ANNUAL REPORT
AND
FINANCIAL STATEMENTS

31 December 2019

Charles Derby Group Limited

Registered in England and Wales No. 07670555

Charles Derby Group Limited

CONTENTS

COMPANY INFORMATION

Directors	A C Bartholomew M Dean C D Fautley S C Gazard A R Pearson
Secretary	Quilter CoSec Services Limited
Banker	Barclays Bank Plc 9 High Street Colchester Essex CO1 1DA
Auditor	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Registered office	6 Tollgate Business Park Stanway Colchester Essex CO3 8AB Telephone: 01376 570546 Website: www.quilterfinancialadvisers.co.uk Registered in England and Wales No. 07670555

STRATEGIC REPORT

The Directors present their strategic report for the year ended 31 December 2019.

Review of the business and principal activity

The principal activity of Charles Derby Group Limited ("the Company") during the year under review was that of financial advice. The Company is incorporated and domiciled in England and Wales.

The Company is part of the Quilter plc Group. Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter plc provides the Company with strategic and governance oversight. The Company forms part of the Advice and Wealth Management segment.

Quilter plc strategy

Quilter aims to be the leading UK and cross-border full service wealth manager, providing advice-led investment solutions and investment platforms, focusing on delivering good customer outcomes. The breadth of the Group's model helps to generate prosperity for customers through providing the services to develop suitable financial plans, manage customers' investments in risk-based solutions and by helping customers access modern wealth wrappers via the Group's platforms. Quilter's purpose and strategy are underpinned by core beliefs, which include: the belief in the value of face-to-face advice, that better choice for customers does not mean more choice, and modern, simple and transparent products should be easily accessible and good value. The Directors of Quilter plc believe that the Group's competitive advantage lies in its strong market positions in attractive markets and its ability to offer high quality solutions across each element of the value chain at a competitive, transparent and unbundled price.

Management is confident in the Group's strategic path and growth prospects. Short-term market, economic and political uncertainty may temper momentum in near-term flows and the level of assets under administration, but the Group operates in a large and fragmented market that has good long-term growth potential.

Charles Derby Group Limited strategy

The Company's subsidiaries are appointed representatives of two or more of Quilter Financial Services Limited, Quilter Mortgage Planning Limited and Quilter Wealth Limited, which in turn are subsidiaries of Quilter Financial Planning Limited ("QFP"), the holding company for advice services within Quilter plc. QFP acquired 100% of the issued share capital of Charles Derby Group Limited on 14 February 2019.

The acquisition by QFP has provided access to a greater level of capital resource and regulatory expertise which will help to develop and enhance the experience of the appointed representatives, registered individuals and the customers of the Charles Derby Group, as well as providing a satisfactory return for the Company's shareholders.

The Company has continued to invest heavily in the employed adviser channel during the year with a net increase of 19 employed advisers being appointed in the period, many of whom are operating within the dental and medical sector. Investment in the employed adviser channel has been supported by Quilter and is expected to produce a positive contribution to profitability in 2020.

Key performance indicators

Management evaluate the performance of the business using a number of measures.

The comparative totals for 2018 represent a seven month trading period as the company changed its year end to align with Quilter's annual reporting date. The full year result is presented for 2019.

During the year under review, the Company made a loss before tax of £2,513k compared to a prior year loss before tax of £271k. The increase in pre-tax losses in mainly due to the movement in administrative expenses, which have increased from £4.1m in 2018 to £11.9m in 2019, representing a 70% increase when compared to the pro-rata full year equivalent for 2018. The increase in administrative expenses has resulted from a combination of transaction costs in relation to the sale of the Company to QFP, and the ongoing expansion of the employed adviser channel. This investment has had a negative profit and loss impact on the Company in 2019, with the majority of employed advisers taking several months from the date of appointment to achieve a breakeven position. A proportional recharge of the increased administrative expenses has also resulted in a 43% increase in turnover, compared to the pro-rata equivalent for 2018.

Adviser headcount shows a net increase of 4% during the year to 268 advisers (2018: 257).

STRATEGIC REPORT (continued)

Key metrics for the Company were as follows:

	2019	2018 Restated
Restricted adviser headcount number at year end	268	257
	£'000	£'000
Turnover	9,602	3,909
Gross profit	9,426	3,824
Administrative expenses	(11,905)	(4,084)
Loss before taxation	(2,513)	(271)
Gross profit margin (excluding intercompany recharges)	92.0%	92.8%
Net liabilities	(1,621)	(98)

The withdrawal of the UK from the EU on 31 January 2020 continues to generate a level of uncertainty in the UK financial services sector. The effect of this uncertainty is the extent to which this translates into an impact upon advice income. The Company actively supports advisers in their communication with customers in order to mitigate the adverse impact of this uncertainty.

The Company's strategy is focused on customers domiciled in the UK and so there is limited direct impact on the Company from the UK's withdrawal from the EU. The Company is part of a pan-Quilter project to manage the impacts on the business of this withdrawal. The Company is, however, exposed to additional risks, such as reducing investor confidence and adverse market reaction, as a result of the significant downturn in the markets due to the coronavirus SARSC0V-2 ("COVID-19"). As part of its capital adequacy planning, the Company performs adverse scenario assessments to ensure it remains adequately capitalised to cover such scenarios. The Company will continue to benefit from ongoing capital support from QFP, the immediate parent company and the broader Quilter group.

At this time, COVID-19 has been recognised by the World Health Organisation as a global pandemic, therefore this will impact global supply chains, global market growth and employee availability over the next few years. The Company will be adversely impacted by falls in equity market levels, adverse investor sentiment affecting revenue and increased operational risks depending on the extent of employment availability. The length and severity of the impact from COVID-19 remains a clear risk, although the Company would not expect this to materially change the underlying long-term prospects and going concern basis of the business. Whilst there will be a detrimental impact on cash flow, capital support will be provided by the broader Quilter group given that the Company is a key component for Quilter plc to achieve its strategy.

Going concern

In evaluating going concern the directors have given consideration to the matters outlined above, along with recognising the strategic importance of the Company to Quilter plc. Furthermore, the Company's immediate parent has committed, with written confirmation to provide the required level of continued capital support for at least 12 months from the date of this report. Accordingly, these financial statements have been prepared on the basis of the Company being a going concern.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are those which impact upon the ability to deliver sustainable advice profits that support regular dividend flows. This includes investment market performance, client persistency, expense levels and risks within operational activities associated with systems, processes, people, and external influences. The Company does not seek market risk (trading securities with its own funds), and has limited risk appetite for credit risk via loans to authorised representatives and Company cash held with counterparties.

The risk management objectives and policies of the Company are disclosed in note 3.

Development and implementation of IT systems

In 2020, QFP and its subsidiaries will continue to focus on updating and enhancing its IT capabilities. Such IT developments carry inherent execution risk. The Company is managing the execution risk arising on IT implementation through its Change Management Team dedicated to the implementation of projects within the business.

STRATEGIC REPORT (continued)

Conduct risk management

The delivery of demonstrably suitable customer outcomes continues to be a central focus for the advice business. The Company is aware of the customer harm, regulatory and cost implications arising from the provision of unsuitable advice and, or ongoing servicing. It continues to provide adviser supervision and advice assessments through its compliance operations and monitoring arrangements with oversight of its systems and controls at the core of the Company's control environment.

