ANNUAL REPORT AND
FINANCIAL STATEMENTS

31 December 2019

Quilter Investors Limited

Registered in England & Wales No. 04227837

CONTENTS

COMPANY INFORMATION

Executive directors	P R Simpson M Dean (resigned 31 December 2019)
Non-executive directors	J M Little (Chairman) C L Turner
Secretary	Quilter CoSec Services Limited
Auditors	KPMG LLP 15 Canada Square London E14 5GL
Registered office	Millennium Bridge House 2 Lambeth Hill London EC4V 4AJ Registered in England and Wales No. 04227837

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 Quilter Investors Limited ("Quilter Investors" or the "Company"), is to provide multi-asset investment solutions, offering a broad range of solutions for its customers' accumulation and decumulation needs.

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

The Company is an authorised investment fund manager ("AIFM") and authorised corporate director ("ACD") for a range of UCITS and non-UCITS managed funds. The Company is committed to the objectives of the wider Quilter plc business and pursues these objectives through delivery of strong investment returns and innovative investment solutions within the UK. The Company's multi-asset investment portfolios are diversified across international markets and a wide range of asset classes and aim to provide full-service solutions for capital growth and income for retail customers, made available through the Quilter distribution channels and direct retail investment platforms.

On 29 March 2019, the Company resigned as the ACD for a number of the single strategy funds which were transferred to Merian Investment Management Limited as part of the sale of the single strategy business in 2018.

Quilter Investors is a modern, scalable, institutional class asset manager with £20.8bn of assets under management as at 31 December 2019. It is established as the manufacturer at the heart of the new Quilter business, and its agreed purpose includes acting as ACD and investment manager for funds, Managed Portfolio Service management, asset allocation and investment support to all Quilter businesses.

Medium and long term investment performance remains strong and the ranges continue to deliver the outcomes our clients and advisers expect. Quilter Investors anticipates some product development and rationalisation during 2020 to ensure we continue to provide clients access to the best possible wealth management solutions through the Group's distribution channels.

Financial performance continues to be strong and operational leverage is starting to come through. Net client cash flow of £0.5bn in 2019 (2018: £2.8bn) decreased year on year reflecting industry wide challenges such as Brexit, late cycle, defined benefit headwinds and pension limits. Through a favourable sales mix, margins have remained stable although the Company recognises margin compression risk going forward due to competitive pressures and industry trending towards lower margins and passive solutions.

STRATEGIC REPORT (continued)

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 by 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 trusted 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 believe that the Group's competitive advantage lies in its strong 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 management, but the Group operates in a large and fragmented market that has good long-term growth potential.

Political developments and Brexit

The Company acknowledges the risk that Brexit, other political developments or developments otherwise affecting market confidence may result in outflows of assets from investment portfolios with exposure to the UK, which could include asset portfolios managed by the Company. Due to the size and importance of the UK economy in the global economy, particularly with respect to the UK financial services market, as well as the uncertainty and unpredictability concerning the UK's legal, political, financial and economic relationship with the European Union (EU) after Brexit, there may continue to be instability in the national and international financial markets, significant currency fluctuations and otherwise adverse effects on consumer confidence for the foreseeable future, including beyond the date of the UK's withdrawal from the EU. The Company acknowledges the risks associated with Brexit, and alongside the parent company is actively monitoring key risks through contingency planning.

Key Performance Indicators ("KPIs")

The table below shows the key performance indicators the Company uses to manage its business performance.

Total funds under management decreased during the year to £20.8bn (2018: £29.5bn.) There was a decrease in funds under management due to the transfer of single strategy funds to Merian Investment Management Limited on 29 March 2019. Aggregate net client cash inflows for multi-asset funds were £0.5bn in 2019 (2018: £2.8bn). Commission and rebates payable have decreased year on year due to the effects of the Retail Distribution Review and the subsequent move to clean, non-rebate paying share classes. Net profit after tax increased to £66.1m in 2019 (2018: £31.6m) predominantly due to the one-off costs incurred as a result of the separation from Merian Global Investors (formerly Old Mutual Global Investors).

Key performance indicators table	2019 £'000	2018 £'000
Management fee income	210,131	286,703
Administration expenses	(97,235)	(201,491)
IFRS profit after tax	66,138	31,608
Net assets	85,424	78,299
Cash and cash equivalents	117,626	121,924
Net client cash flow (NCCF)	544,917	2,983,633
Market value of funds under management	20,821,518	29,451,871
Average number of employees	93	59

STRATEGIC REPORT (continued)

Statement of going concern

The use of the going concern basis of accounting is considered appropriate, reflecting both the future expected profitability and the continued support from Quilter plc in the development of the business. There are no material uncertainties, related events or conditions that may cast significant doubt over the ability of the company to continue as a going concern.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy is subject to a number of risks. The key risks affecting the business are retention of key staff, transition change, liquidity risk and credit risk.

The Company has adopted the Enterprise Risk Management framework of the Group. This provides the framework for the monitoring, management and governance of risk, as detailed in Note 3.

As a UK based financial services firm, the implications and economic impact of several scenarios of the UK leaving the European Union (EU) in relation to financial services will influence the degree to which these risks act upon Quilter, particularly with regards to strategy, market, legal and regulatory, and third party risks.

Further details of the risk management objectives and policies of the Company are disclosed in Note 3.

Section 172 (1) Statement

Quilter Investors is a wholly-owned 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 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 Quilter Investors' 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. Insights into how Quilter has done this and the outputs of these decisions have been set out in the Quilter plc Annual Report.

In overseeing the Quilter Investors 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, its sole shareholder, in the long term, by supporting the delivery of the Group's strategic priorities. It has dedicated time to monitoring the actions being taken to improve the investment process and the short-term performance of certain active investment funds, in order to support the successful delivery of good outcomes and strong investment returns for Quilter's customers. The Board has also reviewed reports from management on the plan to evolve the Company's investment proposition, and the progress being made against that plan, to ensure the solutions that the Company develops and maintains are aligned to the needs of Quilter's customers.

STRATEGIC REPORT (continued)

During the year under review, the Board has closely monitored the successful build out of Quilter Investors following its separation from Merian Global Investors, which was an important component in the plan to grow the Group's Advice and Wealth Management business segment. As part of this, a key decision for the Board was the execution of the migration of the single strategy funds to Merian Global Investors. In taking this decision, the Board considered the impacts on relevant stakeholders, particularly the steps that were to be taken to deliver good outcomes for both the remaining and the transferring clients, such as ensuring the safe migration of client assets. The employee impacts of the build out programme, such as engagement and resource capacity, have been an area of attention for the Board during the year.

