)
Income tax liabilities	15	(241)	(235)
Amount due to related parties	28	(27,507)	(29)
Total current liabilities		(27,825)	(266)
Net current assets		3,085	14,664
Total assets less current liabilities		257,111	178,676
Net assets		257,111	178,676
Capital and reserves			
Share capital	25	156,290	67,138
Other reserves	26	19,537	19,537
Retained earnings	27	81,284	92,001
Shareholders' funds		257,111	178,676

The applicable accompanying Notes 1 to 34 on pages 30 to 63 form an integral part of these Financial Statements.

9. PARENT COMPANY ACCOUNTS (CONTINUED)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020

	Notes	Share capital £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2020		67,138	19,537	19,199	105,874
Profit for the financial year	27	-	-	72,802	72,802
Transactions with owners for the year					
Issue of share capital		-	-	-	-
Dividends		-	-	-	-
At 31 December 2020		67,138	19,537	92,001	178,676
Loss for the financial year	27	-	-	(10,717)	(10,717)
Transactions with owners for the year					
Issue of share capital	26	89,152	-	-	89,152
Dividends		-	-	-	-
At 31 December 2021		156,290	19,537	81,284	257,111

The Statement of Comprehensive Income outlined on page 27 and the applicable accompanying Notes 1 to 34 on pages 30 to 63 form an integral part of these Financial Statements

10. NOTES TO THE FINANCIAL STATEMENTS

1. Company Information

The principal activity of the Company is that of an intermediate holding company and it does not perform any trade. The Company is a private limited company registered in England and Wales, limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Dunn's House, St Paul's Road, Salisbury, Wiltshire, England, SP2 7BF.

2. Summary of significant accounting policies

Statement of compliance

The Consolidated Financial Statements of the Group have been prepared in accordance with UK-adopted international accounting standards, including interpretations issued by the IFRS Interpretations Committee, and the separate Financial Statements of the Company have been prepared in accordance with FRS 101: "Reduced Disclosure Framework" (FRS 101). The significant accounting policies applied in the preparation of the Financial Statements are set out below, and in the relevant Notes to the Financial Statements. The accounting policies set out in Note 2 have been applied consistently in preparing the Financial Statements for the year ended 31 December 2021 and 2020.

This is the Company's first set of Financial Statements that comply with FRS 101. The last set of Company Financial Statements prepared under Financial Reporting Standard 102 – 'Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) were for the period ended 31 December 2019. The date of transition to FRS 101 was 1 January 2020.

IFRS 1, *First-timer Adoption of International Financial Reporting Standards*, sets out the transitional rules for when IFRS is applied for the first time. The Company is required to select accounting policies in accordance with IFRS valid at its first IFRS reporting date and apply those policies retrospectively. The standard sets out certain mandatory exceptions to retrospective application and certain optional exemptions. The Company did not elect to use any optional exemptions.

There were no adjustments for the Company on transition from FRS 102 to FRS 101.

The Company has elected to apply the following disclosure exemptions in accordance with FRS 101, when preparing these Financial Statements:

- A statement of cash flows for the period (IAS 1.10(d), 111)
- Information relating to new IFRS standards which have been issued but which are not yet effective, including an assessment of the possible impact that it will have when it is adopted for the first time (IAS 8.30-31).
- Information relating to the entities objectives, policies and processes for managing capital (IAS 1.134-136).
- Disclosure of key management personnel remuneration (IAS 24.17).
- Disclosure of amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity (IAS 24.18A).
- Disclosure of related party transactions entered between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member (IAS 24).

Basis of preparation

The Financial Statements have been prepared under the historical cost convention and on the going concern basis as disclosed in the Directors' statement of going concern set out in the Report of the Directors. The Financial Statements have also been presented and rounded to the nearest thousand.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Adoption of new and revised standards

Newly mandatorily effective in the current period

Title	Subject	Effective date per UK Endorsement Board
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	01 Jan 2021

The Group has evaluated these requirements and they do not have a significant impact to the Group's Financial Statements.

Issued but not yet mandatorily effective

Title	Subject	Effective date per UK Endorsement Board
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	TBC – Per IASB 1 Jan 2022
Annual Improvements to IFRS Standards 2018-2020 (May 2020)	Annual Improvements to IFRS Standards 2018-2020 (May 2020)	TBC – Per IASB 1 Jan 2022
Amendments to IFRS 3 (May 2020)	Reference to the Conceptual Framework	TBC – Per IASB 1 Jan 2022
Amendments to IAS 37 (May 2020)	Onerous Contracts – Cost of Fulfilling a Contract	TCB – Per IASB 1 Jan 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	TBC – Per IASB 1 Jan 2023
Amendments to IAS1	Classification of liabilities as current or non-current – Deferral or Effective Date	TBC – Per IASB 1 Jan 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	TBC – Per IASB 1 Jan 2023

The Group is currently evaluating the requirements of the standards and amendments. The Group does not anticipate that the application of these in the future will have a material impact on the Group's Financial Statements.

There are other standards and interpretations in issue not listed above. These are not considered applicable to the Group.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Summary of significant accounting policies (continued)

Functional and presentation currency

Items included in the Financial Statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The Financial Statements are presented in "GBP" (£), which is the Group's presentation and functional currency.

Consolidated Financial Statements

The Group applies IFRS 10 Consolidated Financial Statements. The consolidated Financial Statements combine the Financial Statements of the Company and all of its subsidiaries. Subsidiaries are entities over which the Group has control. Under IFRS 10, this is when the Group is exposed or has rights to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an entity if facts and circumstances indicate that there have been changes to its power, its rights to variable returns or its ability to use its power to affect the amount of its returns. Intra-group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of the consolidation. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has been obtained and they do not result in loss of control.

Investments in subsidiaries

In the Company Financial Statements, investments in subsidiaries are measured at cost less impairment. The Company determines whether it is necessary to recognise an impairment loss on its investment in subsidiary. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiary is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the Subsidiary and its carrying value, and then recognises the loss in the statement of comprehensive income.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the Consolidated Income Statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in Other Comprehensive Income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in Other Comprehensive Income are reclassified to the Consolidated Income Statement.

Contingent consideration, which may be received in the future, in relation to businesses sold is recognised based on management's assessment of the fair value of the receivable.

Revenue recognition

Revenue comprises fees from revenue streams where the provision of services satisfies performance obligations at a point in time or services relating to performance obligations that are satisfied over time. Revenue relating to services provided over time are recognised in line with the progress towards the satisfaction of the obligations.