Financial instruments

The Company's main exposure to risk arising from financial instruments is its exposure to credit risk arising on cash, short-term deposits and trade and other receivables. Cash and short-term deposits are placed with high credit-rated banks which significantly reduces credit risk, where the operational limit is breeched a daily diversification process is triggered, placing cash in accounts with significant operational limit headroom. Trade and other receivables include adviser loan funding. All loans are subject to due diligence and sign-off by senior management and the tracking of all loan funding is managed through a monthly Debt Committee.

Risk management

Given the rapid growth of the business over the last few years, the business recognised that it needed a risk and control environment commensurate with the size of business it has become together with the obligations required as part of a FTSE 250 group through its ultimate parent, Quilter plc. To this end, during 2019 QFP invested to further strengthen the Company's risk and control environment through improved governance and risk reporting and to align with the wider Quilter Enterprise Risk Management Framework.

Regulatory risk

Regulatory permissions for the Company are outsourced to QFP. The regulatory, management and control processes are intended have provided optimum compliance with regulatory requirements at all times. Access to a broader base of regulatory specialists helps to ensure any changes to Financial Conduct Authority ("FCA") regulations are implemented and cascaded down to employees and advisers in accordance with requirements.

Section 172 (1) statement

Charles Derby Group Limited is a wholly owned indirect subsidiary of Quilter plc and therefore complies with the policies and practices that are set by the Quilter plc Board and are described in the Quilter plc Annual Report. The following statement should therefore be read in conjunction with the Quilter plc Annual Report.

The Quilter Group has taken steps to embed a deeper understanding of the responsibilities ascribed to directors under section 172 (1) of the Companies Act 2006 at a Quilter plc level and across its management committees and subsidiaries. Presentations have been made by the Quilter Corporate Secretariat to the business to explain the importance of the considerations referred to in section 172 (1) as part of good decision making, to ensure that proposals coming to the Board contain appropriate information on the potential impact of business decisions on all of Charles Derby Groups' stakeholders and other relevant matters. Examples of best practice have been provided and rolled out to the business, with further explanation and guidance on directors' duties to ensure that section 172 (1) considerations remain at the heart of the Group's decision making at all levels.

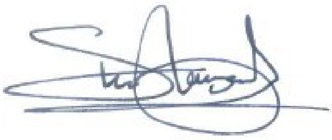
In overseeing the Charles Derby Group business during the year, the Board of the Company has paid due regard to its duty to promote the success of the Company for the benefit of Quilter plc, its ultimate sole shareholder, in the long term, by supporting the delivery of the Group's strategic priorities.

The Board of the Company has previously approved a delegation of authority to Quilter Financial Planning Limited, the Company's immediate parent company, to determine the strategic direction of the business of the Company, undertake day-to-day business decisions and oversee the operational, financial and risk management of the Company's business. Under this delegation of authority, the Board of Quilter Financial Planning Limited has overseen the actions being taken to develop the Company's business, ensure that the advice process is appropriately controlled, manage conflicts of interest and improve the investment proposition available to the Company's advisers, all of which supports the successful delivery of good customer outcomes and fosters strong business relationships with our advisers andcustomers.

STRATEGIC REPORT (continued)

The Board of Quilter Financial Planning Limited has also overseen employee related matters and has regularly considered the impact of the business' plans and other strategic initiatives on the business' people.

By order of the Board



Stephen Gazard
Director
Date: 22 October 2020

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 December 2019.

The review of the business including future outlook and principal risks and uncertainties are disclosed within the strategic report.

RESULTS AND DIVIDENDS
The Company's loss for the year, after taxation, amounted to £2,249,000 (2018: £271,000 loss, for the period 1 June 2018 ending 31 December 2018).

The Directors do not recommend the payment of a dividend (2018: £nil).

MANAGED CAPITAL
The Company's objectives in managing its capital are to ensure that there are adequate resources to meet the Company's liabilities as they fall due and to allocate capital efficiently to support growth and repatriate excess capital where appropriate. The Company manages its capital by measuring its resources and cash availability on a regular basis, and through regular monitoring of excess regulatory capital. The Company's capital position and the movement in this from the prior year are disclosed within the statement of changes in equity.

FINANCIAL INSTRUMENTS
The financial risk management objectives and policies of the Company are disclosed in note 3.

DIRECTORS
The Directors of the Company who held office during the period, and up to the date of signing the financial statements, were:

A C Bartholomew
M Dean (appointed 3 July 2020)
C D Fautley
S C Gazard (appointed 3 July 2020
R A Lane (resigned 14 February 2019)
L A Nunn (resigned 14 February 2019)
A R Pearson
D W J Sharkey (appointed 14 February 2019 and resigned 3 July 2020)
A B Thompson (appointed 14 February 2019 and resigned 30 June 2020)

Following the resignation of the Company Secretary A Chambers on 14 February 2019, OMW CoSec Services Limited was appointed on 14 February 2019 and changed its name to Quilter CoSec Services Limited on 3 April 2019.

EMPLOYEES
The company is committed to the development of policies to promote equal opportunities in employment for all its employees. It continues to support employees under the Equality Act by making reasonable adjustments to their work environment and nature of their work.

As at year end the company has no employees. From 1 November 2019, all employees were transferred to QFP and the related disclosures are included within those financial statements.

BUSINESS RELATIONSHIP STATEMENT
The Company forms part of the Quilter Group, with Quilter plc providing strategic and governance oversight to each of its subsidiaries. During the course of their decision making, the Boards of the Company, Quilter Financial Planning Limited and Quilter plc, have considered to an appropriate extent, their duties to stakeholders, including the need to foster business relationships.

DIRECTORS' THIRD-PARTY INDEMNITY PROVISION
Qualifying third-party provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2019 for the benefit of the then Directors and at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties/powers or office.

DIRECTORS' REPORT (continued)

POLITICAL DONATIONS
During the year the Company made no political donations (2018: £nil).

DISCLOSURE OF INFORMATION TO AUDITOR
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR
PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditor in accordance with section 487 of the Companies Act 2006 and the Company's Articles of Association.

By order of the Board

Stephen Gazard
Director
Date: 22 October 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the strategic report, Directors' report and the financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU") and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRS as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHARLES DERBY GROUP LIMITED

Report on the audit of the financial statements

Opinion
In our opinion, Charles Derby Group Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

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

Reporting on other information

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHARLES DERBY GROUP LIMITED (continued)

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

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

Strategic Report And Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities Of The Directors For The Financial Statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHARLES DERBY GROUP LIMITED (continued)

Other Required Reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London
23 October 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Note	2019 [1] £'000	2018 £'000 7 months* Restated
REVENUE			
Revenue	5	9,602	3,909
Cost of sales		(176)	(85)
GROSS PROFIT		9,426	3,824
Administrative expenses	6	(11,905)	(4,084)
OPERATING LOSS		(2,479)	(260)
Finance costs	8	(34)	(11)
LOSS BEFORE TAXATION		(2,513)	(271)
Taxation	9	264	-
LOSS FOR THE YEAR		(2,249)	(271)
TOTAL COMPREHENSIVE LOSS		(2,249)	(271)

[1] The Company has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the time of initial application.

The notes on pages 16 to 40 are an integral part of these financial statements.

The result for the year relates wholly to continuing activities.

* The comparative for 2018 is from 1 June 2018 to 31 December 2018.

The result for the year is attributable to the equity holders of the Company.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Share capital £'000	Share option rights reserves £'000	Accumulated losses £'000	Total deficit £'000
Balance at 1 June 2018	-	-	173	173
Loss for the year	-	-	(211)	(211)
Balance at 31 December 2018	-	-	(38)	(38)
Restatement of 2018 [1]	-	-	(60)	(60)
Balance at 1 January 2019	-	-	(98)	(98)
Share-based payments	-	726	-	726
Loss for the year	-	-	(2,249)	(2,249)
Balance at 31 December 2019	-	726	(2,347)	(1,621)

The Company did not recognise any other income or expenses directly in equity in the year.