Fostering the Company's relationships with its suppliers is an important consideration for the Board in light of the Company's material outsourcing arrangements. To support this, representatives from the Company's critical suppliers are invited to attend Board meetings on a regular basis to enable direct engagement at Board-level.

On behalf of the board

P R Simpson
Director
27 February 2020

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2019. The review of the business and principal risks and uncertainties are included in the strategic report.

Directors

The directors of the Company during the year and to date were as follows:

Executive Directors:

M Dean (resigned 31 December 2019)
P R Simpson

Non-Executive Directors:

J M Little
C L Turner

The directors do not hold material shareholdings.

Directors' third party indemnity provisions

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' fees

Details of directors' fees are provided in note 8.

Dividends

The Company declared and paid a dividend of £61m for the year ended 31 December 2019 (2018: £18m).

Employees

The average number of persons (including directors) employed by the Company during the year was 93 (2018: 59).

Political Donations

No political donations were made during the year (2018:nil).

Financial Instruments

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

Business relationships statement

From the perspective of the board, as a result of the Group governance structure whereby the entity board is embedded within the Group, the matters that it is responsible for carrying out the duties of a board in respect of the Company's other stakeholders have been considered to an appropriate extent by both the Group board and the board of the Company.

An explanation of how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, has been set out in the report and accounts of the Group, which does not form part of this report.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

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

Auditors

KPMG LLP has held office in accordance with Section 487 of the Companies Act 2006 for the 2019 financial year. Following a rigorous tender process conducted by Quilter plc, PricewaterhouseCoopers LLP will assume the role of independent auditors for the Quilter Group, of which the Company is a member, for the year-end 31 December 2020. Formal appointment as auditors to the Company will be completed after the approval of these financial statements.

On behalf of the board

P R Simpson
Director
27 February 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

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 ("IFRS"), as adopted by the EU.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 of accounting 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 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 QUILTER INVESTORS LIMITED

We have audited the financial statements of Quilter Investors Limited ("the company") for the year ended December 2019 which comprise the income statement, statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and related notes, including the accounting policies in Note 2.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

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

Alison Allen (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
5 March 2020

INCOME STATEMENT
for the year ended 31 December 2019

	Notes	2019 £000's	2018 £000's
REVENUE			
Fee income	4	210,131	286,703
Change in contract liabilities	5	233	319
Investment return	6	736	851
Other income		540	-
TOTAL REVENUE		211,640	287,873
EXPENSES			
Commission and rebates paid to introducers	10	(33,365)	(47,397)
Change in contract costs	11	(3)	(13)
Administrative expenses	7	(97,775)	(201,491)
TOTAL EXPENSES		(131,143)	(248,901)
PROFIT BEFORE TAX		80,497	38,972
Taxation	12	(14,359)	(7,364)
PROFIT FOR THE YEAR		66,138	31,608

All the above amounts in the current and prior year derive from continuing activities.

The notes on pages 16 to 42 are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	2019 £000's	2018 £000's
PROFIT FOR THE YEAR	66,138	31,608
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		
All attributable to equity holders	66,138	31,608

The notes on pages 16 to 42 are an integral part of these financial statements.

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

	Share capital £000's	Capital contribution £000's	Share-based payments reserve £000's	Retained earnings £000's	Total equity-holder's funds £000's
Balance at 1 January 2018	7,600	1,500	-	48,237	57,337
Profit for the year	-	-	-	31,608	31,608
Share capital additions	5,000	-	-	-	5,000
Share-based payments	-	-	2,354	-	2,354
Dividends paid	-	-	-	(18,000)	(18,000)
Balance at 1 January 2019	12,600	1,500	2,354	61,845	78,299
Profit for the year	-	-	-	66,138	66,138
Share-based payments	-	-	1,225	762	1,987
Dividends paid	-	-	-	(61,000)	(61,000)
Balance at 31 December 2019	12,600	1,500	3,579	67,745	85,424

The notes on pages 16 to 42 are an integral part of these financial statements.

Dividend per share was £4.84 in 2019 (2018: £1.43).

STATEMENT OF FINANCIAL POSITION
at 31 December 2019

	Notes	2019 £000's	2018 £000's
ASSETS			
Contract costs	11	1	4
Investments in collective investment schemes	13	41	29
Deferred tax assets	14	822	593
Other receivables	15	108,066	153,095
Cash and cash equivalents	16	117,626	121,924
Total assets		226,556	275,645
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	12,600	12,600
Share-based payments reserve		3,579	2,354
Capital contribution		1,500	1,500
Retained earnings		67,745	61,845
Total equity attributable to equity holders		85,424	78,299
LIABILITIES			
Contract liabilities	5	349	582
Current tax liabilities		9,587	7,007
Provisions and accruals	18	2,842	14,106
Other payables	19	128,354	175,651
Total liabilities		141,132	197,346
Total equity and liabilities		226,556	275,645

The notes on pages 16 to 42 are an integral part of these financial statements.

Approved at a meeting of the board of directors on 27 February 2020 and signed on its behalf by:

P R Simpson
Director

Company registered number: 04227837

STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	2019 £000's	2018 £000's
OPERATING ACTIVITIES		
Profit before tax	80,497	38,972
Non-cash movements in profit before tax	(461)	(305)
Net changes in working capital	(11,598)	26,569
Taxation paid	(11,724)	(9,843)
Total net cash flows from operating activities	56,714	55,393
INVESTING ACTIVITIES		
Net disposals of financial investments	(12)	11
Total net cash (used in)/ from investing activities	(12)	11
FINANCING ACTIVITIES		
Dividends paid to ordinary equity holders of the company	(61,000)	(18,000)
Proceeds from issue of ordinary shares (note 17)	-	5,000
Subordinated and other debt repaid	-	4,275
Total net cash used in financing activities	(61,000)	(8,725)
Net (decrease)/ increase in cash and cash equivalents	(4,298)	46,680
Cash and cash equivalents at beginning of the year	121,924	75,244
Cash and cash equivalents at end of the year	117,626	121,924

The notes on pages 16 to 42 are an integral part of these financial statements.

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

1 GENERAL INFORMATION

Quilter Investors Limited ("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 activities of the company are disclosed in the strategic report on pages 2 to 5.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared and approved by the directors in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRS"s) as adopted by the EU. The financial statements are of the individual entity, Quilter Investors Limited. The financial statements have been prepared on a going concern basis, on the historical cost basis except for the revaluation of certain financial instruments, which have been prepared in sterling and are rounded into thousands.

The Company's business activities and financial risk management objectives, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 5 and directors' report on page 6.