Revenue is disaggregated under the following categories with the respective recognition policy for each category detailed below:

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Annual fees

Prior to the FNZ outsourcing agreement, there was an element of judgement involved in accordance with IFRS 15 Revenue Recognition, regarding the recognition of annual fees, with a proportion of the fee (between 20% and 50% depending on product) deferred over the year in line with when costs for on-going services are incurred. As part of the agreement FNZ would pay for all relevant staff and supplier costs relating to the Group's IT and Operations functions, and in turn charge a service fee back to the Group. The FNZ service fee is calculated as a percentage of the assets administered in the Group's products and charged on a monthly basis and, while it will increase or decrease as more or less assets are administered (or the value of those assets rises or falls), it will mean that the Group no longer incur a spike in labour and costs on the anniversary date of each plan. While costs are dependent on asset levels, they are expected to be broadly equal in each month of the period, and as costs cannot be determined in advance, associated revenue is recognised on a straight-line basis across the year as a reasonable approximation of how costs are expected to be incurred. Following this change, all annual fees will be recognised on a straight-line basis across the year. The accounting policy remains as follows:

Annual fees are charged when the contingent events that give rise to the right to receive those fees, typically renewal, have occurred. A proportion of the fee is recognised on the renewal date, as required and where appropriate, representing the fact, that for some fees, the majority of work associated with the fee is performed at inception and on the anniversary date of each scheme. The remainder of the fee is spread over the year on a straight-line basis covering other administrative work that occurs - services provided over time.

Transaction fees
These fees are recognised as revenue when the contingent events which give rise to the right to receive a transaction fee have occurred which satisfy performance obligations at a point in time.

Margin on cash
This represents an interest spread on money earned on client cash and net of the amount (if any) that is passed to the client. The spread is not the result of a performance obligation to a client but rather an arrangement between the firm and the credit institution where the cash is held. Accordingly, margin on cash is accounted for under IFRS 9 Financial instruments. It is recognised as it accrues.

Asset based fees
These fees are charged monthly in arrears, as a percentage of eligible assets, based on the value of the eligible assets at the end of each month. These are recognised as revenue in the month to which they relate with performance obligations satisfied over time. Where the Group receives payment from clients in advance of the performance of its contractual obligations, a liability equal to the amount received is recognised as deferred income. That liability is reduced, and the amount of the reduction is recognised as revenue when, and as, the Group obtains the right to consideration in exchange for the performance condition it provides.

Financial assets

The Group applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial assets and the impairment of financial assets. Financial assets are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provision of the instrument and are initially measured at fair value. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value through profit or loss (FVTPL) depending on the classification of the financial assets. Financial assets at FVTPL are measured at fair value at the end of each reporting period with any fair value gains or losses recognised in profit or loss.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Trade and other receivables

Trade and other receivables are measured at amortised cost as they are held to collect contractual cash flows under the business model test and meet the "Solely Payments of Principal and Interest" (SPPI), characteristics test under IFRS 9.

Trade and other receivables normally arise due to contingent consideration receivable or when the Group provides services directly to a client with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Group's financial assets comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Impairment of financial assets

Trade and other receivables are subsequently measured at amortised cost. The Group uses an Expected Credit Loss (ECL) model when calculating the allowance for lifetime ECLs. An ECL arises when the contractual cash flows

owed to an entity are expected to not be paid (either in whole or in part) or to be paid later than when contractually due, even if the expectation is that a payment will be made in full. The Group recognises any ECLs at the first balance sheet date the trade receivable is recognised. Under the ECL model, the Group calculates an allowance for ECL by considering possible outcomes weighted by the probability of their occurrence when measuring an asset's credit risk. The Group uses an ECL matrix for determining ECLs on trade receivables. The Group's current policy incorporates both quantitative and qualitative factors based on the characteristics, credit history and demographic of its client base, as well as the probability of defaults in the future, based on historical trends and likelihood of future recovery, assessing the credit profile and ability to fulfil future payment obligations.

Trade and other receivables are stated after impairment, and the carrying amount of the asset is reduced through the use of an ECL account and the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement. When a trade receivable is uncollectible it is derecognised. In the Company Financial Statements, amounts due from Group companies are unsecured, non-interest bearing and repayable on demand. There are no loss allowances on balances due from Group companies as the probability of default is negligible.

Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and high quality and highly liquid short-term investments in securities.

Financial liabilities

The Group applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial liabilities. Financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value and subsequently at amortised cost using the effective interest method or FVTPL. Any gains or losses arising on changes in fair value are recognised in profit or loss.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Trade and other payables

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

Provisions for other liabilities

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits would be required to settle the obligation and the amount has been reliably estimated. The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Accounting for exceptional items

IFRS does not explicitly describe events or items of income or expense as exceptional, so the Group has adopted an income statement format which seeks to highlight significant items within the Group results for the year. Such items include restructuring costs, litigation settlements, remediation expenditure, sanction charges, significant non-recurring project costs and costs relating to acquisitions and disposals. Judgement is used by the Group in assessing the particular items, that by virtue of their scale and nature, should be disclosed in the Group Income Statement and/or Notes as exceptional items. These items require separate disclosure in the Financial Statements to facilitate a better understanding of the Group's financial performance.

Pensions and other post-retirement benefits

The Group participates in the defined contribution pension plan. The assets of the scheme are held separately from the assets of the Group in an independently administrated scheme and the Group has no further legal or constructive obligations to pay further contributions to the scheme once the fixed contributions have been paid. Obligations to the defined contribution pension plan are recognised as an expense in the income statement as incurred.

Other reserves

In line with the transitional arrangements set out in IFRS 2 'Share Based Payment', the recognition and measurement principles of this standard have been applied only in respect of share entitlements granted after 7 November 2002 and not vested by 1 January 2005. The Group operates a number of equity-settled, share based compensation plans. The Group's share of fair value of the employee services received in exchange for the equity instrument granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity under other reserves. The fair value of share options is determined using the Black-Scholes model while the fair value of shares awarded is estimated as the market price of the shares at the grant date.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instrument granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. At the end of the reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity over the remainder of the vesting period. The proceeds received by the Group, when share

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

options are exercised, are credited to share capital at nominal value and share premium. In instances where shares are issued under the long-term incentive plan, the difference between the proceeds received and the nominal value of the shares is credited to other reserves. The Group does not operate any cash--based payment schemes or share based payment transactions with cash alternatives as defined in IFRS 2.

Property, plant and equipment

Property, plant and equipment is stated at cost, or deemed cost, less accumulated depreciation and impairment losses. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the replaced item can be measured reliably. The carrying amount of the replaced part is derecognised. All repair and maintenance costs are charged to the Income Statement during the financial period in which they are incurred.

Property, plant and equipment are depreciated over their useful economic life on a straight-line basis at the following rates:

Office and computer equipment	3 - 5 years
Fixtures and fittings	4 - 5 years
Short term lease hold property	10 years

The residual value and useful life of property, plant and equipment are reviewed and adjusted, if appropriate, at least annually. On disposal of property, plant and equipment, the cost and related accumulated depreciation and impairments are removed from the Financial Statements and the net amount, less any proceeds, is recognised in the income statement.