[1] The restatement of the 2018 balances are detailed in note 4.

The notes on pages 16 to 40 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2019

	Note	2019 [1] £'000	2018 £'000 Restated
NON-CURRENT ASSETS			
Property, plant and equipment	10	142	47
Intangible assets	11	978	695
		1,120	742
CURRENT ASSETS			
Other financial assets		2	775
Trade and other receivables	13	8,353	2,772
Contract assets accrued income	14	76	107
Cash and cash equivalents	15	788	4
		9,219	3,658
TOTAL ASSETS		10,339	4,400
CURRENT LIABILITIES			
Trade and other payables	16	11,733	1,248
Borrowings and lease liabilities [2]	17	156	-
Provisions	18	69	56
Loans from related parties		-	2,963
Current tax liabilities		2	(1)
Other financial liabilities		-	232
TOTAL LIABILITIES		11,960	4,498
NET LIABILITIES		(1,621)	(98)
CAPITAL AND RESERVES			
Share capital	19	-	-
Share based payments	24	726	-
Accumulated losses		(2,347)	(98)
TOTAL EQUITY		(1,621)	(98)

[1] The Company has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the time of initial application.

[2] Following the adoption of IFRS 16, the Company has presented right-of-use assets within property, plant and equipment and lease liabilities within borrowings and lease liabilities

The notes on pages 16 to 40 are an integral part of these financial statements.

The comparative for 2018 is from 1 June 2018 to 31 December 2018.

These financial statements were approved by the Board of Directors on 22 October 2020.

Signed on behalf of the Board of Directors

Mitchell Dean

Director

Company registered number: 07670555

STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	2019	2018
	£'000	£'000
		7 months*
		Restated
Cash flow from operating activities		
Operating loss before tax	(2,513)	(271)
Adjustment to reconcile loss before tax to net cash generated from/(used in) operating activities:		
Depreciation of property, plant and equipment	134	20
Amortisation of intangible assets	115	35
Decrease/(increase) in trade and other receivables	827	(2)
Amounts due from subsidiaries	(5,605)	(1,599)
Increase in trade and other payables	348	326
Corporation tax received	267	-
Movement in provisions	13	5
Share based payments	726	-
Net cash flow (used in)/generated from operating activities	(5,688)	(1,486)
Cash flow from investing activities		
Purchase of property and equipment	(20)	(31)
Purchase of intangible assets	(399)	(81)
Net cash used in investing activities	(419)	(112)
Cash flow from financing activities		
Increase in loans from immediate parent company	7,331	920
Overdraft facility	(231)	231
Other loans	(115)	8
Payment of lease liabilities [1]	(94)	-
Net cashflow generated from/(used in) financing activities	6,891	1,159
Net increase/(decrease) in cash and cash equivalents	784	(439)
Cash and cash equivalents at beginning of the year	4	443
Cash and cash equivalents at end of the year	788	4

[1] The Company has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the time of initial application.

Statement of cash flows is prepared according to the indirect method.

* The comparative for 2018 is from 1 June 2018 to 31 December 2018.

The notes on pages 16 - 40 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

1 GENERAL INFORMATION

The Company is a limited company, incorporated in England and Wales. The address of its registered office is disclosed in the Company information section on page 1. The principal activity of the Company is a financial advice network.

2 ACCOUNTING POLICIES

a) Basis of preparation

The Company's financial statements have been prepared and approved by the Directors on a going concern basis, and in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRS") as they apply to the financial statements of the Company for the year ended 31 December 2019, and applied in accordance with the Companies Act 2006 legislation.

The financial statements for the period ending 31 December 2018 were prepared in accordance with the Financial Reporting Standard 102. Following this the adoption of IFRS 15 from 1 January 2019 did not result in changes to the Company's significant accounting policies, except to update them for new terminology introduced by the standard for "Contract assets accrued income" (previously known as accrued income from contracts with customers). The Company adopted IFRS 16 Leases for the first time in 2019 in line with Quilter plc, the impact is outlined below.

During the year management has performed a review of the revenue allocation to the subsidiaries of the Company. As a result the Company has restated the prior year comparatives to reflect changes made to the allocation of revenue so that this aligns with the contractual agreements. Details of the impact of the restatement are disclosed in note 4.

After management's assessment, which included considering the liquidity of the Company's assets, projected regulatory capital positions, the impact of COVID-19 through impact scenario testing and the Company's immediate parent's commitment, with written confirmation to provide the required level of continued capital support for at least 12 months from the date of this report, the directors have considered its parent's ability to provide the support and have a reasonable expectation that the Company has adequate resources to continue in operational existence, for the foreseeable future (being 12 months from the date of this report). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

b) Adoption of new IFRS accounting standards

New standards, amendments to standards, and interpretations adopted by the Company

The Company has adopted IFRIC 23 Uncertainty over Income Tax Treatments during the year ended 31 December 2019. This interpretation sets out how to determine taxable profits/losses, tax bases, unused tax losses, unused tax credits and tax rates (collectively referred to as the "accounting tax position") where there is uncertainty over treatment. All tax provisions for the Company continue to be calculated consistent with IAS 12 Income taxes and provisions in respect of any uncertain tax positions have been calculated consistent with IFRIC 23. No adjustments to tax balances have resulted from the adoption of IFRIC 23.

The Company adopted IFRS 16 Leases for the first time in 2019. The Company has applied the simplified transition approach and will not restate comparative amounts for the period prior to first adoption. The impact of adopting this new standard is outlined below.

2 ACCOUNTING POLICIES (continued)

b) Adoption of new IFRS accounting standards (continued)

New standards, amendments to standards, and interpretations adopted by the Company (continued)

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess where a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset which may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

On transition to IFRS 16, the Company elected to apply the following practical expedients:

- apply a single discount rate to a portfolio of leases with similar characteristics;
- not recognise right-of-use assets and lease liabilities for contracts with a term of 12 months or less, or leases for low value items;
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease; and
- not reassess contracts originally deemed to not be a lease contract under IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease.

For lessee contracts, the right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability, adjusted for any lease payments made at or before the commencement date, and any initial direct costs incurred. Adjustments are also made, where appropriate, for dilapidation requirements and lease incentives received such as rent free periods. The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the asset specific incremental borrowing rates.

Subsequent to lease commencement, the Company measures the right-of-use asset using a cost model, whereby the asset is held at cost less accumulated depreciation and any accumulated impairment. Depreciation is charged to the income statement on a straight line basis to write down the cost of the right-of-use asset to its residual value over its estimated useful life which is dependant on the length of the lease. In addition, the carrying amount of the right-of-use asset may be adjusted for certain remeasurements of the lease liability. The lease liability is subsequently measured at amortised cost using the effective interest method and also reflects any lease modifications or reassessments.

The Company presents its right-of-use assets in ‘Property, plant and equipment’ and lease liabilities in ‘Borrowings and lease liabilities’ in the statement of financial position. The Company does not have any right-of-use assets that would meet the definition of investment property.

The future lease cash outflows within the Company are not exposed to variable lease payments, low value or short term leases, residual value guarantees, restrictions or covenants imposed by a lease contract or sale and leaseback transactions. The Company has assumed that where extension options are available, the Company will automatically exercise the options at the relevant time. The Company will also reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

In the period prior to IFRS 16 adoption, leases were accounted for under IAS 17 and classified as operating leases. Payments associated with operating leases were recognised in the income statement on a straight line basis over the term of the lease and not disclosed in the Company’s statement of financial position.