The Company has adequate liquidity and capital. The directors perform an annual going concern review that considers, under a stress test scenario, the Company's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

Based on the above assessment of the Company's financial position, liquidity and capital, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as noted below.

Standards, amendments to standards, and interpretations adopted in these annual financial statements

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.

Other standards:

In addition to IFRS 16 and 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 Group from 1 January 2019 with no material impact on the Group's consolidated results, 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 IFRSs 2015-2017 Cycle – Amendments to IFRS 3 Business combinations, IFRS 11 Joint arrangements, IAS 12 Income taxes and IAS 23 Borrowing costs.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Future standards, amendments to standards and interpretations not early-adopted in these financial statements

Certain new standards, interpretations and amendments to existing standards have been published by the IASB that are mandatory for the Group's annual accounting periods beginning on or after 1 January 2020. The Company has not early adopted these standards, amendments and interpretations.

The following standards are expected to be either not relevant or not applicable for the Company:

- **IFRS 17 *Insurance contracts***
- **IFRS 16 Leases**

Critical accounting estimates and judgements

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The establishment of a restructuring provision in the year in relation to the build out of the Quilter Investors business by nature requires a significant degree of estimation, this is discussed in more detail in the relevant accounting policies and Note 18 to the financial statements.

Financial instruments (other than derivatives)

Financial instruments cover a wide range of financial assets, including financial investments, trade receivables and cash and cash equivalents and certain 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 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 its 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 or loss ("FVTPL").

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. The standard has four categories, of which two are applicable within the Company: FVTPL and amortised cost. This classification determines the subsequent measurement basis. The following accounting policies apply to the subsequent measurement of financial assets.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not measured 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 investments

All other financial assets that are not measured at amortised cost are classified and 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, at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company’s interests in pooled investment funds, equity securities and debt securities are mandatorily at FVTPL, as they are part of the Company’s financial assets which are managed and whose performance is evaluated on a fair value basis. These investments are recognised at fair value initially and subsequently, with changes in fair value recognised in investment return in the consolidated income statement.

The fair value of quoted financial investments, which represents the vast majority of the Group’s investments, are based on the bid value (within the bid-ask spread) which the Company considers to be the most representative of fair value. If the market for a financial investment is not active, the Company establishes fair value by using valuation techniques such as recent arm’s length transactions, reference to similar listed investments, discounted cash flow or option pricing models.

The Company recognises purchases and sales of financial investments on trade date, which is the date that the Company commits to purchase or sell the assets. The costs associated with investment transactions are included within expenses in the consolidated income statement.

Loans and advances

Loans with fixed maturities, including policyholder loans, are recognised when cash is advanced to borrowers or policyholders. Policyholder loans are interest free and are mandatorily at FVTPL since they are taken from the policyholder’s unit-linked account and thereby matched to underlying unit-linked liabilities held at FVTPL, which are unaffected by the transaction. Other loans and advances are carried at amortised cost using the effective interest rate method. These assets are subject to the impairment requirements outlined below.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, money market collective investment funds and other short-term deposits with an original maturity of three months or less.

Cash and cash equivalents held within money market collective investment funds are classified as FVTPL. All other cash and cash equivalents are classified at 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. The carrying amount of cash and cash equivalents, other than money market collective investment funds which are measured at fair value, approximates to their fair value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. At inception, investment contract liabilities for unit-linked business are designated as financial liabilities and measured at FVTPL. For unit-linked contracts, the fair value liability is equal to the total value of units allocated to the policyholders, based on the bid price of the underlying assets in the fund. The FVTPL classification reflects the fact that the matching investment portfolio, that mirrors the unit-linked liabilities, is managed, and its performance evaluated, on a fair value basis. Other financial liabilities, including the Company's borrowings and trade payables, are measured at amortised cost using the effective interest method.

Trade payables and receivables

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

Impairment of financial assets

The expected loss accounting model for credit losses 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 (excluding money market collective investment funds which are measured at fair value) and corporate debt securities.

Credit loss allowances are measured on each reporting date according to a three stage expected credit loss ("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 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 judgement, 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 impairment model

The Company applies the ECL model to two main types of financial assets that are measured at amortised cost:

- Trade receivables and contract assets, 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 implemented 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 exceed 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
Provisions are calculated on the Company’s estimation of the expenditure required to settle an obligation at the statement of financial position date.

Other payables
Other payables are short-term, non-interest bearing and are stated at their amortised cost which is not materially different to cost and fair value.

Accounting for client transactions
Bank and debtor/creditor balances reflect transfers made between Company and client bank accounts on the day following the reporting date. This reflects the daily update of client accounts which is required to be made within one business day under the UK Financial Conduct Authority ("FCA") rules, and gives a clearer presentation of Company bank balances and debtors/creditors represented by client balances as a result of transactions made on the last business day.

Revenue recognition
Revenue comprises the fair value for services, net of value-added tax. Revenue is recognised as follows:

Fee income
Fees charged for managing investment contracts are recognised as revenue in line with the provision of the investment management services. These services are deemed to be provided equally over the lifetime of a contract.

Contract liabilities/deferred fee income (IFRS 15)
Front-end fee income, comprising fees received at inception or receivable over an initial period for services not yet provided, is deferred through the creation of a contract liability on the statement of financial position and released to income as the services are provided. The contract liability principally comprises fee income already received in cash.

Investment gains and losses
Realised investment gains and losses represent the difference between the net sales proceeds and the cost of the investment or value at the start of the year. The movement in unrealised investment gains and losses represents the difference between the carrying value of investments at the reporting date and the value at the start of the year, or the original cost where an investment is acquired during the year. The realised gains and losses and movement in unrealised gains and losses on investment arising in the year are included in the income statement.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that financial asset’s carrying amount.

Distribution income
Distribution income from investments is recognised when the shareholders' rights to receive payments have been established.

Other costs
All expenses are recognised in the income statement as a cost on an accrual basis.

Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. The taxable income for the year is determined in accordance with enacted legislation and taxation authority practice for calculating the amount of tax payable.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Current tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

Deferred taxes are calculated according to the statement of financial position method, based on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. 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 assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign currency monetary assets and liabilities are translated to sterling at the year-end closing rate. Non-monetary assets denominated in a foreign currency that are measured in terms of historical cost are translated using the exchange rate in effect at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate in effect at the date when the fair value was determined. Foreign exchange rate differences that arise are reported net in the income statement as foreign exchange gains/losses.

Share-based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non- market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for difference between expected and actual outcomes.