Intangible assets

Computer software

Computer software is stated at cost, less amortisation and provisions for impairment, if any. Costs incurred on the acquisition of computer software are capitalised, as are costs directly related to developing the software where the software supports a business system and the criteria specified below are met. Costs associated with maintaining software are recognised as an expense when incurred. Capitalised computer software is amortised over 5 years. The residual value and useful life of computer software are reviewed and adjusted, if required, annually.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset to use it;
- there is an ability to use the asset;
- it can be demonstrated how the intangible assets will generate future economic benefits;
- adequate technical, financial and other resources to complete the development are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured

Other development expenditure, that does not meet these criteria, is recognised as an expense as incurred. Development costs, previously recognised as an expense, are not recognised as an asset in a subsequent period. Capitalised development costs are recognised as intangible assets and are amortised from the point at which the assets are ready for use on a straight-line basis over their useful lives. Development assets are tested annually for impairment.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at acquisition date. Subsequent, to initial recognition they are stated at cost less amortisation and provisions for impairment. The useful lives of these intangible assets as determined at acquisition date are:

Trade names	10 years
Customer relationship brands	15 - 20 years
Purchased client books	5 years
Computer software	5 years

Other intangible assets

Other intangible assets, including Licenses are stated at cost less amortisation and provisions for impairment. Intangible assets acquired are amortised over their useful lives from the time they are first available for use. The useful lives are determined at acquisition date and currently range from 5 to 15 years. The residual value and useful lives of other intangible assets are reviewed and adjusted at the end of each reporting period, if required.

Impairment of assets excluding goodwill

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment when events or circumstances indicate that the carrying amounts may be impaired or may not be recoverable, and at least annually. An impairment loss is recognised to the extent that the carrying value of the asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Goodwill

The carrying value of goodwill is determined in accordance with IFRS 3 Business Combinations and IAS 36 Impairment of Assets. Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition. Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of a cash generating unit (CGU) including goodwill with the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks, of the CGU to which the goodwill relates, or the CGU's fair value if this is higher.

Leases

The Group assesses whether a contract is or contains a lease at the inception of the contract, and applies IFRS 16 to all leases.

When the Group is the lessee, it is required to recognise both:

- A lease liability, measured at the present value of remaining cash flows on the lease, and
- A right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Subsequently the ROU asset will amortise to the income statement over the life of the lease, using the effective interest rate method. The lease liability is remeasured when there is a change in one of the following:

- Future lease payments arising from a change in an index or rate;
- The Group's estimate of the amount expected to be payable under a residual value guarantee; or
- The Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to nil.

On the balance sheet, the ROU assets are included within property, plant and equipment and the lease liabilities are included within other liabilities.

The Group applies the recognition exemption in IFRS 16 for leases with a term not exceeding 12 months or leases which the underlying asset is of low value. For these leases the lease payments are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more appropriate.

Income tax

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

Current tax

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

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to be become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts 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 liability method. Deferred tax liabilities are generally 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 that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

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 assets arising from deductible temporary differences associated with such investments and interests are only

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged in provision of services to earn revenue and incur expenses. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Board of Directors.

3. Financial Risk

The Group's activities expose it to a number of financial risks including: credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Group losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. It potentially could occur on intercompany assets and cash held by the Group, although inter-company assets are repayable on demand and the probability of default is negligible.

Group

The Group's Maximum exposure to credit risk is £84m (2020: £123m).

As of 31 December 2021, trade and other receivables of £3,580k (2020: £5,708) were past due but not impaired. These relate to a wide range of clients for whom there is no expectation of default. The ageing analysis of these trade receivables is as follows:

	31 December 2021 £'000	31 December 2020 £'000
Up to 3 months in arrears	1,050	2,892
3 to 6 months in arrears	471	948
6 to 9 months in arrears	455	456
Over 9 months in arrears	1,604	1,412
Total	3,580	5,708

As of 31 December 2021, trade receivables of £608k (2020: £837k) were impaired and provided for. Management assesses that at least the receivable amount net of loss allowance will be recovered. The ageing of these receivables is as follows:

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Financial Risk (continued)

	31 December 2021 £'000	31 December 2020 £'000
Up to 3 months in arrears	56	166
3 to 6 months in arrears	83	177
6 to 9 months in arrears	82	95
Over 9 months in arrears	387	399
Total	608	837

The Group does not have any material exposure to any specific customer or group of customers.

Parent Company

The Company's Maximum exposure to credit risk is £30m (2020: £15m) and there were no trade and other receivables that were past due (2020: £Nil).

The Company does not have any material exposure to any specific customer or group of customers.

Liquidity risk

There are sufficient current assets to settle other payables, external to the Group, as they fall due.

Group

Maturities of financial liabilities

At 31 December 2021	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Amounts due to related parties	8,653	-	-	-	-	8,653
Other liabilities	140	5,496	22,124	-	-	27,760
Total financial liabilities	140	14,149	22,124	-	-	36,413

At 31 December 2020	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Amounts due to group companies	7,560	-	-	-	-	7,560
Other Liabilities	546	2,675	10,218	-	-	13,439
Total financial liabilities	8,106	2,675	10,218	-	-	20,999

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. **Financial Risk (continued)**

Parent Company

Maturities of financial liabilities

At 31 December 2021	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Amounts due to related parties	27.507	-	-	-	-	27,507
Other liabilities	77	-	-	-	-	77
Total financial liabilities	27,584	-	-	-	-	27,584

At 31 December 2020	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Amounts due to group companies	29	-	-	-	-	29
Other Liabilities	-	2	-	-	-	2
Total financial liabilities	29	2	-	-	-	31

Market risk

Market risk is the potential for loss of income or decrease in the value of net assets caused by movements in the levels and prices of financial instruments. The majority of market risk arises as a result of changes in interest rates and movement in global stock markets.

Group

Based on the average cash balance held by the Group during the year, a 50bps adverse movement (decrease) in interest rates would result in a decrease in operating profit of £6.15m (2020: £6.45m) and a favourable movement (increase) would result in an increase in operating profit of £6.15m (2020: £6.45m).

Based on the average assets that are subject to a basis point fee held by the Group during the year, a 20% drop in value would result in a decrease in operating profit of £2.9m (2020: £2.7m) and an increase would result in an increase in operating profit of £2.9m (2020: £2.7m)

Parent Company

Based on the average cash balance held by the Group during the year, a 50bps adverse movement (decrease) in interest rates would result in a decrease in operating profit of £15k (2020: £5k) and a favourable movement (increase) would result in an increase in operating profit of £15k (2020: £5k).

The Company does not have any exposure relating to average assets held.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Capital management and resources

Capital management and capital allocation

The Board of Directors are responsible for capital management strategy and policy and ensuring that capital resources are appropriately monitored and controlled within regulatory and internal limits within the Group.

The Group's access to shareholder capital, robust capital structure, solvency position, high conversion rate of profit to cash, low borrowings and available liquidity mean that it remains well positioned to absorb the impact of a sustained collapse in equity markets or other material risks

The Group's primary objective in respect of capital risk management is to safeguard its ability to continue as a going concern in order to protect customers and provide returns for its members.

The Group may on occasion adjust the amount of dividends paid out to its members, return capital to members and issue new shares or buy back shares as the need arises.