2 ACCOUNTING POLICIES (continued)

b) Adoption of new IFRS accounting standards (continued)

New standards, amendments to standards, and interpretations adopted by the Company (continued)

Impacts on transition
On transition, the Company recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings, with no impact to the income statement. Also on transition, rent free period equalisation and dilapidation provisions are included in the right-of-use assets and lease liabilities. Prior to IFRS 16, these provisions were recorded as separate items on the statement of financial position and so, on transition to IFRS 16, these provisions have been removed.

The impact on transition is summarised below:

	£'000
Right-of-use assets presented in Property, plant and equipment	338
Lease liabilities presented in Borrowings and lease liabilities	(338)
Rent free equalisation and dilapidation provision adjustment	-
Deferred tax adjustment	-
Adjustment to opening retained earnings	**-**

When measuring the lease liabilities, the Company discounted the lease payments using its asset specific incremental borrowing rates at 1 January 2019 which ranged from 1.6% to 2.5%, with a weighted average rate of 2.1%. The simplified transition approach creates deferred tax implications, so as the corporation tax deduction is spread over the length of the remaining leases, the deferred tax is unwound over the same period.

Impacts for the period
In subsequent periods, the Company recognises depreciation charges on right-of-use assets and finance interest charges on lease liabilities in the income statement and, over the term of lease contracts, there is expected to be a broadly neutral impact to the income statement as the aggregate depreciation charges and finance interest charges replace office lease rental payments.

2 ACCOUNTING POLICIES (continued)

b) Adoption of new IFRS accounting standards (continued)

New standards, amendments to standards, and interpretations adopted by the Company (continued)

For the year ended 31 December 2019 the Company recognised the following:

	£'000
Right-of-use assets presented in property, plant and equipment at 1 January 2019	-
Acquisitions through business combinations	338
Additions	-
Disposals	(88)
Depreciation charge for right-of-use assets for the period	(108)
Right-of-use assets presented in property, plant and equipment at 31 December 2019	**142**
Lease liability at 1 January 2019	
Acquisitions through business combinations	338
Additions	-
Disposals	(94)
Finance interest charge for the period	4
Lease liability reduction for the period	(92)
Lease liability at 31 December 2019	**156**
Lease liability to be settled within 12 months	115
Lease liability to be settled after 12 months	41
Lease liability at 31 December 2019	**156**

Other standards
In addition to IFRIC 23, the following amendments to the accounting standards, issued by the International Accounting Standards Board ("IASB") and endorsed by the EU, have been adopted by the Company from 1 January 2019 with no impact on the result, financial position or disclosures:

- Amendments to IFRS 9: Financial Instruments – Prepayment features with negative compensation
- Amendments to IAS 28: Investments in Associates – Long-term interests in associates and joint ventures
- Amendments to IAS 19: Employee Benefits – Plan amendments, curtailments or settlements
- Annual improvements to IFRS 2015-2017 Cycle – Amendments to IFRS 3 Business combinations, IFRS 11 Joint arrangements, IAS 12 Income taxes and IAS 23 Borrowing costs

Future standards, amendments to standards, and interpretations not early adopted in these annual financial statements
Certain new standards, interpretations and amendments to existing standards have been published by the IASB that are mandatory for the Company's annual accounting period beginning after 1 January 2019. The Company has not early adopted these standards, amendments and interpretations.

c) Significant accounting judgements, estimates and assumptions
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The key estimates that have the most significant impact on the financial statements relate to provisions, IFRS 9, intangibles and revenue from customers which are detailed in note 18, note 2 e) and note 2 d). However, the nature of estimation means that actual outcomes could differ from those estimates.

2 ACCOUNTING POLICIES (continued)

d) Intangible assets

The cost of acquiring client banks are capitalised and included as intangible assets on the statement of financial position.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method is reviewed at each year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate. The amortisation expense on intangible assets is recognised in the statement of profit or loss and other comprehensive income in administrative expenses.

e) IFRS 9 Financial Instruments

Financial Instruments
Financial instruments cover a wide range of financial assets, including financial investments, trade receivables, cash and cash equivalents and financial liabilities, including investment contract liabilities, trade payables, and borrowings.

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to receive cash flows have expired or been forfeited by the Company. A financial liability is derecognised when, and only when the liability is extinguished.

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best represents the way the business is managed and information is reported to management. The assessment considers the stated portfolio policies and objectives. The Company determines it's strategy in holding the financial asset, particularly considering whether the Company earns contractual interest revenue, for example to match the duration of financial assets to the duration of liabilities that are funding those assets or to realise cash flows through the sale of the assets. The frequency, volume and timing of sales in prior periods may be reviewed, along with the reasons for such sales and expectations about future sales activity. These factors enable management to determine which financial assets should be measured at fair value through the profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. Reclassifications are expected to occur infrequently.

Classification and measurement of financial assets and financial liabilities
Initial measurement
A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement
The classification of financial assets depends on (i) the purpose for which they were acquired, (ii) the business model in which a financial asset is managed, and (iii) its contractual cash flow characteristics. This classification determines the subsequent measurement basis. The following accounting policies apply to the subsequent measurement of financial assets.

Measurement basis	Accounting policies
Financial assets at FVTPL	These financial assets are subsequently measured at fair value. Net gains and losses, including interest and dividend income, are recognised in profit or loss.
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

2 ACCOUNTING POLICIES (continued)

e) IFRS 9 Financial Instruments (continued)

Amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding on specified dates.

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration of the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

Financial assets at FVTPL
All other financial assets that are not measured at amortised cost are classified as measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Loans and advances
Loans with fixed maturities are recognised when cash is advanced to borrowers. Loans and advances are carried at amortised cost using the effective interest rate method. These assets are subject to the impairment requirements outlined below.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash. All other cash and cash equivalents are classified as amortised cost which means they are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method and are subject to the impairment requirements outlined below.

Financial liabilities and equity
Management also determines the classification of financial liabilities at initial recognition. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are measured at amortised cost using the effective interest method.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade payables and receivables
Trade payables and receivables are classified at amortised cost. Due to the short term nature of trade payables and receivables, their carrying amount is considered to be the same as their fair value.

Impairment of financial assets
The expected loss accounting model for credit loss applies to financial assets measured at amortised cost, contract assets, but not to investments in equity instruments. Financial assets at amortised cost include trade receivables, cash and cash equivalents and corporate debt securities.

Credit loss allowances are measured on each reporting date according to a three stage ECL impairment model.

Performing financial assets

Stage 1
From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a stage 1 loss allowance is recognised equal to the credit losses expected to result from its

2 ACCOUNTING POLICIES (continued)

e) IFRS 9 Financial Instruments (continued)

default occurring over the earlier of the next 12 months or its maturity date ("12-month ECL").

Stage 2
Following a significant increase in credit risk relative to the initial recognition of the financial asset, a stage 2 loss allowance is recognised equal to the credit losses expected from all possible default events over the remaining lifetime of the asset ("Lifetime ECL").

The assessment of whether there has been a significant increase in credit risk requires considerable judgment, based on the lifetime probability of default ("PD"). Stage 1 and 2 allowances are held against performing loans; the main difference between stage 1 and stage 2 allowances is the time horizon. Stage 1 allowances are estimated using the PD with a maximum period of 12 months, while stage 2 allowances are estimated using the PD over the remaining lifetime of the asset.