Assessment of fund investments as structured entities

IFRS 12 defines a structured entity as 'an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Company has assessed whether the funds it manages are structured entities. The Company has considered the voting rights and other similar rights afforded to other parties in these funds (investors and independent boards or directors), including the rights to remove the Company as fund manager, liquidate the funds, or redeem holdings in the funds (if such rights are equivalent to liquidating the funds) and has concluded as to whether these rights are the dominant factor in deciding who controls the funds.

The Company has judged that its managed funds are structured entities and that it has an interest in these funds.

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES

Enterprise risk management ("ERM") framework

The Company continues to develop a well-defined, positive risk culture that is understood across Quilter, as well as a risk and control framework with clear articulation of the responsibilities between the three lines of defence.

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

The Group is regulated under both insurance (Solvency II) and investment firm (Capital Requirement Directive) regulations. To meet these regulations, we operate a consistent approach to risk management across Quilter. As such, we have integrated the Own Risk & Solvency Assessment ("ORSA") and Internal Capital Adequacy Assessment Process ("ICAAP") into our risk management framework. Quilter's ORSA and ICAAP are comprehensive risk processes which set out how risks are managed and how risks might change over time, as the Group rolls out our strategy and in response to developing situations. Analysis into the capital required to protect the sustainability of the group, and how those capital requirements might develop over the planning period.

The assessments include a range of stress and scenario testing covering a broad range of scenarios, including market shocks, new business growth scenarios and operational risk events. These tests are in addition to the regulatory solvency capital requirements, which allow for severe and extreme scenarios and stresses (1 in 200 year risk events). Critical to our process is preparing management action plans should adverse events occur. This provides comfort that the Company is well capitalised and prepared to take necessary action in order to maintain our resilience to adverse conditions.

Risk appetite

The Company's risk appetite is the amount of risk we are willing to take on in the pursuit of our strategic priorities and is defined by the Board. Culturally, it sets the tone regarding our attitude towards risk taking. Risk appetite also plays a central role in informing decision making across the group; protecting and enhancing the return on capital invested. This risk appetite approach is applied consistently across the group.

To support the strategic decision making process risk preferences are applied which provide guidelines for striking the appropriate balance of risk and reward when setting our business strategy.

Strategic risk appetite principles

A set of Strategic Risk Appetite Principles has been set by the Board. These principles, set out below, provide the top-of-the-house guidance on attitude toward key areas of risk for the Group and support the ongoing management and oversight of risk.

The Group's position against these principles is measured on a regular basis. These principles are communicated and applied to all employees through a series of more granular risk appetite statements and measures, policies and standards and key risk indicators.

Policies supporting the system of internal control

The Group Governance Manual ("GGM") and policies form an integral part of our governance and risk management framework, ensuring an appropriate system of internal control. Together they form the basis of clear delegated authorities and accountabilities; ensuring there is appropriate Board oversight and control of important decisions; and efficient and effective management of day to day business. The GGM and policies are approved and adopted by the Board.

Risk management culture

Undoubtedly the most important element to risk management is a good culture of risk-informed decision making. We believe that a good risk culture enables effective management of risk. We link risk management to performance and development, as well as to the Company's remuneration and reward schemes. An open and transparent working environment which encourages our people to embrace risk management is critical to the achievement of our strategic priorities.

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

Principal risks and uncertainties

The directors have carried out an assessment of the principal risks and controls facing the company which are described below. The Board requires management to put in place actions to mitigate these risks, and controls to maintain risk exposures within acceptable levels defined by Quilter's risk appetite. Regular monitoring and reporting of risks enables continuous review and challenge of risks and actions.

Operational risk

Quilter accepts a level of Operational risk as an integral and unavoidable part of our business where it arises out of the activities we undertake in order to provide services to our customers and generate profits for our shareholders.

Under the ERM Framework which has been adopted, operational risk is defined as 'The risk of loss (or unintentional gain/profit) arising from inadequate or failed internal processes, or from personnel and systems, or from external events (other than financial or business environment risks), resulting in an adverse impact to earnings or reduced solvency.

The prime objectives of Operational Risk Management within Quilter are to ensure there is:

- Robust risk culture so that employees are able to identify, assess, manage and report against the key risks the business is faced with and/or may face as it looks to the horizon and implements the Group business strategy;
- Appropriate balance between minimising risk and the cost of control;
- A defined risk appetite within which risks are managed;
- Swift and effective responses to events in order to minimise impact.

Credit risk

Credit risk is the risk that the Company is exposed to a loss if another party fails to meet its financial obligations to that company, 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, and the Company has adopted this policy. The value of credit risk exposures and the credit rating of counterparties are monitored monthly.

The Company's principal assets are cash and cash equivalents, investment management fees due from the funds it manages, and unsettled trade debtors in connection with dealings into and out of its managed funds.

Cash is held across a diversified list of counterparties, primarily banks and money market funds, with high credit ratings assigned by international credit rating agencies. Management fees due from managed funds are settled monthly and underpinned by assets held within those funds. Unsettled trade debtors are settled on standard settlement terms (typically T+4), and outstanding trades are fully collateralised by the underlying assets held within the fund.

Loans and receivable balances are all short-term in nature. 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 the balances.

A significant amount of the Company's sales are to fellow subsidiary undertakings, so this risk is somewhat diminished.

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

Market risk

Market risk is defined as the risk of an adverse change in the level or volatility of market prices of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. Market risk arises from fluctuations in equity prices, interest rates and foreign exchange rates, where assets and liabilities are not precisely matched.

The Group has established a market risk policy which sets out the market risk management governance framework, permitted and prohibited market risk exposures, maximum limits on market risk exposures, management information and stress testing requirements.

The financial impact of more extensive movements in market risk other than those that could reasonably be expected is examined through stress tests carried out within the ICAAP. Market risk arises from exposure to movements in interest rates, equity & property values and foreign exchange rates.

Market risk arises from movement in the following variables:

Interest rate risk

Interest rate risk is the risk of a deviation of the actual interest rates from the expected interest rates, resulting in the potential for, a negative impact on earnings or capital and / or reduced solvency.

The company is not exposed to material interest rate risk. Interest rate risk arises primarily from bank balances and loans receivable held which are exposed to fluctuations in interest rates.

The effective interest rate applicable to interest bearing financial instruments is as follows:

	2019	2018
	Variable	Variable
Assets		
Deposits with credit institutions	0.66%	0.49%
Lending to fellow subsidiary	N/A	N/A

Price risk

In accordance with the Market Risk Policy, the Company does not invest shareholder assets in equity, or related collective investments, except for small seed capital positions which are subject to internal limits.