Capital adequacy

Certain subsidiary undertakings within the Group are regulated by the FCA and the Group's core Tier 1 capital consists of shareholders' equity including the capital contribution reserve and accumulated profits as at 31 December 2021. The Group has maintained compliance with the required regulatory capital requirements throughout the period.

5. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions to determine the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

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

Critical judgements in applying the Group's accounting policies

The following critical judgements, apart from those involving estimations (which are presented separately), have been made by the Directors in applying the Group's accounting policies

- Provisions for other liabilities and Contingent liabilities (Notes 24 and 30)

Key Sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The estimates and associated assumptions are based on the Group's historical experience and other relevant factors. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Due to the uncomplicated nature of the business transactions of the Group, there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than provisions and contingencies.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Financial Review

Group

	Notes	2021 £'000	2020 £'000
Revenue	7	63,627	70,545
Staffing expenses	10	(28,747)	(42,996)
Other expenses	11	(27,023)	(15,203)
Credit impairment charges		(2)	(229)
Adjusted profit for the financial year*		7,855	12,117
Depreciation and amortisation	16, 18, 19	(10,886)	(7,439)
Exceptional items	14	(20,877)	52,842
Finance income	12	8	92
Finance cost	13	(128)	(150)
(Loss) / profit on ordinary activities before taxation		(24,028)	57,462

***Adjusted profit represents EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), excluding Exceptional items**

The Group's Management believes that the Non-UK IFRS performance measure disclosed above provides valuable information to the users of the Financial Statements as it enables the user to identify a more consistent basis for comparing the business' performance between financial periods. Additionally, the Group's Management believes that the Non-UK IFRS performance measure provides more detail concerning the elements of performance which the Managers of the Group are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by the Group's Management. However, such Non-UK IFRS performance measures are not a substitute for UK IFRS measures and users should consider the UK IFRS measures as well.

The acquisition of NFG during the year has naturally led to an increase in both revenue and expenses in continuing operations on a consolidated basis, but in relative terms for the historic James Hay entities, the Group has experienced an overall decrease in revenue primarily due to the change in revenue recognition of annual administration fees in certain regulated subsidiaries within the Group and due to the impact of the full year effect of lower Bank of England base rates resulting in a reduction in client interest margin. In the first quarter of the year the Group disposed of its SSAS book of business, which also helped contribute towards the decrease in revenue. The Group also experienced a significant decrease in administrative expenses, and this is primarily attributable to the outsourcing of the IT and Operations functions to FNZ.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Revenue

Group

	2021	2020
	£'000	£'000
Annual fees	18,193	24,740
Transaction fees	2,667	2,035
Asset based fees	37,885	16,258
Margin on cash	3,142	5,934
Advisory fees	-	20,909
Other income	1,740	669
Total revenue	63,627	70,545

During the year there was no revenue derived from a single client that represented 10% or more of total revenues.

All revenue is derived in the UK from both continuing operations and discontinued operations.

On 28 August 2020, the Group announced that it had sold its independent wealth management business, Saunderson House Limited, to Cabinco Limited, a separate wholly owned indirect subsidiary of Epiris Funds. The consideration received was £91m.

On 8 March 2021 the Group reached an agreement to sell its SSAS book of business to Westbridge Pensions Administration Limited. The sale completion date was 25 March 2021 and the overall consideration received was £1.25m, which was apportioned amongst all applicable subsidiary undertakings.

The acquisition of NFG during the year has naturally led to an increase in revenue on a consolidated basis, but in relative terms for the historic James Hay entities, the Group has experienced an overall decrease in revenue primarily due to the change in revenue recognition of annual administration fees in certain regulated subsidiaries within the Group, described in more detail below and due to the impact of the full year effect of lower Bank of England base rates resulting in a reduction in client interest margin. In the first quarter of the year the Group disposed of its SSAS book of business, which also contributed towards the decrease in revenue.

For certain subsidiary undertakings in the Group, prior to the FNZ outsourcing agreement, there was an element of judgement involved in accordance with IFRS 15, regarding the recognition of annual fees, with a proportion of the fee (between 20% and 50% depending on product) deferred over the year in line with when costs for on-going services are incurred. As part of the agreement with FNZ, FNZ would pay for all relevant staff and supplier costs relating to the Group's IT and Operations functions, and in turn charge a service fee back to the Group. The FNZ service fee is calculated as a percentage of the assets administered in the Group's products and charged on a monthly basis and, while it will increase or decrease as more or less assets are administered (or the value of those assets rises or falls), it will mean that the Group no longer incurs a spike in labour and costs on the anniversary date of each plan. Instead, while costs are dependent on asset levels, they are expected to be broadly equal in each month of the period, and as costs cannot be determined in advance, associated revenue is recognised on a straight-line basis across the year as a reasonable approximation of how costs are expected to be incurred. Following this change, all annual fees will be recognised on a straight-line basis across the year. The accounting policy remains as disclosed in Note 2.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Operating Loss

Group

The following items have been charged in operating profit/(loss):	2021	2020
	£'000	£'000
Staffing expense (Note 10)	28,747	42,996
Depreciation of tangible fixed assets	915	1,178
Amortisation of intangible assets	9,162	5,167
Amortisation of right-of-use asset	809	1,094

During the year, the Group obtained the following services from the Group's auditors Deloitte LLP, and PricewaterhouseCoopers LLP in the case of NFG.

	2021	2020
	£'000	£'000
Statutory audit of the Financial Statements	363	162
Deloitte LLP	*303*	*162*
PricewaterhouseCoopers LLP	*60*	-
Other non-audit services	173	82
Deloitte LLP	*111*	*82*
PricewaterhouseCoopers LLP	*62*	-
Total auditor's remuneration	536	244

Parent Company

	2021	2020
	£'000	£'000
Statutory audit of the Financial Statements	75	2
Deloitte LLP	*75*	*2*
Other non-audit services	2	-
Deloitte LLP	*2*	-
Total auditor's remuneration	77	2

9. Directors' remuneration

Group

	2021	2020
	£'000	£'000
Paid or receivable by Directors for qualifying services	2,283	1,267
Total	2,283	1,267

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Staffing expense

Group

	2021 £'000	2020 £'000
Wages and salaries	23,906	32,574
Social insurance costs	2,481	3,542
Redundancy and related costs	55	8
Pension costs – defined contribution plans	1,189	1,990
Share-based payment compensation – share options	9	-
Exceptional staff costs	-	3,383
Other staff expenses	1,107	1,499
Total staffing expenses	**28,747**	**42,996**

Other expenses include items such as IT related expense, professional services, audit and non-audit services and insurance amongst others.

The average number of persons employed by the Group during the year was 727 (2020: 846).

In the prior year redundancy costs of £1.5 million and staff costs in relation to the ongoing legacy review of £1.9 million, were recognised as exceptional staff costs.

