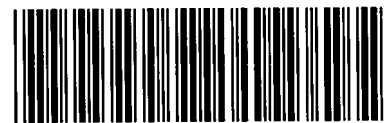


**2 Plan Wealth Management Limited**

**Directors' Report and Financial Statements**

**For the year ended 31 December 2021**

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## **Officers and Professional Advisers**

### **Directors**

Christopher Smallwood

Nicolas Hewitt

Peter Davis

Michael Morrow (resigned 15<sup>th</sup> February 2022)

### **Secretary**

Quayseco Limited

### **Registered office**

3<sup>rd</sup> Floor

Bridgewater Place

Water Lane

Leeds

West Yorkshire

LS11 5BZ

### **Bankers**

National Westminster Bank plc

Leeds City Office

8 Park Row

Leeds

LS1 5HD

### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

2 Glass Wharf

Temple Quay

Bristol

BS2 0FR

## **Directors' Report**

for the year ended 31 December 2021

The directors present their report for the audited financial statements of 2 Plan Wealth Management Limited ("the Company") for the year ended 31 December 2021.

### **Principal Activities**

The Company's principal activity is that of the provision of financial advice through independent financial advisers and is authorised and regulated by the Financial Conduct Authority ("FCA").

2021 continued to see growth across the main Key Performance Indicators (KPIs) including turnover, adviser numbers, assets under management and profitability, as outlined in the Strategic Report.

Adviser numbers grew from 286 to 345. We continued to run the induction courses virtually across Teams together with the ongoing successful implementation of the onboarding team working closely with new advisers appointed to assist in settling them into their new environment and transferring their clients onto 2plan systems.

Turnover saw strong growth from £28.8m to £39.1 million driven by the growth in recruitment of new advisers. We now receive e-valuations on over £3bn of AUM where clients are receiving ongoing advice. Assets in Omnis increased from £86m to £213m as advisers continued to see the benefits of recommending Omnis to diversify their clients' investment solutions. The Omnis range of funds now sits on five of our main investment platforms with a sixth now live in 2022. Omnis is proving to be a very key part of our investment proposition with strong investment performance, a highly competitive charging structure, excellent client facing communication and the Model Portfolio Service being the jewel in the crown with new funds to be added in 2022. Adviser productivity has increased to an average of £125k per annum.

We have increased our staff, employed in fellow subsidiary companies, at Head Office from 49 at the start of 2020 and the beginning of Covid to 70 to provide the continued support to the advisers and firms across all functions. Staff are beginning to work from the office be it only for on average a day per week but the heads of functions are working closely with them to ensure we maintain the high levels of productivity achieved during the lockdown periods, but also the balance of well-being and any support they need.

### **Technology**

Our new web-based systems were completed with the roll-out of investments and pensions in the summer of 2021 and the mortgage and protection elements rolled out at the beginning of 2022. The systems have been extremely well received and praised by the advisers. A real advantage is that data can now be shared; particularly with a firm working with 2plan or advisers that have their own support people this is only the start. It opens the door for us to engage with Application Programming Interfaces (APIs) using modern technology to connect seamlessly with a variety of providers and products to further enhance our method of working, saving advisers time in keying in information and generally improving our proposition which results in adviser retention and the ability to attract new advisers.

Cyber security is now more important than ever with criminals attempting to gain access to our systems and we continue to work tirelessly with such security as multi-factor authorisation tools and locking down our back-office systems. This includes not only the advisers but any of their own staff they have in their businesses.

### **Proposition**

We now offer a very broad proposition where we say advisers can "be whatever they want to be". What we mean by this is that they can work as a sole trader, a practice (where a group of them may work together to share costs and have a trading name) or an appointed representative firm, trading as a Ltd company and looking to grow their own businesses which in turn contributes to the growth of 2 Plan Wealth Management Limited. We also permit them to have their own "brand" in their individual marketing to their clients, although the clients see it is 2 Plan Wealth Management Limited which is the directly authorised firm standing behind them. Adviser growth has also continued through our academy where firms are bringing in new entrants to the industry which is clearly a vital piece for the future of financial advice in the UK.

The business continues to survey its advisers on a regular basis to assess the impact of improvements made to the proposition.

## **Directors' Report (continued)**

for the year ended 31 December 2021

### **Outlook**

The industry continues to suffer enormously from distributors and firms closing their doors and any liabilities falling on the Financial Services Compensation Scheme (FSCS). This contributes to tremendous cost pressures facing businesses operating in this sector, with the direct impact on FCA, FSCS fees and levies, and the costs of ensuring sufficient Professional Indemnity Insurance cover is in place.

There remain regulatory challenges in the coming years, with Consumer Duty and Appointed Representative Supervision papers issued by the regulator challenging the industry. 2 Plan Wealth Management Limited, whilst impacted by these papers, believes that it was and is in a strong position to meet the changes to the regulatory landscape.