Foreign exchange rate risk

The Company has no material exposure to foreign exchange risk. The Company holds some foreign currency balances; these amounted to a debit balance of £3.1m (2018: £3m) in US dollars, and a debit balance of £0.9m (2018: £1m) in Euros.

Liquidity risk

Liquidity risk is the risk of an adverse change in the level or volatility of market prices of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency.

The Group has established a liquidity risk policy, which sets out the practices that each business unit must perform to manage exposure to liquidity risk, and the Company has adopted this policy. Liquidity risk is managed on an on-going basis and reported monthly through the risk and governance committee and quarterly through the board.

The Company has access to an undrawn loan facility with Old Mutual Wealth Holdings Limited which can be drawn down upon should cash levels fall below the Early Warning Threshold as monitored under Quilter Investors' financial risk appetite framework.

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

Liquidity risk (continued)

Financial liabilities of the company consist of trade and other payables of £128.4m (2018: £175.7m) which are expected to mature within three months and current tax liabilities of £9.6m (2018: £7.0m) that are expected to mature within one year. Financial assets of the Company consist of trade and other receivables of £108.1m (2018: £153.1m) which are all expected to mature within three months.

Capital risk
Capital risk is the risk of insufficient capital to meet regulatory and stakeholder requirements resulting in the potential, to place constraints on the business plan/strategy, inability to absorb losses, damage to reputation and or regulatory fines and / or censure. The Capital Management policy sets out the key considerations and restrictions with regard to the amounts of capital that is retained.

Capital is managed by ensuring that the Company has sufficient capital resources to meet its liabilities to its customers, except in the event of extreme adverse circumstances with an acceptably small likelihood of occurrence. The Company also retains sufficient capital resources to meet regulatory capital requirements and to maintain working capital to provide for fluctuations in experience.

The Company regards the regulatory statutory capital resources of £65.8m (2018: £64.5m) as capital. The regulatory capital requirements have been met throughout the year. The ICAAP is used to assess the level of capital which should be retained by the Company. The ICAAP considers all of the risks faced by the Company and the degree to which risks have similar or related causes and so could occur together.

Operational risk
Operational risk is the risk that failure of people, processes, systems or external events results in financial loss, damage to the brand / reputation or adverse regulatory intervention or government or regulatory fine.

Operational risk includes all risks resulting from operational activities, excluding risks already described above and excluding strategic risks and risks resulting from being part of a wider group of companies.

Operational risk includes the effects of failure of the administration processes, IT maintenance and development processes, investment processes (including settlements with fund managers, fund pricing and dealing), product development and management processes, legal risks (e.g. risk of inadequate legal contracts with third parties), risks relating to the relationship with third party suppliers, and the consequences of financial crime and business interruption events.

In accordance with Group policies, the management have primary responsibility for the identification, management and monitoring of risks, and escalation and reporting on issues to the Company is executive management board and to the Group.

The Company's executive management have responsibility for implementing the Group risk management methodologies and framework and for development and implementation of action plans to manage risk levels within acceptable tolerances and resolve issues.

Expenses
Expense risk is the risk that actual expenses exceed the expectation when preparing the business plan. This may result in emerging profit falling below the company's profit objectives.

Expense levels are monitored monthly against budgets and forecasts. An activity based costing process is used to allocate costs relating to processes and activities to individual products.

3 RISK MANAGEMENT FRAMEWORK AND RISK EXPOSURES (continued)

Sensitivity tests

Sensitivity analysis has been performed by applying the following parameters to the statement of financial position and income statement as at 31 December 2019 and 31 December 2018. The same methods and assumptions have applied to both 2019 and 2018 comparatives.

Interest rate risk

The Company is not directly exposed to material interest rate risk. Interest rate risk arises primarily from bank balances held which are exposed to fluctuations in interest rates. The Company's maximum exposure to loss caused by interest rate changes is limited to the interest revenue it earns on bank deposits, which was £0.7m in 2019 (2018: £0.3m).

Market risk

A 10% movement in funds under management would impact the annual fee income, and rebates payable to third parties' financial advisers. The sensitivity is applied as an instantaneous shock to equity and property prices at the start of the year (e.g. if the current funds under management is £10.0 billion, the test allows for the effect of an immediate change in funds under management to £9.0 billion and to £11.0 billion).

A decrease in value of assets under management by 10% from the start of the year would have decreased profit by £9.5m after tax (2018: £14.3m). An equal change in the opposite direction would have increased profit by £9.5m after tax (2018: £14.3m).

Expenses risk

The increase in expenses is assumed to apply to the costs associated with the maintenance and acquisition of contracts. It is assumed that these expenses are increased by 10% from the start of the year, so is applied as an expense shock rather than a gradual increase.

An increase in expenses of 10% would have decreased profit by £2.9m after tax (2018: £3m).

3 FEE INCOME

	2019	2018
	£'000	£'000
Initial fees	2	2
Performance fee income	-	37
Investment management income	210,129	286,664
	210,131	286,703

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

4 CHANGE IN CONTRACT LIABILITIES

	2019	2018
	£000's	£000's
Opening balance	582	901
Capitalisation of contract liabilities	1	1
Amortisation of contract liabilities	(234)	(320)
Change in contract liabilities	(233)	(319)
Closing balance	349	582

	2019	2018
	£000's	£000's
Within one year	228	320
One to five years	121	262
Closing balance	349	582

6 INVESTMENT RETURN

	2019	2018
	£000's	£000's
Interest receivable from cash deposits	737	286
Interest receivable from group undertakings	-	10
Total interest and similar income	**737**	**296**
Profit from dealing in investments in managed funds	(3)	557
Total (Loss)/Profit on financial instruments at fair value through the income statement	2	(2)
Mandatorily at fair value through income statement	2	(2)
	736	851

Investment return classified as held mandatorily at fair value through the income statement relates to net gains/losses on units held in the managed funds.

*Profit from dealing in investments in managed funds relates to box profits which ceased to be charged from February 2018 per the requirements of MiFID II.

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

7 ADMINISTRATIVE EXPENSES

	2019 £000's	2018 £000's
Investment adviser fees paid	39,944	66,393
Investment adviser fees paid to fellow group undertakings (see note 24)	-	48,760
Fund administration costs & TER subsidy	14,049	21,665
Management fees paid to fellow group undertakings (see note 24)	9,911	8,601
Restructuring costs (see note 18)	(342)	18,704
Other expenses	34,213	37,368
	97,775	201,491

Profit payable to Merian Global Investors (UK) Limited for £21.2m attributable to the single strategy funds is included in investment adviser fees paid (to external parties) until 29 March 2019.