11. Administrative Expenses

Group

	2021 £'000	2020 £'000
Staffing expense (Note 10)	28,747	42,996
Depreciation (Note 18)	915	1,178
Amortisation of intangible assets (Note 16)	9,162	5,167
Depreciation on right-of-use asset (Note 19)	809	1,094
Other expenses	27,023	15,203
Total administrative expenses	**66,656**	**65,638**

Parent Company

	2021 £'000	2020 £'000
Other expenses	64	13
Total administrative expenses	64	13

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Administrative Expenses (continued)

The results are derived from both continuing operations and discontinued operations.

On 28 August 2020, the Group announced that it had sold its independent wealth management business, Saunderson House Limited, to Cabinco Limited, a separate wholly owned indirect subsidiary of Epiris Funds. The consideration received was £91m.

On 8 March 2021 the Group reached an agreement to sell its SSAS book of business to Westbridge Pensions Administration Limited. The sale completion date was 25 March 2021 and the overall consideration received was £1.25m, which was apportioned amongst all applicable subsidiary undertakings.

The acquisition of NFG during the year has naturally led to an increase in expenses on a consolidated basis, but in relative terms for the historic James Hay entities, the Group has experienced an overall decrease in administrative expenses, and this is primarily attributable to the outsourcing of the IT and Operations functions to FNZ.

12. Finance income

Group

	2021 £'000	2020 £'000
Interest income on short-term bank deposits	8	92
Total finance income	8	92

13. Finance costs

Group

	2021 £'000	2020 £'000
Lease interest (Note 22)	128	150
Total finance costs	128	150

Interest on lease liabilities is measured at the present value of the lease payments that are not paid at the commencement date and a single discount rate being the incremental borrowing rate of 4% was applied to a portfolio of leases liabilities.

14. Exceptional items

Group

	2021 £'000	2020 £'000
Disposal of Saunderson House Limited	-	(56,766)
Disposal of the SSAS book	(1,666)	-
Acquisition of NFG	9,096	-
Transformation program	7,278	-
Service recovery	3,712	1,719
Restructuring costs	1,648	1,499
Legal, remediation and other items	809	706
Total exceptional loss / (gain)	20,877	(52,842)

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Exceptional items (continued)

Company

	2021 £'000	2020 £'000
Disposal of Saunderson House Limited	-	(70,933)
Transformation program	7,278	-
Service recovery	3,712	-
Restructuring costs	470	-
Other exceptional items	51	-
Total exceptional loss / (gain)	11,511	(70,933)

On 28 August 2020, the Group announced that it had sold its independent wealth management business, Saunderson House Limited, to Cabinco Limited, a separate wholly owned indirect subsidiary of Epiris Funds. The consideration received was £91m.

On 8 March 2021 the Group reached an agreement to sell its SSAS book of business to Westbridge Pensions Administration Limited. The sale completion date was 25 March 2021 and the overall consideration received was £1.3m, which was apportioned amongst all applicable subsidiary undertakings. The resulting gain was derived from the impact of the SSAS revenue prior to sale, costs incurred that relate to the SSAS book (including deal related costs) and the reversal of SSAS related accruals, prepayments and provisions at the point of sale.

One of the most significant developments during the year from a strategic perspective of the Group was the acquisition of NFG. The acquisition was implemented by way of a recommended takeover offer for an aggregate consideration of £144.6m, which was declared unconditional as to acceptances on 04 May 2021. Following FCA approval on 5 August 2021, and the offer being declared wholly unconditional, the Group exercised its rights to acquire compulsorily the remaining shares in NFG in respect of which its offer had not been validly accepted. The costs relating to the acquisition of NFG primarily relate to due diligence, corporate advisory and deal execution.

The Transformation Program incorporates the workstreams set up to achieve the outsourcing of the IT and Operations functions to FNZ, the design of the new FNZ platform and the post-merger integration of James Hay and NFG from both a commercial and an operational perspective.

Service Recovery relates to resolving the issues caused by the customer cash project, which initially commenced in financial year 2020. This project was accelerated in financial year 2021 driven by the ambition to outsource the IT and Operations functions to FNZ as soon as feasible and in order to recover service standards to acceptable levels. This category of exceptional costs therefore represents all of the one-off costs incurred to get the business in a position to transfer the relevant functions to FNZ and to reform the service.

Restructuring costs, include termination and recruitment costs relating to a review of the size and shape of the Group's employee base and primarily derive from the rationalisation of the Executive Committee and Senior Management following the acquisition of NFG.

Legal and Remediation costs relate to the resolution of issues found during James Hay's review of its dual-trustee book and other legacy products.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. **Tax on the profit or loss on ordinary activities for the financial year**

Group

	2021 £'000	2020 £'000
Current tax		
UK corporation tax charge on the results for the financial year	731	645
Adjustments in respect to prior periods / rate changes	-	(171)
Total current tax charge	731	474
Deferred tax		
UK corporation tax credit on the results for the financial year	(1,806)	(410)
Adjustments in respect to prior periods / rate changes	(52)	41
Total deferred tax credit	**(1,858)**	**(369)**
Total tax (credit) / charge	**(1,127)**	**105**

Factors affecting the tax charge / (credit) for the financial year:

	2021 £'000	2020 £'000
(Profit) / loss for the financial year before tax	24,027	(57,462)
Tax (credit) / expense at the UK corporation tax rate of 19% (2019: 19%)	(4,565)	10,918
Effects of:		
Expenses not deductible for tax purposes	4,826	2,684
Income not taxable for tax purposes	(1,336)	(13,577)
Adjustments in respect to prior periods / rate changes	(52)	(130)
Total tax (credit) / charge	**(1,127)**	**105**

On 3 March 2021 as part of the 2021 budget, the Government announced that Corporation Tax will increase to 25% with effect from 1 April 2023. This change was enacted on 10 June 2021 and as a result, the effect has been reflected in the closing deferred tax position as appropriate, included in these Financial Statements.

Deferred tax has been calculated at 25% on capital allowances (2020:19%) and at 19% for short-term timing differences and losses (2020: 19%), due to the fact that the Group is expecting to be able to utilise them in the financial year 2022.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Tax on the profit or loss on ordinary activities for the financial year (continued)

Parent Company

	2021 £'000	2020 £'000
Current tax		
UK corporation tax charge on the results for the financial year	-	118
Adjustments in respect to prior periods / rate changes	-	-
Total current tax charge	-	118
Deferred tax		
UK corporation tax credit on the results for the financial year	(858)	
Adjustments in respect to prior periods / rate changes	-	-
Total deferred tax credit	(858)	-
Total tax (credit) / charge	(858)	118

Factors affecting the tax charge / (credit) for the financial year:

	2021 £'000	2020 £'000
(Profit) / loss for the financial year before tax	11,575	(72,920)
Tax (credit) / expense at the UK corporation tax rate of 19% (2019: 19%)	(2,199)	13,855
Effects of:		
Expenses not deductible for tax purposes	1,341	119
Income not taxable for tax purposes	-	(13,856)
Adjustments in respect to prior periods / rate changes	-	-
Total tax (credit) / charge	(858)	118