In summary, the company has performed very well in 2021. The management team have strategies in place to oversee the continued planned growth in a sustainable well-managed way. We are recognised across the industry for our market leading technology – backed up by what our own advisers and firms and also those seeking to join us tell us – so real testimonies by those using our systems everyday. We are very well positioned to go into 2022 and provide superior services to advisers and firms across the UK.

### **Future Developments**

As noted above, the Company will continue to invest in its infrastructure to keep the organisation in line with the regulatory changes and enhance its solutions for both financial advisers and their clients. Continued investment in technology will continue to ensure it can leverage the benefits of cloud-based infrastructure for both the organisation, its advisers and clients.

### **Dividends**

The directors do not propose the payment of a dividend (2020: £nil).

### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Christopher Smallwood

Nicolas Hewitt

Peter Davis

Michael Morrow (resigned 15<sup>th</sup> February 2022)

### **Donations**

During the year the Company did not make any charitable donations of £nil in the year (2020: £nil) to a number of charities. There were no political contributions during the accounting year (2020: £nil).

### **Qualifying third party indemnity provision**

During the year and until the date of approval of the attached financial statements, a qualifying third party indemnity provision was in force for the benefit of the directors.

### **Policy and practice on payment of creditors**

In respect of all its suppliers, it is the Company's policy to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment, and
- abide by the terms of payment.

The Company's average creditor period, calculated by reference to the ratio of trade creditors and accruals at 31 December 2021 to amounts invoiced by suppliers during the year was 8 days (2020: 4 days).

## **Directors' Report (continued)**

for the year ended 31 December 2021

### **Risk Management**

The Company's approach to risk management is intrinsically linked to those of 2 Plan Limited and Figure Out Limited. More details of their specific risks are contained in their respective financial statements.

The Company has adopted the Openwork Group's overarching risk management framework and risk policy, including risk appetites and reporting thresholds, which are set in conjunction with the holding company board and cascaded to subsidiary companies and to executive management. The process of risk identification and assessment operates 'top down', beginning with the identification of strategic risks as part of the annual business and capital planning process, and 'bottom up', by the management through implementation of a day to day 'risk aware' culture. Risks outside appetite are subject to mitigating actions overseen by senior management and the relevant statutory boards, including where appropriate, The Group Risk & Compliance Committee ('RCC') and the 2 Plan Group Limited Risk and Compliance Committee. The Risk Management Process is designed to mitigate the risk of failure to deliver the strategic aims of the business. The processes also aim to protect the Company's capital and to support good corporate decision making.

The key function of risk management in 2 Plan Wealth Management Limited is to promptly identify, measure, manage, report and monitor risks that affect the strategic, operational and financial objectives, and in doing so, protect the Company's capital, to support good corporate decision making, and to safeguard 2 Plan Group Limited's, and its subsidiaries, customers, its reputation and brand.

At the heart of the risk management framework is a governance process with clear responsibilities for taking, managing, monitoring and reporting risks. 2 Plan Group Limited, and its subsidiaries, have clear descriptions of roles and responsibilities for risk management throughout the 2plan Management Teams, from the Board of Directors to the business and functional areas and through into their teams, thus embedding risk management in the business.

To support the governance process, the Company has in place documented policies and guidelines. The 2plan Group Risk Policy is the main risk governance document for the business and feeds into the wider Openwork Group risk management framework. It specifies risk appetites, risk limits, reporting requirements, and the procedures for referring risk issues within the business and the wider group.

Details of the Company's financial risk management objectives and policies and the principal risk exposures facing the Company are set out in Note 21.

### **Going concern**

The directors continue to monitor the impact of the Ukraine conflict on the business performance and have undertaken additional enquiries to satisfy themselves that there is a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. Despite these uncertain impacts on the macroeconomic environment, under all scenarios modelled, the Company is not dependent upon the group for any financial support due to the capital retained within the business. Accordingly, they continue to adopt the going concern basis in preparing the directors' report and financial statements.

### **Domicile and Country of Incorporation**

The Company domiciles in the United Kingdom and is incorporated in England. The Company is a private company, limited by shares.

**Directors' Report (continued)**  
for the year ended 31 December 2021

**Independent Auditors and disclosure of information to auditors**

So far as each director is 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 a 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.

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at a future Board Meeting.

On Behalf of the Board



Christopher Smallwood  
**Director**  
8<sup>th</sup> June 2022

## Strategic Report

for the year ended 31 December 2021

### Review of the Business and Future Developments

The results for the financial year ending 31<sup>st</sup> December 2021 are shown in the following financial statements.

The directors are pleased to report revenue increased to £39.1m from £28.8m, and profit before tax increased to £988,214 for the year (2020: £288,946). The net asset position improved from £5,531,272 in 2020 to £6,555,200 in 2021.

The board monitors the performance of the business using financial and non-financial Key Performance Indicators (KPIs). The board also uses the KPIs to reference against the overall group strategy.