Impaired financial assets

Stage 3
When a financial asset is considered to be credit-impaired, the allowance for credit losses ("ACL") continues to represent lifetime expected credit losses, however, interest income is calculated based on the amortised cost of the asset, net of the loss allowance, rather than its gross carrying amount.

Application of the new impairment model
The Company applies IFRS 9's new ECL model to two main types of financial assets that are measured at amortised cost:

- Trade receivables to which the simplified approach prescribed by IFRS 9 is applied. This approach requires the recognition of a Lifetime ECL allowance on day one and thereafter.
- Loans at amortised cost, to which the general three stage model (described above) is applied, whereby a 12 month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs for financial assets that are not credit-impaired at the reporting date are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due in accordance with the contract and the cash flows that the Company expects to receive). ECLs for financial assets that are credit-impaired at the reporting date are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The measurement of ECLs considers information about past events and current conditions, as well as supportable information about future events and economic conditions. The Company has revised its impairment methodology for estimating the ACL, taking into account forward-looking information in determining the appropriate level of allowance. In addition it has identified indicators and set up procedures for monitoring for significant increases in credit risk.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes events such as significant financial difficulty of the borrower or issuer, a breach of contract such as a default or past due event or the restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider. The assumption that the credit risk for balances over 30 days significantly increases has been rebutted on the basis that some balances will go over 30 days in the normal course of the settlement cycle, and therefore, there is no increase in the credit risk.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

2 ACCOUNTING POLICIES (continued)

e) IFRS 9 Financial Instruments (continued)

Write-offs
Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of the amount being recovered. This is generally the case when the Company concludes that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

f) IFRS 15 Revenue from Contracts with Customers

Under IFRS 15, revenue is recognised when a customer obtains control of goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Provision for repayment of indemnity commission in the event that a policy may lapse is made in the financial statements.

The Company performed an assessment to determine the impact of the new standard on the Company's statement of financial position and performance. It considered the five-step analysis prescribed by the standard, taking into account the different types of contracts it has with its customers, the corresponding types of services provided to customers and when these service obligations are satisfied. In addition, the Company considered the types of fee income generated across all products from the contracts with its customers and when the fee income is recognised. The assessment concluded that new requirements would not result in the Company having to change the nature or timing of satisfaction of performance obligations and significant payment terms. Consequently, the cumulative impact of adoption was nil and as a result no adjustment to the Company's opening retained earnings as at 1 January 2018 was recognised.

The introduction of IFRS 15 did not result in changes to the Company's significant accounting policies, except to update them for new terminology introduced by the new standard for "Contract assets accrued income" (previously known as accrued income from contracts with customers).

g) Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the entity.

h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding VAT. The following specific recognition criteria must also be met before revenue is recognised:

Revenue primarily represents commission receivable on financial products sold and fees on advice provided by financial advisers.

Income relating to new business paid through providers of financial products, either as commissions or provider facilitated fees, is recognised at the inception of financial policies sold, with an appropriate discount being applied for policies not completed. Pipeline recurring income arising from existing policies is recognised on receipt. Provision for repayment of indemnity commission in the event that a policy may lapse is made in the financial statements.

i) Taxes

Current income tax
Current income tax assets and liabilities for the current period and prior periods are measured as the amount expected to be recovered from or paid to the taxation authorities, or paid to or recovered from other group companies in respect of group relief surrendered or received. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

2 ACCOUNTING POLICIES (continued)

i) Taxes (continued)

Current income tax (continued)

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss and other comprehensive income.

Deferred income tax
Deferred taxes are calculated according to the statement of financial position method, based on temporary timing differences between reported and tax values of assets and liabilities. 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. Deferred tax liabilities are not discounted.

Deferred tax assets are recognised for all temporary timing differences to the extent that it is probable that taxable profit will be available against which the deductible temporary timing difference can be utilised.

Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3 RISK MANAGEMENT FRAMEWORK

Enterprise-wide risk management
The Board of Quilter has developed an Enterprise-wide Risk Management ("ERM") approach that applies to all companies within the Quilter Group, including the Company. Quilter's risk management objective is to operate a robust ERM framework within every part of the Group through embedding a risk and governance framework that supports an efficient and effective operating environment. The ERM framework encompasses a number of elements, including:

- the corporate governance arrangements which set out the way that the organisation is structured and managed;
- the end-to-end processes involved in the identification, assessment, measurement, monitoring and management of risk, including assignment of risk owners and risk reporting;
- the culture and behaviour that is exhibited and the associated reward mechanisms.

The ERM framework aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities, uncertainties and threats in a structured, disciplined manner. In this way Quilter seeks to ensure that risk and capital implications are considered when making strategic and operational decisions, and to ensure that the risk profile is understood and managed within the agreed risk appetite.

Risk Appetite
The Risk Appetite Framework ("RAF") is defined as the policies, processes, skills and systems that set out the way that Quilter staff across all business and control functions should talk about, think about, and manage risk in relation to Quilter's risk appetite. The RAF builds upon the existing business planning, capital and risk management processes and has three distinctive components:

- **Strategy and Business Planning Process:** quantitative and qualitative strategic risk appetite principles linked to risk limits.

- **The Stress and Scenario Framework:** quantitative risk appetite statements linked to the businesses strategic objectives, and contractual and regulatory requirements.

- **The Risk Policy Framework:** quantitative and qualitative risk appetite statements for individual risks embedded into the policy framework. These set out the approach taken to mitigate and manage risks, informed by the policy appetite statements and control standards. The qualitative and quantitative risk appetite statements are undergoing further development as part of the enhancement to the ERM framework.

3 RISK MANAGEMENT FRAMEWORK (continued)

Risk culture
Risk culture is defined as the system of values and behaviours embedded in the Company that shapes risk decisions. The Company's risk culture is defined by the following principles:

- Responsibility and accountability for risk management is clearly assigned throughout the organisation with the aim of fostering an open and transparent organisational culture that encourages the right behaviours.
- Creating a climate for our employees to voice genuine concerns about, and risks within, the business.
- A risk-aware culture is seen as an enabler for management to be empowered to take risks in a manner that is transparent and in line with the business and risk strategy.
- Good risk management practices are encouraged, such that our employees understand how to make educated risk related decisions in their day-to-day roles.
- Training and awareness programmes are in place to ensure that a risk-aware culture is fostered and that employees understand the importance of good risk management.
- Performance management encourages and incentivises good risk management practices.

Credit risk
Credit risk is the risk that the Company is exposed to a loss if another party fails to meet its financial obligations, including failing to meet them in a timely manner. The Group has established a credit risk policy which sets out restrictions on the permitted financial transactions with counterparties to control and monitor the level of credit risk to which the Company is exposed.

The Company is exposed to limited credit risk. The credit risk on liquid funds is limited because the counterparties are banks and Money Marketing Funds ("MMF") with high credit ratings assigned by international credit rating agencies.

The Company's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the financial statements.

Credit risk primarily arises from cash held at bank and other receivables, which are all current. The principal amounts receivable on these balances are materially the same as fair value and as such credit risk has not had a significant impact on the valuation of these balances.

Market risk
Market risk is defined as the risk that a change in the value of or income from any asset is not matched by an equal change in the value of the related liability. Market risk arises from fluctuations in variables such as interest rates and foreign exchange rates. The Company does not directly seek market risk, but may be indirectly subject to market risk in the following areas:

Interest rate risk
The effective interest rate applicable to interest bearing financial instruments is at a floating rate based on daily bank deposit rates.

Currency risk
The Company is not exposed to currency risk, as all Company assets are held in GBP.