Deferred tax has been calculated at 19% for losses (2020: 19%), due to the fact that the Company is expecting to be able to utilise them in the financial year 2022.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible Assets

Group

	Goodwill £'000	Customer relationships £'000	Trade name £'000	Purchased client books £'000	Computer Software £'000	Wrap Platform £'000	Total £'000
Cost							
At 01 January 2020	32,063	25,517	-	2,137	22,289	-	82,006
Acquired through business combination	-	-	-	-	-	-	-
Additions	-	-	-	-	6,898	-	6,898
Disposal of subsidiary	(5,292)	-	-	-	(5,553)	-	(10,845)
At 31 December 2020	26,771	25,517	-	2,137	23,634	-	78,059
Acquired through business combination	75,713	55,875	7,733			265	139,586
Additions	-	-	-	-	1,183	-	1,183
Disposals	-	-	-	-	(67)	-	(67)
At 31 December 2021	102,484	81,392	7,733	2,137	24,750	265	218,761
Accumulated amortisation							
At 01 January 2020	-	(16,728)	-	(1,711)	(13,318)	-	(31,757)
Amortised charge on acquired assets	-	(1,701)	-	(320)	-	-	(2,021)
Amortise charge for the year	-	-	-	-	(3,146)	-	(3,146)
Impairment on goodwill	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	3,117	-	3,117
At 31 December 2020	-	(18,429)	-	(2,031)	(13,347)	-	(33,807)
Amortised charge on acquired assets	-	(2,926)	(323)	(106)	-	(26)	(3,381)
Amortise charge for the year	-	-	-	-	(5,781)	-	(5,781)
Impairment on goodwill	-	-		-	-	-	-
Disposals	-	-		-	33	-	33
At 31 December 2021	-	(21,355)	(323)	(2,137)	(19,095)	(26)	(42,936)
Net Book Value at 31 December 2021	102,484	60,037	7,410	-	5,655	239	175,825
Net Book Value at 31 December 2020	26,771	7,088	-	106	10,287	-	44,252

Goodwill is reviewed annually for impairment, or more frequently when there are indications that an impairment may have occurred. The test involves comparing the carrying value of the CGU including goodwill with its recoverable amount and principally this is determined using the value in use model. During the financial year 2021, there were no indicators of impairment and no impairment was recognised.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible Assets (continued)

On 27 January 2021 the Group, entered into an agreement with FNZ to outsource its IT and Operations functions. Under this agreement FNZ will, over a period of 2 years, migrate clients from Winsipp onto a new platform being developed and owned by FNZ, with an estimated completion date by the end of 2022. Development of Winsipp and the banking system continued in 2021, and in the period from the start of the year to the FNZ Financial Transfer date, which was effective from the 01 May 2021, £1.2m was spent and capitalised on the development of Winsipp. As the clients migrate from Winsipp to the FNZ platform, Winsipp will have reducing economic value to the Group, and as a result the useful life of Winsipp was determined to cease when the FNZ platform is live and functional and the migration plan is in place. This resulted in the useful life being reduced to 2 years from 5 years, resulting in an accelerated amortisation amount of £2.3m being recognised.

17. Subsidiaries

Parent Company

The following is a list of the principle subsidiary undertakings of the Company:

Subsidiary	Principal activity	Shareholding and voting rights %
Incorporated in the UK		
The IPS Partnership plc	Pensions administration and pension scheme administrators	100 (direct)
IPS Pensions Limited	Provision of pension administration services	100 (direct)
James Hay Holdings Limited	Holding company	100 (direct)
IFG UK Group Holdings Limited	Holding company	100 (direct)
James Hay Wrap Managers Limited	Portfolio administration services for personal investments and small self-invested pension schemes	100 (indirect)
James Hay Holdings Limited	Holding company	100 (direct)
James Hay Administration Company Limited	Administration of self-invested personal pension schemes	100 (indirect)
Nucleus Financial Limited	Holding company	100 (indirect)
Nucleus Financial Services Limited	Provision of wrap administration services	100 (indirect)
Registered office: Dunn's House, St Paul's Road, Salisbury, SP2 7BF		
Incorporated in Jersey		
James Hay Services Limited	Holding company	100 (indirect)
Registered office: Wellington House, 15 Union Street, St Helier		

One of the most significant developments during the year from a strategic perspective of the Group was the acquisition of NFG. The acquisition was implemented by way of a recommended takeover offer for an aggregate consideration of £144.6m, which was declared unconditional as to acceptances on 04 May 2021. Following FCA approval on 5 August 2021, and the offer being declared wholly unconditional, the Group exercised its rights to acquire compulsorily the remaining shares in NFG in respect of which its offer had not been validly accepted.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Property, Plant and Equipment

Group

	Buildings & leasehold improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2020	3,194	8,052	1,266	12,512
Acquired through business combination	-	-	-	-
Additions	75	549	25	649
Disposal of subsidiary	(1,248)	(2,654)	(750)	(4,652)
At 31 December 2020 / 01 January 2021	2,021	5,947	541	8,509
Acquired through business combination	1,148	-	933	2,081
Additions	171	207	2,721	3,099
Disposals	(312)	(621)	(84)	(1,017)
At 31 December 2021	3,028	5,534	4,110	12,672
Accumulated depreciation				
At 1 January 2020	1,795	6,743	1,047	9,585
Acquired through business combination	-	-	-	-
Charge for the year	467	636	75	1,178
Disposal of subsidiary	(846)	(2,261)	(719)	(3,826)
At 31 December 2020 / 01 January 2021	1,416	5,118	403	6,937
Acquired through business combination	419	-	2,428	2,847
Charge for the year	325	262	328	915
Disposals	(206)	(144)	(212)	(562)
At 31 December 2021	1,954	5,236	2,947	10,137
Net Book Value				
At 31 December 2021	1,074	298	1,163	2,535
At 31 December 2020	605	829	138	1,572

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Right-of-use assets

Group

Cost	Building £'000	Equipment £'000	Total £'000
At 1 January 2020	5,247	131	5,378
Acquired through business combination	-	-	-
Additions	-	-	-
Disposal of subsidiary	(1,857)	-	(1,857)
Disposals	(452)	-	(452)
At 31 December 2020 / 01 January 2021	2,938	131	3,069
Acquired through business combination	4,443	-	4,443
Additions	335	-	335
Disposals	(736)	-	(736)
At 31 December 2021	6,980	131	7,111
Accumulated depreciation			
At 1 January 2020	1,313	11	1,324
Acquired through business combination	-	-	-
Charge for the year	1,050	44	1,094
Disposal of subsidiary	(1,249)	-	(1,249)
Disposals	(122)	-	(122)
At 31 December 2021 / 01 January 2021	992	55	1,047
Acquired through business combination	1,198	-	1,198
Charge for the year	766	43	809
Disposals	(209)	-	(209)
At 31 December 2021	2,747	98	2,845
Net Book Value			
At 31 December 2021	4,233	33	4,266
At 31 December 2020	1,946	76	2,022

20. Trade and other receivables

Group

	2021 £'000	2020 £'000
Trade receivables	3,580	5,708
Less impairment allowance	(608)	(837)
Net Trade receivables	2,972	4,871
Other receivables	16,081	8,576
Less impairment allowance	(206)	(179)
Net other receivables	15,875	8,397
Prepayments	6,077	2,113
Total Trade and other receivables	24,924	15,381

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Trade and other receivables (continued)

The carrying value, less impairment allowance of debtors and other receivables, approximates fair value.