Profit is calculated as management fees receivable less rebates and other investment expenses payable.

Other expenses includes a £0.5m (2018: £5.5m) accrual release of costs related to the sale of the single strategy business, £3.9m (2018: £9.2m) of expenses paid to Merian Global Investors (UK) Limited for services under the TSA and £18.6m (2018: £15.8m) of employee benefits (see Note 9)

In 2019 the Company had direct employees, the costs of which are disclosed in Note 9.

Auditor's remuneration

	2019 £000's	2018 £000's
Audit services paid to KPMG LLP:		
Corporate	229	145
Funds	628	667
Non-audit services paid to KPMG LLP:		
Corporate	171	199

Auditor's remuneration for audit services consists of fees in respect of statutory audits, Group reporting and fund audits. Non-audit services in 2019 consisted of quarterly profit verification and CASS audit work.

8 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.

Directors' emoluments shown below are included in management fees payable to fellow Group undertakings shown in Note 7.

	2019	2018
	£000's	£000's
Aggregate directors' emoluments		
Remuneration by trading company	1,057	998
Pension by trading company	20	18
Total share based payments	766	203
Emoluments of the highest paid director		
Aggregate emoluments excluding pension contributions	546	862

2 directors had money paid to money purchase schemes during the year (2018: 3).

2 directors received, or were due to receive shares or share options under a long-term incentive scheme (2018: 2).

2 directors exercised options during the year (2018: 3).

The highest paid director did exercise share options during the year (2018: director did exercise options.)

During the year there was no compensation for loss of office paid to directors (2018: £nil); this includes the estimated money value of the following benefits: payment in lieu of notice, loss of participation in the SAYE scheme, pay-out of contractual long term incentive, pension contributions, bonus and statutory redundancy.

The above disclosures include the remuneration of the directors in relation to their services to this Company. The remuneration for each director is apportioned on the basis of time spent across the companies of which they are director.

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

9 EMPLOYEE BENEFITS

	2019 £000's	2018 £000's
Wages and salaries	14,006	11,551
Share-based payments	1,945	1,856
Social security costs	1,951	1,904
Other pension costs	670	440
Total employee benefits	18,572	15,751

The pension costs shown above are the Company's contributions into defined contribution pension plans.

	2019 Number	2018 Number
The average number of employees was as follows	93	59

10 COMMISSION AND REBATES PAID TO INTRODUCERS

	2019 £000's	2018 £000's
Rebates paid to group undertakings (see Note 24)	14,968	19,789
Rebates paid to external introducers	18,340	27,360
Initial commission	-	-
Renewal commission	57	248
	33,365	47,397

11 CHANGE IN CONTRACT COSTS

	2019 £000's	2018 £000's
Opening balance	4	17
Capitalisation of contract costs	1	1
Amortisation of contract costs	(4)	(14)
Change in contract costs	(3)	(13)
Closing balance	1	4

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

12 TAXATION

	2019 £000's	2018 £000's
Current tax charge	15,482	7,922
Prior year adjustment	(944)	4
Movement on deferred tax	(179)	(562)
Tax on profit for the year	14,359	7,364

The total tax charge for the year can be reconciled to the accounting profit as follows:

	2019 £000's	2018 £000's
Pre-tax profit	80,497	38,972
Tax on profit at the tax rate 19.00% (2018: 19.00%)	15,294	7,405
Effect of:		
Prior year adjustment	(944)	4
Net movement on deferred tax assets not recognized	45	(345)
Effect on deferred tax changes in tax rates	40	34
Non-deductible costs	(76)	266
	14,359	7,364

The main rate of UK corporation tax is 19%. This will reduce to 17%, with effect from 1 April 2020.

13 INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES

	2019 £000's	2018 £000's
Financial assets mandatorily at fair value through profit or loss		
Investments in collective investment schemes	41	29

Investments in collective investment schemes are classified as financial investments designated at carrying value.

14 DEFERRED TAX ASSET

The following are the deferred tax balances recognised by the Company and the movements thereon, during the current and prior reporting period.

	2019 £000's	2018 £000's
Non-financial assets held at other than fair value		
Opening Balance	593	31
Movement in the year due to timing differences	179	562
Charge to equity	50	-
Closing balance	822	593

Deferred tax assets in respect of investment losses have been recognised to the extent that it is considered probable that those losses will be utilised in the foreseeable future.

15 OTHER RECEIVABLES

	2019 £000's	2018 £000's
Financial assets at amortised cost		
Due from group undertakings (see Note 24)	29,642	38,153
Trade debtors	61,315	87,642
Investment management fees receivable	15,634	23,328
Other receivables	1,475	3,972
	108,066	153,095

All amounts due from Group undertakings are short-term and interest-free with the carrying amount approximating to fair value and are subject to the 12 month ECL model. There have been no non-performing receivables or material impairments in the financial year that require disclosure. None of the receivables reflected above have been subject to the renegotiation of terms. All other receivables are also current, short term and interest free and are carrying at fair value.

NOTES TO THE FINANCIAL STATEMENTS
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16 CASH AND CASH EQUIVALENTS

	2019 £000's	2018 £000's
Financial assets at amortised cost		
Cash held at bank	26,050	34,095
Cash held on deposit	14,576	32,829
Financial assets designated at fair value through the profit or loss		
Cash held in money market funds	77,000	55,000
Total cash and cash equivalents	117,626	121,924

The cash and cash equivalents comprised of balances held in current and deposit bank accounts and sterling liquidity funds.

Cash held at bank and on deposit is held with A rated counterparties and is subject to the 12 month ECL model. Cash held in money market funds are held with AAA rated counterparties and are classified as financial investments.

17 SHARE CAPITAL

	2019 £000's	2018 £000's
Allotted, called up and fully paid		
12,600,000 ordinary shares of £1 each (2018: 12,600,000 of£1 each)	12,600	12,600

There were no issuances during the year (2018: 5,000,000 ordinary shares of £1 each issued.)

The shares have full voting rights attached.

18 PROVISIONS

	2019 £000's	2018 £000's
Restructuring provision		
Balance at the beginning of the period	14,106	-
Charge to income statement	68	18,704
Utilised during the period	(10,922)	(4,598)
Unused amounts reversed	(410)	-
Balance at the end of the period	2,842	14,106

Following the sale of the single strategy business and the separation of the retained multi-asset business, a restructuring provision was recognised in 2018 in relation to delivering the target operating model required to enable the newly formed multi-asset business to function as a standalone operation going forward. The provision included those costs directly related to replacing and restoring the operational capability that previously underpinned and supported both parts of the asset management businesses. Key parts of this capability had either been disposed of or disrupted as a consequence of the sale.