Liquidity risk
Liquidity risk is the risk that a Company, although solvent, does not have available sufficient financial resources to enable it to meet its financial obligations as they fall due, or can secure them only at excessivecost.

The Company is exposed to minimal liquidity risk as all its investments and bank accounts are available on demand and sufficient to meet day-to-day outgoings. There are no external borrowings.

3 RISK MANAGEMENT FRAMEWORK (continued)

Political risk
The withdrawal of the UK from the EU on 31 January continues to generate a level of uncertainty in the UK financial services sector. The effect of this uncertainty is the extent to which this translates into an impact upon advice income. The Company actively supports advisers in their communication with customers in order to mitigate the adverse impact of this uncertainty.

The Company's strategy is focused on customers domiciled in the UK and so there is limited direct impact on the Company from the UK's withdrawal from the European Union. The Company is part of a pan-Quilter project to manage the impacts on the business of this withdrawal. The Company is however exposed to additional risks, such as reducing investor confidence and adverse market reaction, as a result of the significant downturn in the markets due to COVID-19. As part of its capital adequacy planning the Company performs adverse scenario assessments to ensure it remains adequately capitalised to cover such scenarios. The Company will continue to benefit from ongoing capital support from QFP, the immediate parent company and the broader Quilter group.

Risk and capital management
The Charles Derby Group's capital management policy sets out the key considerations and restrictions with regard to the amount of capital that is retained by each entity within the Group.

In the event of the Company incurring losses resulting in erosion of its capital base it is supported financially by its immediate parent company QFP.

Operational risk
Operational risk is defined as the risk of adverse business outcomes resulting from inadequate or failed internal processes, personnel and systems, or from external events (other than financial or business environment risks). Operational risk is an unavoidable consequence of being in business as it can never be fully eliminated. However, it can be effectively managed to ensure exposures and associated risk events are kept to a minimum.

The constituent parts of the operational risk framework are:

Risk & control self-assessment
Identify, assess, manage, monitor and report risk exposures arising from people, processes, systems and external events.

Significant business change
Comprehensively assess risk arising from new products, significant variations to existing products, new areas to undertake business, regulatory change programmes or other material or transformational programmes.

Scenario analysis
Assess the possible impact of extreme but plausible operational risk events.

Issues management
Ensure that all risk issues raised against the business are captured, classified and managed consistently.

Events management
Ensure that internal events are identified, assessed, analysed for root causes, managed, monitored and reported.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

4 RESTATEMENT OF COMPARATIVE INFORMATION

During the year management has identified that revenues from commission received has reduced by £424,000 due to this being aligned with the contractual agreements and there is an increase in recharges to the subsidiaries of £364,000 and for the related balance sheet positions there has been a decrease in the intercompany receivables across all subsidiaries totalling £112,000, an increase in the clawback recoverable of £6,000, contract assets accrued income has reduced by £19,000, there has been a decrease in commission creditor of £47,000 and additional accruals of £11,000 and a provision reduction of £10,000 these have not been allocated correctly to the entity which incurred the revenue and expenses and the entity should have recognised the related assets and liabilities.

There is no opening balance sheet impact as the entity only came into existence in the comparative period and the misstatements identified are due to a prior year GAAP error, not the GAAP conversion which is disclosed in note 2.

Statement of financial position

	As at 31 December 2018	As at 31 December 2018 (restated)	Impact of restatement
	£'000	£'000	£'000
NON-CURRENT ASSETS			
Property, plant and equipment	47	47	-
Intangible assets	695	695	-
	742	742	-
CURRENT ASSETS			
Other financial assets	775	775	-
Current tax receivable	1	1	-
Trade and other receivables	2,878	2,772	(106)
Contract assets accrued income	88	107	19
Cash and cash equivalents	4	4	-
	3,746	3,659	(87)
TOTAL ASSETS	4,488	4,401	(87)
CURRENT LIABILITIES			
Trade and other payables	1,284	1,248	(36)
Provisions	46	56	10
Loans from related parties	2,963	2,963	-
Other financial liabilities	232	232	-
TOTAL LIABILITIES	4,525	4,499	(26)
NET LIABILITIES	(38)	(98)	60
CAPITAL AND RESERVES			
Share capital	-	-	-
Retained losses	(38)	(98)	(60)
TOTAL DEFICIT	(38)	(98)	(60)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

4 RESTATEMENT OF COMPARATIVE INFORMATION (continued)

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2018

	7 months ended 31 December 2018	7 months ended 31 December 2018 (restated)	Impact of restatement
	£'000	£'000	£'000
REVENUE			
Revenue	3,969	3,909	(60)
Cost of sales	(85)	(85)	-
GROSS PROFIT	3,884	3,824	(60)
Administrative expenses	(4,084)	(4,084)	-
OPERATING LOSS	(200)	(260)	(60)
Finance costs	(11)	(11)	-
LOSS BEFORE TAXATION	(211)	(271)	(60)
Taxation	-	-	-
LOSS FOR THE YEAR	(211)	(271)	(60)
TOTAL COMPREHENSIVE LOSS	(211)	(271)	(60)

5 REVENUE

Turnover primarily relates to recharges of expenses to the subsidiaries of the Company during the period £7,398,000 (2018: £2,718,000). The remaining represents income receivable on financial products sold and advice provided by restricted financial advisers and is derived from continuing operations in the United Kingdom of £2,204,000 (2018: £1,191,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

6 OPERATING COSTS

Administrative expenses

	2019 £'000	7 months ended 31 December 2018 £'000
Auditor’s remuneration: audit of all CDG financial statements	78	45
Depreciation on property and equipment (note 10)	134	20
Amortisation of intangible assets (note 11)	115	35
Salaries	8,898	3,163
Travel	610	208
IT costs	234	164
QFP recharges	1,390	-
Other	446	449
	11,905	4,084

Auditor remuneration is charged to, and settled by Charles Derby Group Limited, no recharges are made to its subsidiaries.

Staff costs

	2019 £'000	7 months ended 31 December 2018 £'000
Wages and salaries	6,799	2,419
Social security costs	790	265
Other pension costs	82	27
	7,671	2,711

There were no employees at year end as all Charles Derby Group Limited employees were transferred to Quilter Financial Planning Limited on 1 November 2019. The average monthly number of employees during the year was as follows:

	2019	7 months ended 31 December 2018
Directors	3	4
Administrative staff	74	73
Employed advisers	39	19
	116	96

Directors' emoluments

	2019 £'000	7 months ended 31 December 2018 £'000
Directors' emoluments	1,224	396
Pension contributions	3	2
Other costs	-	54
	1,227	452

6 OPERATING COSTS (continued)

Directors' emoluments (continued)

Total emoluments for 2019 include total projected share proceeds from the sales of 34,684 ordinary shares to Quilter Financial Planning Limited, at and estimated value of £18.63 per share.

The amount in respect of the highest paid director was as follows:

	2019 £'000	7 months ended 31 December 2018 £'000
Directors' emoluments	277	146

The highest paid director's emoluments figure excludes £141,000 of share proceeds.

During the year 4 directors accrued pension benefits under a defined contribution scheme (2018: 4).

Key management personnel are defined as those having authority and responsibility for planning, directing and controlling the activities of the entity and as such, any directors are considered to meet this definition.

7 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity and as such, only Directors are considered to meet this definition.

The Directors have minimal input in the day to day administration of the Company where there is no appropriate basis on which their remuneration can be apportioned for their services to the Company, consequently no recharge is made to the Company.