The amounts due from related companies are unsecured, non-interest bearing and repayable on demand. There are no loss allowances on balances due from related companies as the probability of default is negligible.

As of 31 December 2021, the ageing of trade and other receivables, excluding prepayments and the respective lifetime ECL is set out below:

At 31 December 2021Trade and other receivables

£'000	0-30 days	30-60 days	60-90 days	90-120 days	120-180 days	180-360 days	+360 days	Total
ECL %	1%	2%	4%	6%	7%	6%	24%	4%
Gross carrying amount	10,770	1,099	693	644	1,575	3,150	1,730	19,661
Lifetime ECL	(26)	(22)	(25)	(36)	(103)	(182)	(420)	(814)
Total								18,847

At 31 December 2020Trade and other receivables

£'000	0-30 days	30-60 days	60-90 days	90-120 days	120-180 days	180-360 days	+360 days	Total
ECL %	1%	6%	11%	20%	15%	20%	12%	7%
Gross carrying amount	6,765	959	749	568	657	1,039	3,547	14,284
Lifetime ECL	(46)	(57)	(81)	(114)	(101)	(207)	(410)	(1,016)
Total								13,268

21. Cash and cash equivalents

Group

	2021 £'000	2020 £'000
Cash at bank and in hand	55,207	19,203
Total	55,207	19,203

Company

	2021 £'000	2020 £'000
Cash at bank and in hand	6,866	2,168
Total	6,866	2,168

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Lease liabilities

Group

	2021	2020
	£'000	£'000
Current	1,180	589
Non-current	3,601	1,408
At 31 December	4,781	1,997

	2021	2020
Maturity analysis	£'000	£'000
1 year or less	1,180	569
1-2 years	1,689	861
3-5 years	1,912	458
5 years	-	109
At 31 December 2021	4,781	1,997

23. Trade and other payables

Group

	2021	2020
	£'000	£'000
Trade and other payables	4,391	1,597
Accruals	11,811	4,910
Deferred Income	10,298	5,619
PAYE and social welfare	889	828
Value added tax	371	485
Total	27,760	13,439

Company

	2021	2020
	£'000	£'000
Accruals	77	2
Total	77	2

The carrying value of creditors approximates fair value.

The amounts due to related companies are unsecured, non-interest bearing and repayable on demand.

The change in revenue recognition impacting the deferred income for certain regulated subsidiaries within the Group is disclosed in Note 7.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Provisions for other liabilities

Group

	Complaints & pricing £'000	Legal remediation & sanction £'000	Business combination £'000	Share incentive plan £'000	Dilapidations £'000	Total £'000
At 1 January 2020	409	18,558	-	-	-	18,967
Acquired through business combination	-	-	-	-	-	-
Provision movement in the year	714	(1,650)	-	-	-	(936)
Utilised during the year	(412)	(13,040)	-	-	-	(13,452)
Disposal of subsidiary	-	(334)	-	–		(334)
At 31 December 2020	711	3,534	-	-	-	4,245
Acquired through business combination	266	-	470	124	99	959
Provision movement in the year	1,062	(2,978)	-	131	35	(1,750)
Utilised during the year	(1,135)	-	(276)	(255)	-	(1,666)
At 31 December 2021	904	556	194	-	134	1,788

Analysis of provisions	2021 £'000	2020 £'000
Current	1,711	4,170
Non-current	77	75
At 31 December 2021	1,788	4,245

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Management exercise their best judgement when determining the estimate of the resolution of issues, including customer complaints and pricing, and legal and sanctions amongst others as disclosed in the above table.

In prior years the provisions relating to legacy issues was a substantial amount for the Group and was largely made in relation to potential HMRC sanction charges as a result of unauthorised payments from SSAS schemes. During the year, all such provisions were reversed due to the sale of SSAS book of business as the acquirer took on responsibility for these liabilities. Although, during the year a backlog of complaints arose as a result of the customer cash project and resource constraints leading to some small increases in the provisions for complaints and pricing.

With regards to the business combination provision, as part of the agreement to acquire Genpact Open Wealth, the Group is required to pay additional consideration in relation to certain contracts. The final amount due will be determined on actual costs incurred by Genpact Open Wealth.

The dilapidations provision relates to NFG's office premises at Greenside, Edinburgh. This is calculated using the Building Cost Information Service survey (part of the Royal Institution of Chartered Surveyors) of average settlement figures for offices, adjusted for inflation, and the square footage of the Group's leasehold premises. The provision has been classified as non-current due to the likelihood of its utilisation at the end of the lease in 2027.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Share Capital

Group

	2021	2020
Allotted and fully paid up	£'000	£'000
Ordinary share of £1.00 each	156,290	67,138
At 31 December 2021	156,290	67,138

	No. of shares	Par Value £'000	Total £'000
At 1 January 2020	67,138,000	67,138	67,138
Issued and subscribed	-	-	-
At 31 December 2020 / 01 January 2021	67,138,000	67,138	67,138
Issued and subscribed	89,151,609	89,152	89,152
At 31 December 2021	156,289,609	156,290	156,290

26. Other reserves

Group

	Capital redemption reserve £'000	Other reserve £'000	Total £'000
At 1 January 2020	15,000	6,120	21,120
Recycle translation reserve	-	(4,538)	(4,538)
At 31 December 2020 / 01 January 2021	15,000	1,582	16,582
Recycle translation reserve	-	-	-
At 31 December 2021	15,000	1,582	16,582

Company

	Capital redemption reserve £'000	Other reserve £'000	Total £'000
At 1 January 2020	15,000	4,537	19,537
Movement	-	-	-
At 31 December 2020 / 01 January 2021	15,000	4,537	19,537
Movement	-	-	-
At 31 December 2021	15,000	4,537	19,537

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Retained earnings

Group

	2021 £'000	2020 £'000
At 1 January 2021	58,899	(2,996)
(Loss) / profit for the financial year	(22,900)	57,357
Recycle translation reserve – consolidation	-	4,538
Accumulated adjustments - consolidation	(125)	-
At 31 December 2021	35,874	58,899

Parent Company

	2021 £'000	2020 £'000
At 1 January 2021	92,001	19,199
(Loss) / profit for the financial year	(10,717)	72,802
At 31 December 2021	81,284	92,001

28. Related party transactions

Transactions with Directors, key management personnel and their connected persons

Key Management Personnel are defined as the Directors of the Group, the Board and Executive Committee of the Company. The Group received income for the fees relating to the administration of self-invested personal pensions from a Director of the Group totalling £1.4k (2020: £1.5k). These fees are charged at standard rates and balances were settled during the respective years.