The provision established was based on management's best estimates of the costs to be incurred in building out and delivering the target operating model by late 2019. As at 31 December 2019, this build programme has delivered six of the seven key milestones, resulting in Quilter Investors terminating services under the Transitional Services Arrangement (TSA) with Merian Global Investors (UK) Limited effective 31 January 2020. Some elements of the restructuring provision remain in order to complete the final aspects of the project delivery. This includes 'technical debt' work to ensure solutions are fit for purpose, regulatory reporting build out and the completion of the sales and AUM solution. As a result, the restructuring work will continue into H1 2020.

Estimates are based on known contract rates extended over a forecast period until project completion (in the case of resourcing costs), indicative costs based on ongoing contract negotiations, and initial scoping requirement work with suppliers overlaid with management's view on the build requirements needed to deliver the target operating model. A range of estimations have been considered when establishing the provision, focusing on potential risks and opportunities in the current project forecast.

Given the advanced stage of the project, the programme is well established and management are confident that the current forecast and associated provision has been right sized to deliver the remaining work streams. Therefore, the range of outcomes around the current forecast is marginal, recognising the upper end of estimation the IR35 resourcing risk dependent on delivering the project in time (+£0.9m) and the lower end of estimation recognising a degree of management discretion around some of the day 2 and technical debt workstream items (-£0.4m.)

It is expected that the provision will be fully utilised in the accounts of the next financial period and therefore discounting has not been applied based on the timescales forecast.

The brought forward provision was £14.1m. £10.9m was utilised in the period. Following a reforecast of activities to be completed in 2020 £0.4m of the provision was reversed. The carried forward provision is £2.8m.

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

19 OTHER PAYABLES

	2019 £000's	2018 £000's
Financial liabilities at amortised cost		
Due to group undertakings (see Note 24)	22,398	7,980
Trade creditors	39,936	88,911
Trade creditors due to depository	45,963	51,712
Accrued expenses	292	261
Other creditors	19,765	26,787
	128,354	175,651

Trade creditors principally comprise amounts due to clients and investment settlements outstanding. The directors consider that the carrying amount of trade and other payables approximates to their fair value. All trade and other payables are short-term and interest-free. Amounts due to group undertakings are unsecured, interest-free and current.

20 FINANCIAL INSTRUMENTS

Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2019	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
Investments in collective investment schemes	41	-	-	41
Investments in money market funds	77,000	-	-	77,000
	77,041	-	-	77,041

As at 31 December 2018	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
Investments in collective investment schemes	29	-	-	29
Investments in money market funds	55,000	-	-	55,000
	55,029	-	-	55,029

Level 1 to 2 transfers

There have been no changes in valuation techniques during the year under review. There have been no transfers between Level 1 and Level 2 during the year under review.

Master netting or similar agreements

The Company may from time to time offset financial assets and liabilities in the statement of financial position when it has a legal enforceable right to do so and intends to settle on a net basis or at a simultaneous time. The Company did not during the 2019 or 2018 financial year offset any financial assets or liabilities under any master netting or similar agreement.

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

20 FINANCIAL INSTRUMENTS (continued)

Unconsolidated structured entities

The Company manages several investment funds, which are unconsolidated structured entities. This note provides additional information on these funds. The Company holds interests in these funds through the receipt of management and other fees and an equity holding in certain of these funds. The investment funds are open-ended investment companies and professional investment funds, and are beneficially owned by third party investors.

Company extent of involvement in unconsolidated structured entities

The Company holds interest in unconsolidated structured entities as at 31 December 2019 as set out in the table below. The maximum exposure to losses is equal to the sum of the carrying amount of assets held.

Nature of risks associated with interests in unconsolidated structured entities:

	2019 £000's	2018 £000's
Market value of funds under management	20,821,518	29,451,871
Investment management fees earned from funds in the year	210,129	286,701
Investment management fees owed from funds (within other receivables)	15,634	23,328
Investment in collective investment schemes	41	29

21 SHARE-BASED PAYMENTS

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

21(a): Description of share-based payment arrangements

The Company operates the following share-based payment schemes with awards over Quilter plc shares which came into force on 25 June 2018: the Quilter plc Performance Share Plan, the Quilter plc Share Reward Plan, the Quilter plc Share Incentive Plan, and the Quilter plc Sharesave Plan.

The Old Mutual Wealth Joint Share Ownership Plan ("JSOP") and the Old Mutual Wealth Phantom Share Reward Plan were awards over Old Mutual plc shares or, in the case of the Old Mutual Wealth Phantom Share Reward Plan, notional Old Mutual plc shares. These share-based payment schemes were transferred to awards over Quilter plc shares on 25 June 2018 and continue to the original vesting dates.

	Description of award					Vesting conditions		
Scheme	Restricted shares	Conditional shares	Options	Other	Dividend entitlement[1]	Contractual life (years)	Typical service (years)	Performance (measure)
Quilter plc Performance Share Plan - Share Options (Nil cost options)	-	-	✓	-	✓	Up to 10	3	AP EPS CAGR[2] and Relative Total Shareholder Return
Quilter plc Performance Share Plan - Conditional Shares	-	✓	-	-	✓	Not less than 3	3	Conduct, Risk & Compliance Underpins
Quilter plc Share Reward Plan - Conditional Shares	-	✓	-	-	✓	Typically 3	3	-
Quilter plc Share Incentive Plan - Restricted Shares	✓	-	-	-	✓	Not less than 3	2	-
Quilter plc Sharesave Plan[3]	-	-	✓	✓	-	3½ - 5½	3 & 5	-
Old Mutual Wealth Joint Share Ownership Plan - Jointly Owned/Restricted Shares[4]	✓	-	-	✓	✓	3	3	-
Old Mutual Wealth Phantom Share Reward Plan - Conditional Shares[5]	-	✓	-	-	✓	Typically 3	3	-

[1]Participants are entitled to actual dividends for the Joint Share Ownership Plan Restricted shares and the Share Incentive Plan. For all other schemes participants are entitled to dividend equivalents.

[2]Adjusted Profit compound annual growth rate ("CAGR").

[3]The Quilter plc Sharesave Plan is linked to a savings plan.

[4]The Joint Share Ownership Plan ("JSOP") was implemented for certain key employees of the Company in 2013, with the final grant of awards in 2016. It provided participants with an interest in the capital growth of the company by granting joint ownership of shares in Old Mutual Wealth Management Ltd (now Quilter plc) with an EBT, whereby the trust owned the principal value of the shares and the participants owned any growth in value during the vesting period. Upon the demerger and listing of Quilter plc, the trust exercised a call option to acquire the participants' interest in the shares based on the growth in value of the Company between grant and listing, in return for consideration shares in Quilter plc. The consideration shares for any awards that remain unvested are restricted until the normal vesting date and attract dividends during that time.