8 FINANCE COSTS

	2019 £'000	7 months ended 31 December 2018 £'000
Interest payable on loan	-	1
Interest payable on loan from Quilter Financial Planning Limited	30	10
Interest charge on lease liability	4	-
	34	11

9 TAXATION

	2019 £'000	2018 £'000 7 months
Current year corporation tax (credit)	(259)	-
Origination and reversal of temporary differences	(5)	-
Tax (credit)/payable for the year	(264)	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

9 TAXATION (continued)

The total tax (credit)/payable for the year can be reconciled to the accounting loss as follows:

	2019 £'000	2018 £'000 Restated 7 months
Loss before tax	(2,513)	(211)
Tax based on the loss at the applicable tax rate 19% (2018: 19%)	(477)	(40)
Effect of:		
Disallowable expenses	46	-
Share scheme payment - to be relieved in other group member	138	-
Share scheme payment - allowable deduction	(336)	-
Deferred tax prior year adjustment	(5)	-
Current year tax losses not recognised	370	40
Total	(264)	-

No deferred tax asset arising on the losses for the year prior to acquisition by the Quilter group has been recognised due to uncertainty surrounding the date on which the losses will be recovered.

10 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use asset £'000	Fixtures and fittings £'000	Totals £'000
Cost:			
At 1 June 2018	-	120	120
Additions	-	31	31
At 31 December 2018	-	151	151
Adoption of IFRS 16	338	-	338
Additions	-	20	20
Disposals	(120)	(171)	(291)
At 31 December 2019	218	-	218
Depreciation:			
At 1 June 2018	-	84	84
Provided during the year	-	20	20
At 31 December 2018	-	104	104
Provided during the year	108	26	134
Disposals	(32)	(130)	(162)
At 31 December 2019	76	-	76
Net book value			
At 1 June 2018	-	36	36
At 31 December 2018	-	47	47
At 31 December 2019	142	-	142

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

11 INTANGIBLE ASSETS

	Client bank £'000
Cost:	
At 1 June 2018	668
Additions	80
At 31 December 2018	748
Additions	399
At 31 December 2019	1,147
Amortisation and impairment:	
At 1 June 2018	19
Provided during the year	35
At 31 December 2018	54
Provided during the year	115
At 31 December 2019	169
Net book value	
At 1 June 2018	649
At 31 December 2018	695
At 31 December 2019	978

12 INVESTMENT IN SUBSIDIARIES

The Company has the following wholly owned subsidiaries at year end incorporated in England and Wales:

Company	Shareholding	Registered office address
Charles Derby Private Clients Limited	Ordinary	6 Tollgate Business Park, Stanway, Colchester, CO3 8AB
Charles Derby Wealth Management Limited	Ordinary	6 Tollgate Business Park, Stanway, Colchester, CO3 8AB
Forward Thinking Wealth Management Limited	Ordinary	6 Tollgate Business Park, Stanway, Colchester, CO3 8AB
Quilter Financial Advisers Limited	Ordinary	Senator House, 85 Queen Victoria Street, London EC4V 4AB

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

13 TRADE AND OTHER RECEIVABLES

	2019	2018
		Restated
	£'000	£'000
Trade receivables	2	40
Amounts due from subsidiary undertakings	8,256	2,651
Other receivables	79	34
Prepayments and accrued income	16	47
	8,353	2,772

For terms and conditions on related party transactions, refer to note 20. Trade receivables and other receivables are non-interest bearing. Included within the other receivables are loans to advisers with agreements on commercial terms.

14 CONTRACT ASSETS ACCRUED INCOME

	2019	2018
		Restated
	£'000	£'000
Contract assets accrued income	107	105
Contract assets accrued income cost	-	2
Contract assets accrued income impairment	(31)	-
Total contract assets accrued income closing balance	76	107

Contract assets accrued income is a calculation based upon written cases which have not been paid at year end. Therefore this is an estimate of future revenue which includes an impairment to recognise that an element will not be proceeded with.

15 CASH AND CASH EQUIVALENTS

	2019	2018
	£'000	£'000
Cash and cash equivalents	788	4

All cash and cash equivalents are current and do not earn interest. The carrying amount of these assets approximates to their fair value.

16 TRADE AND OTHER PAYABLES

	2019	2018
		Restated
	£'000	£'000
Trade payables	1,018	356
Payable to Quilter Financial Planning Limited	10,138	-
VAT	-	300
Other payables	313	414
Accruals and deferred income	264	178
	11,733	1,248

Terms and conditions of the above financial liabilities:

- For terms and conditions on related party transactions, refer to note 20.
- Trade and other payables are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

17 BORROWINGS AND LEASE LIABILITIES

	2019 [1] £'000	2018 £'000
Lease liability at 1 January	338	-
Disposal	(94)	-
Finance interest charge for the period	4	-
Lease liability reduction for the period	(92)	-
Lease liability at 31 December	**156**	**-**
Lease liability to be settled within 12 months	115	-
Lease liability to be settled after 12 months	41	-
Total discounted lease liability at 31 December	**156**	**-**
Maturity analysis – contractual undiscounted cash flows		
Less than one year	70	-
One to five years	89	-
More than 5 years	-	-
Total undiscounted lease liability at 31 December	**159**	**-**

[1] The Company has initially applied IFRS 16 at 14 February 2019, upon acquisition, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the time of initial application. The Company incurs interest on the lease liability based on it's incremental borrowing rates.

18 PROVISIONS

	Indemnity commission provision £'000
At 1 June 2018	18
Movement in year	38
At 31 December 2018 Restated	56
At 1 January 2019 Restated	56
Movement in year	13
At 31 December 2019	69

Indemnity commission provision
Provision is made for repayment of indemnity commission to the product provider in the event that a policy may lapse within the indemnity period. Given the nature of these policies it is uncertain what the number and monetary value will be of any such lapses.

An asset is held for the amount recoverable from advisers for any liability caused by the above and is included within other receivables. As at 31 December 2019 this stood at £45,000 (2018: £34,000), making the net liability £24,000 (2018: £22,000).

If the underlying assumption that future clawback pattern is assumed to reflect the historical actual clawbacks is to change by +/-10.5% of the movement in the year, this would have a proportional impact on the movement in the year of +£1,000 or -£1,000 (2018: +/-5% +£2,000 or -£2,000) with a corresponding impact on the amounts recoverable from advisers year-end balance of +£5,000 or -£5,000 (2018: +/-5% +£2,000 or -£2,000).

18 PROVISIONS (continued)

Key accounting judgments
The above provisions are considered to be the key accounting judgements made by management within these financial statements.

19 SHARE CAPITAL

The total allotted, issued and fully paid ordinary shares is 1,661,708 ordinary shares of £0.0001 each (2018: 1,000,000 ordinary shares).

20 RELATED PARTY TRANSACTIONS

Administrative expenses includes £21,000 (2018: £47,000) from Alternative Office providing website maintenance services, all services have been provided at normal market prices.

Outstanding balances are unsecured and interest free, and are payable on demand. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2019 the Company has not made any provision for doubtful debt relating to amounts owed by related parties (2018: £nil).

Revenue includes recharges by the Company to other group companies during the year, at normal market prices.

	2019 £'000	7 months ended 31 December 2018 £'000
Charles Derby Private Clients Limited	30	17
Charles Derby Wealth Management	680	451
Quilter Financial Advisers Limited	6,688	3,122
	7,398	3,590

During the year, there was no waiver of amounts due from trading subsidiaries (2018: £nil).

Year end balances for related party transactions are as follows:

	2019 £'000	2018 £'000
Charles Derby Private Clients Limited	26	11
Charles Derby Wealth Management Limited	1,016	429
Quilter Financial Advisers Limited	7,214	2,210
Quilter Financial Planning Limited	(10,138)	-
Quilter plc*	121	-
	(1,761)	2,650

Where not stated above, there have been no other related party transactions with other Quilter Group companies.