There were no related party transactions during the year, or existing at the balance sheet date other than those disclosed below with related parties or the parent Company's Key Management Personnel.

Transactions with related parties

During the year, the Group entered into the following transactions with related parties.

	Amounts owed by related parties		Amounts owed to related parties	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Entities with significant influence over the Group	-	85,025	8,653	7,560
Related parties	3,789	3,255	-	-
Disposed subsidiary undertakings	-	33	-	-
Total	3,789	88,313	8,653	7,560

29. Pensions and other post-retirement benefits

The Group participates in a defined contribution pension plan. The assets of the scheme are held separately from the assets of the Group in an independently administrated scheme and the Group has no further legal or constructive obligations to pay further contributions to the scheme once the fixed contributions have been paid.

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. Pensions and other post-retirement benefits (continued)

The Group recognised an amount of £1,189k (2020: £1,990k) as an expense for these contributions and is included in staff costs in the statements of comprehensive income. At 31 December 2021 £184k (2020: £82k) remains outstanding.

30. Commitments and contingencies

The Group has no commitments and contingencies as at 31 December 2021 other than what is disclosed below.

HMRC relief at source in specie claim

The Group received a protective assessment in relation to pension relief at source for the tax years 2013/14 and 2014/15 where the contributions in question were underpinned by the transfer of an asset. The maximum potential exposure for these tax years is c£0.4 million. The Group does not consider that any relief at source paid to it during the period to which the assessment relates is properly repayable to HMRC and has appealed the assessment.

In 2018 the decision involving Sippchoice and HMRC, the Tribunal found that a contribution in kind to a self-invested pension plan was a payment which gave rise to an income tax deduction. The Tribunal also observed that HMRC's attempt to deny relief at source in respect of asset contributions clearly contradicted the position set out in HMRC's Pensions Tax Manual. HMRC disagreed with the Sippchoice decision and successfully appealed the decision in 2020. Despite the resolution of this appeal there remains uncertainty around the extent of any charge and the Group's liability. We have therefore included this as a contingent liability.

Given the nature of the business the Group undertakes, it may from time to time receive complaints against it. The Group has procedures in place to assess the veracity of the claims and provisions that have been made to cover its best estimate of the exposure in respect of these matters, which requires significant judgement and subjective assumptions. No provisions have been recorded for other contingencies, as the Group's obligations under them are not probable and a reliable estimable can not be established.

31. Segmental Information

In accordance with IFRS 8: Operating Segments, the Group has identified the Board of Directors of the Group as its Chief Operating Decision Maker (CODM), which in turn collaboratively reviews all internal reporting in order to assess the performance of the Group. The operating segments have been identified based on these reports. During the prior year, being financial year 2020 the Board of Directors considered the business line perspective, based on two reporting segments: Provision of Platform Services and Independent Wealth Management. The segments were managed by Senior Executives who reported to the Board of Directors. The Group earns its revenues in these segments by way of fees from the provision of services and commissions earned in the provision of financial service products. Intersegment revenue is not material and thus not subject to separate disclosure.

On 28th August 2020, the Group announced that it had sold its independent wealth management business, Saunderson House Limited, to Cabinco Limited, a separate wholly owned indirect subsidiary of Epiris Funds, for a consideration of £91m. Following the sale, the Group now consists of only one operating segment, being the provision of platform services. Consequently, assets and liabilities allocated to Saunderson House Limited were classified as a disposal group in financial year 2020. Revenue and expenses, gains and losses relating to the discontinuation of this segment have been eliminated from the Group's continuing operations and are disclosed below:

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. **Segmental Information (continued)**

	Discontinued operations
	2020
	£'000
Revenue	23,594
Administrative expenses	(22,181)
Operating loss	1,413
Finance income	10
Finance costs	(44)
(Loss) / profit on ordinary activities before taxation	1,379
Tax on profit on ordinary activities	(294)
(Loss) / profit for the financial year	1,085
Total comprehensive (Loss) / profit for the financial year	1,085

The carrying amounts of the assets and liabilities relating to this disposal as at the date of sale are disclosed below:

	2020
	£'000
Intangible assets	63,790
Property, plant and equipment	827
Right-of-use assets	608
Trade and other receivables	12,613
Cash and cash equivalents	4,903
Total assets	**82,741**
Intercompany	(32)
Lease liabilities	(723)
Trade and other payables	(5,767)
Income tax liabilities	(231)
Deferred tax	(11,702)
Provisions for other liabilities	(335)
Total liabilities	**(18,790)**
Net assets	**63,951**
Consideration received	91,000
Net book value of subsidiary undertaking	(63,951)
Goodwill	(20,480)
Gain on sale after income tax	**6,569**

10. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. Cash Generated from Operations

	2021 £'000	2020 £'000
(Loss) / profit before income tax for continuing operations	(24,492)	55,309
Profit before income tax for discontinued operations	465	2,153
Net (loss) / profit before income tax	**(24,027)**	**57,462**
Depreciation and amortisation	10,885	6,530
Net interest cost	120	101
(Increase) / decrease in trade and other receivables	(24,100)	2,121
Increase in current liabilities and provisions	11,208	(13,304)
Gain on the disposal of subsidiary undertakings	(1,666)	(56,766)
Cash (used in) / generated from operations	**(27,580)**	**(3,856)**

33. Acquisition of Subsidiaries

The acquisition of NFG was implemented by way of a recommended takeover offer for an aggregate cash consideration of £144.6m, which was declared unconditional as to acceptances on 4 May 2021. Following FCA approval on 5 August 2021, and the offer being declared wholly unconditional, the Group exercised its rights to acquire compulsorily the remaining shares in NFG in respect of which its offer had not been validly accepted.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£'000
Financial Assets	28,606
Property, plant and equipment	1,912
Identifiable intangible assets	67,124
Financial Liabilities	(13,204)
Deferred tax liabilities	(15,530)
Total identifiable assets acquired and liabilities assumed	**68,908**
Goodwill	75,713
Total Consideration	**144,621**

The net cashflow arising on acquisition is as follows:

Cash Consideration	144,621
Less: Cash and cash equivalent balances acquired	(21,521)
Net Cash Outflow	**123,100**

34. Parent undertaking and controlling party

The Company's immediate parent company is IFG Group Limited, a company incorporated and registered in the Republic of Ireland and its ultimate parent company is Plutus Topco Limited, a company incorporated and registered in Jersey. The Group is also a member and forms part of the Group Financial Statements drawn up by the parent undertaking Larousseco Limited, a company incorporated and registered in Jersey.

Copies of the consolidated Financial Statements, which include the results of the Group, are available from the Company Secretary, Larousseco Limited. Registered office: Aztec Group House, 11-15 Seaton Place, St Helier, JE4 0QH, Jersey.