[5]Awards granted under the Phantom Share Reward Plan prior to the demerger of Quilter plc were made over notional ordinary shares in Old Mutual plc that were settled in cash on the vesting date. Upon the demerger and listing of Quilter plc, all unvested notional share awards were converted to conditional awards over ordinary shares in Quilter plc, which will be settled in Quilter plc shares on the normal vesting dates.

21 SHARE BASED PAYMENTS (continued)

21(b): Reconciliation of movements in options

The movement in options outstanding under the Performance Share Plan and Sharesave 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 exercise price
Outstanding at beginning of the year	**213,793**	**£0.00**	746,749	£1.60
Granted during the year	**557,261**	**£0.76**	213,793	£0.00
Forfeited during the year	**(14,400)**	**£1.25**	(182,407)	£1.60
Exercised during the year	-	-	(538,800)	£1.60
Expired during the year	-	-	-	-
Cancelled during the year	-	-	(25,542)	£1.60
Outstanding at end of the year	**756,654**	**£0.54**	213,793	£0.00
Exercisable at end of the year	-	-	-	-

The weighted average fair value of options at the measurement date, for options granted during the year ended 31 December 2019 is £0.62, and for the year ended 31 December 2018 was £1.24.

The options outstanding at 31 December 2019 have exercise prices of £nil for the Quilter plc Performance Share Plan and £1.25 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 2.2 years. At 31 December 2018 the exercise price was £nil, as they were all nil cost options, with a weighted average remaining contractual life of 2.2 years.

21(c): 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
Quilter plc Performance Share Plan - Share Options (Nil cost options)	1.39	0.00	29.3%	2.75	0.6%	0.0%	4%
Quilter plc Performance Share Plan - Conditional Shares	1.39	0.00	29.3%	3.00	0.6%	0.0%	4%
Quilter plc Share Reward Plan - Conditional Shares	1.39	0.00	29.3%	2.04	0.6%	0.0%	4%
Quilter plc Sharesave Plan	1.42	1.25	28.1%	3.65	0.8%	3.0%	10%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

21 SHARE BASED PAYMENTS (continued)

21(d): Share grants

The following summarises the fair value of Restricted Share and Conditional Shares granted by the Company during the year:

	Full year 2019		Full year 2018	
Instruments granted during the year	Number granted	Weighted average fair value	Number granted	Weighted average fair value
Quilter plc Performance Share Plan – Conditional Shares	**207,831**	**£1.39**	146,033	£1.52
Quilter plc Share Reward Plan – Conditional Shares	**587,777**	**£1.39**	-	-
Quilter plc Share Incentive Plan – Restricted Shares	-	**£0.00**	74,955	£1.53
Old Mutual Wealth Phantom Share Reward Plan – Conditional Shares	-	**£0.00**	377,572	£1.52

21(e): 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	**1,945**	1,856

22 FINANCIAL AND CAPITAL COMMITMENTS

There are no material financial and capital commitments as at 31 December 2019 (2018: £nil).

23 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2019 (2018: £nil).

24 RELATED PARTY TRANSACTIONS

The following transactions were entered into with related parties during the period:

	2019 £000's	2018 £000's
Fund Dealing Activity		
Fellow subsidiaries - sale of units in managed funds	3,675,149	4,029,924
Fellow subsidiaries - sale of units in managed funds debtor	29,642	38,153
Fellow subsidiaries - repurchase of units in managed funds	(3,357,604)	(2,709,179)
Fellow subsidiaries - repurchase of units in managed funds	(14,126)	(4,240)

The Company is a manager of mutual funds and in its capacity as ACD acts as principal on all transactions of shares with the funds. The funds are available to retail investors and for sale and repurchase to other fellow subsidiary companies. No initial charge is imposed on transactions with other Group companies.

	2019 £000's	2018 £000's
Investment Management Activity		
Fellow subsidiaries - investment management fees rebated	(14,968)	(19,789)
Fellow subsidiaries - investment management fees rebated creditor	(482)	(1,449)

An annual management fee is charged daily and billed monthly on funds under management and a rebate is made to the fellow subsidiary Company which acted as introducer. This is settled in cash on a monthly basis.

The amounts due to and from Group undertakings are recognised as a net balance on an individual group Company basis. These consist of management fee payable, outstanding trades, management fee rebates and group relief. All balances, with the exception of group relief, are expected to settle within one month. Investment management fees earned in the year and receivable at 31 December 2019 are disclosed under unconsolidated structured entities within Note 20.

	2019 £000's	2018 £000's
Management Expense Activity		
Fellow subsidiaries - Annual Management fees paid	(9,911)	(8,601)
Fellow subsidiaries - Annual Management fees creditor	(1,588)	(209)
Fellow subsidiaries - Investment Advisor fees paid	-	(48,760)

24 RELATED PARTY TRANSACTIONS (continued)

Management services and fixed assets in the current and prior period in the UK are provided by Quilter Business Services Limited (formerly Old Mutual Wealth Business Services Limited), the fellow group undertaking, and Quilter plc, the parent undertaking. Both entities charge a shared service fee for costs incurred and services provided. This management fee is charged at a mark-up on cost. For 2019, Merian Global Investors (UK) Limited, provided services to the company under a Transitional Services Agreement (TSA). Charges payable under the TSA are included in other expenses from non-Group entities.

Profit payable to Merian Global Investors (UK) Limited attributable to the single strategy funds is included in investment adviser fees payable until 29 March 2019 when Quilter Investors resigned as ACD. Profit payable is calculated as management fees receivable less rebates and other investment expenses payable.

Amounts due from or to Group undertakings at the reporting date are included in notes 15 and 19 respectively. Balances are current and settled in cash on a quarterly or monthly basis.

The Company has access to an undrawn loan facility with Old Mutual Wealth Holdings Limited which can be drawn down should cash levels fall below the Early Warning Threshold as monitored under Quilter Investors' financial risk appetite framework. As at 31 December 2019, the Company had not drawn down on the loan facility.

Details of transactions with directors and key management are provided in Note 8.

25 ULTIMATE PARENT COMPANY

The immediate parent company 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
Millennium Bridge House
2 Lambeth Hill
London
EC4V 4AJ

26 EVENTS AFTER THE REPORTING DATE

There were no events subsequent to the year-end which require disclosure in, or amendment to, the financial statements.