* Current tax payable and receivable in respect of tax due and tax losses surrendered to Quilter plc.

21 PENSION SCHEME

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £200,000 until 31 October 2019 (2018: £66,000).

22 CATEGORIES OF FINANCIAL INSTRUMENTS

The analysis of financial assets and liabilities into their categories as defined in IFRS 9 Financial Instruments is set out in the following tables. Assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

For information about the methods and assumptions used in determining fair value please refer to note 2. The Company's exposure to various risks associated with financial instruments is discussed in note 23.

At 31 December 2019

					£'000
Measurement basis	**Fair value**				
	Mandatorily at FVTPL	**Designated at FVTPL**	**Amortised cost**	**Non-financial assets and liabilities**	**Total**
Assets					
Trade, other receivables and other assets	-	-	8,429	-	8,429
Loans and advances	-	-	2	-	2
Other non-financial assets	-	-	-	1,120	1,120
Cash and cash equivalents	-	-	788	-	788
Total financial assets	-	-	9,219	1,120	10,339
Total other non-financial assets	-	-	-	-	-
Total Assets	**-**	**-**	**9,219**	**1,120**	**10,339**
Liabilities					
Provisions	-	-	-	69	69
Borrowings and lease liabilities 1	-	-	156	-	156
Trade, other payables and other liabilities	-	-	11,735	-	11,735
Total financial liabilities	-	-	11,891	69	11,960
Total other non-financial liabilities	-	-	-	-	-
Total Liabilities	**-**	**-**	**11,891**	**69**	**11,960**

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2019

22 CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

At 31 December 2018 Restated

Measurement basis	Fair value				£'000
	Mandatorily at FVTPL	**Designated at FVTPL**	**Amortised costs**	**Non-financial assets and liabilities**	**Total**
Assets					
Trade, other receivables and other assets	-	-	2,879	-	2,879
Loans and advances	-	-	775	-	775
Other non-financial assets	-	-	-	742	742
Cash and cash equivalents	-	-	4	-	4
Total financial assets	-	-	3,658	742	4,400
Total other non-financial assets	-	-	-	-	-
Total Assets	**-**	**-**	**3,658**	**742**	**4,400**
Liabilities					
Provisions	-	-	-	56	56
Trade, other payables and other liabilities	-	-	4,442	-	4,442
Total financial liabilities	-	-	4,442	56	4,498
Total other non-financial liabilities	-	-	-	-	-
Total Liabilities	**-**	**-**	**4,442**	**56**	**4,498**

23 MAXIMUM EXPOSURE TO CREDIT RISK

The tables below represents the Company's maximum exposure to credit risk. The Company does not have any significant exposure arising from items not recognised on the statement of financial position.

	Credit rating relating to financial assets that are neither past due nor impaired									£'000
At 31 December 2019	AAA	AA	A	BB	<BBB	Internally rated	Included through consolidation of funds	Carrying value held for sale	Less: amount classified as held for sale	Carrying value
Assets subject to the 12 month ECL model										
Loans and advances neither past due nor impaired	-	-	-	-	-	2	-	-	-	2
Cash and cash equivalents	-	-	788	-	-	-	-	-	-	788
Other receivables	-	-	-	-	-	8,430	-	-	-	8,430
Total	**-**	**-**	**788**	**-**	**-**	**8,432**	**-**	**-**	**-**	**9,220**

23 MAXIMUM EXPOSURE TO CREDIT RISK (continued)

At 31 December 2018	AAA	AA	A	BB	<BBB	Internally rated	Included through consolidation of funds	Carrying value held for sale	Less: amount classified as held for sale	Carrying value
	Credit rating relating to financial assets that are neither past due nor impaired									£'000
Assets subject to the 12 month ECL model										
Loans and advances neither past due nor impaired	-	-	-	-	-	775	-	-	-	775
Cash and cash equivalents	-	-	4	-	-	-	-	-	-	4
Other receivables	-	-	-	-	-	2,879	-	-	-	2,879
Total	**-**	**-**	**4**	**-**	**-**	**3,654**	**-**	**-**	**-**	**3,658**

24 SHARE BASED PAYMENTS

During the year ended 31 December 2019, the Company participated in share-based payment arrangements. This note describes the nature of the plan and how the share options are valued.

Description of share-based payment arrangements
The Company operates the following share-based payment scheme with awards over Quilter plc shares: the Charles Derby Group Performance Share Plan.

	Description of award					**Vesting conditions**		
Scheme	**Restricted shares**	**Conditional shares**	**Options**	**Other**	**Dividend entitlement [1]**	**Contractual life (years)**	**Typical service (years)**	**Performance (measure)**
Charles Derby Group Performance share plan - Share Options (Nil cost options)	-	-	✔	-	✔	Up to 10	5	AP EPS CAGR

[1] Participants are entitled to dividend equivalents.

Reconciliation of movements in options
The movement in options outstanding under the Performance Share Plan arrangements during the year is detailed below:

	Full year 2019		Full year 2018	
Options over shares (London Stock Exchange)	**Number of options**	**Weighted average exercise price**	Number of options	Weighted average of exercise price
Outstanding at beginning of the year	-	-	-	-
Granted during the year	**6,172,567**	**£0.00**	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Transferred during the year	**(6,172,567)**	**£0.00**		
Outstanding at end of the year	**-**	**-**	**-**	**-**
Exercisable at end of the year	**-**	**-**	**-**	**-**

On 1 November 2019, the employees who had been awarded share options during the year, were transferred to another Group entity, Quilter Business Services Ltd.

24 SHARE BASED PAYMENTS (continued)

The weighted average fair value of options at the measurement date, for options granted during the year ended 31 December 2019 is £1.39. There were no options granted for the year ended 31 December 2018.

There were no options outstanding at 31 December 2019.

Measurements and assumptions
In determining the fair value of equity-settled share-based awards and the related charge to the income statement, the Company makes assumptions about future events and market conditions. Specifically, management makes estimates of the likely number of shares that will vest and the fair value of each award granted which is valued and 'locked in' at the grant date.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of fair value of share options granted is measured using either a Black-Scholes option pricing model or a Monte Carlo simulation.

The inputs used in the measurement of fair values at the grant date for awards granted during 2019 were as follows:

Scheme	Weighted average share price £	Weighted average exercise price £	Weighted average expected volatility	Weighted average expected life (years)	Weighted average risk free interest rate	Weighted average expected dividend yield	Expected forfeitures per annum
Charles Derby Group Performance share plan - Share Options (Nil cost options)	1.39	0.00	29.3%	3.75	0.7%	0.0%	4%

Share grants
There were no share award instruments granted during the current or prior years.

Financial impact
The total expense recognised in the year arising from equity compensation plans was as follows:

	£'000	
	Full year 2019	Full year 2018
Total expense arising from equity-settled share and share option plans	**726**	

25 EVENTS AFTER THE REPORTING DATE

In early 2020, the existence of the new COVID-19 virus was confirmed which has since spread across a significant number of countries, leading to the disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Company or to provide a quantitative estimate of this impact.

26 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent company is Quilter Financial Planning Limited, a company registered in England and Wales, and the ultimate parent Company is Quilter plc, a company registered in England and Wales.

The Company's financial statements are consolidated within the financial statements of Quilter plc, which are available from:

The Company Secretary
Quilter plc
Senator House
85 Queen Victoria Street
London
EC4V 4AB