### Key Performance Indicators

	2021	2020
Revenue (£m)	39.1	28.8
Gross Margin (%)	19.4%	19.5%
Net Cash inflows / (outflows) (£k)	883	(538)
Average Monthly Recurring Income Streams (£k)	2,043	1,578
Number of Advisers at end of year	345	286

Average monthly recurring income streams measures income where contracts are in place to provide on going service. The management monitor this figure as it is an indication of regular income streams underlying the financial performance of the business.

### Our Results

2 Plan Wealth Management Limited's revenue increased by 35.6% in 2021 to £39.1m (2020 £28.8m). As noted in last year's statements, the investment in recruitment activity and adviser numbers, along with a return to pre covid levels of adviser income has flowed in to 2021 performance, resulting in a pre tax profit of £988,214 (2020: £288,946).

The company continues to target and attract high quality financial advisers, whilst looking to retain the business of advisers who look to retire. The consequence of facilitating this is pressure on the gross margin. We continue to seek high quality advisers to join 2 Plan Wealth Management Limited and are confident, supported by the enhancements in our proposition that overall adviser growth will continue to be reported in the next financial statements.

The existing adviser population saw their average income recover and exceed pre covid levels, increasing to £125,000 (2020 £112,000). Increases in other income streams helped mitigate the reduction in gross margin as a natural result of increasing adviser incomes. Recurring income streams declined from 69% of income in 2020 to 65% in 2021, partially as a result of challenging market conditions, however, continues to reflect consistent, sustainable income streams generated with the company.

The investment in the growth of the business in 2021 is expected to continue to yield significant results in 2022.

### Section 172(1) Statement

As a Board, we have a duty to promote the success of 2 Plan Wealth Management Limited for the benefit of our members. In doing so, however, we must have regard for colleagues, for the success of our relationships with suppliers and customers, for the impact of our operations on the community, and for the desirability of maintaining a reputation for high standards of business conduct.

These stakeholder considerations are woven throughout all of our discussions and decisions. Like many businesses, on occasion the interests of one of these groups will conflict with those of others. The Board seeks to ensure that conflicts of interest are avoided wherever possible and that, if these do arise, they are appropriately disclosed and managed. The Company would at all times act fairly across its members, however, as currently there is only a single member, no such consideration is required.



**Strategic Report (continued)**  
for the year ended 31 December 2021

**Section 172(1) Statement (continued)**

When making decisions to further the Company's strategic purpose, the Board has a duty to promote the success of the Company under s172 of the Companies Act 2006. During the financial year, the Board has given consideration to this duty when making decisions, including the:

- Likely consequence of any decision in the long term;
- Interests of employees;
- Company's business relationships with suppliers, customers and advisers;
- Impact of the Company's operations on the community and the environment; and
- Maintaining the Company's reputation for high standards of business conduct.

The Board also understands that the long-term sustainable success of 2 Plan Group Limited, and its subsidiaries, is dependent on effective engagement with our key stakeholders. We recognise the role that each stakeholder group plays in our success and our responsibilities towards them.

**Stakeholder Engagement**

The table below details further information on key stakeholder engagement undertaken by the Company during 2021.

Shareholder	<p>We rely on the support and engagement of the Openwork Holdings Limited, in effect the controller of our parent company, to help us deliver our long-term strategy. Understanding their views and providing regular updates to them on the performance of the business is of key importance to the success of the Company.</p> <p>The following summarises how the Board engaged with the shareholder:</p> <ul style="list-style-type: none"> <li>• We provide a clear, informative and engaging view of the business in our reporting to shareholders, through our interactions with our parent company's boards.</li> <li>• The composition of the Board allows for clear channels of communication to the parent company and the shareholder.</li> <li>• There is a regular agenda item which provides the Board with updates from the other group boards.</li> </ul>
Clients, Advisers and Suppliers	<p>Our clients are the individuals and firms that are the beneficiaries of financial advice provided through our financial advisers. Our whole purpose is to help our clients achieve their long-term objectives. Our supplier and adviser partnerships are vital to the Company's success and enable us to deliver quality service to clients.</p> <p>The following summarises how the Board considered customers, advisers and suppliers in deliberations:</p> <ul style="list-style-type: none"> <li>• Consistent with the continuing commitment to ensuring best possible outcomes are achieved through assessment of advice provided to clients, through rigorous business standards and business processes. Continued investment in client facing technology to enhance the information provided to clients through secure digital methods and ongoing assessment of the quality of services provided by our Advisers to clients.</li> <li>• During the year, the board continued to be supportive of developments in relation to increasing security of clients personal data through further improvements in terms of information security across the business and provision of support services to our Advisers to augment their services to their clients.</li> <li>• During the year, continued to canvass opinion and feedback through regular surveys of advisers, to assess the provision of its support to the Advisers and look for improvements to enhance its proposition.</li> <li>• The Board recognises the importance of developing relationships with advisers and making sure they are fully informed so that clients are provided with high quality service. Many virtual events took place to ensure the restrictions imposed due to the pandemic were mitigated.</li> </ul>

**Strategic Report (continued)**  
for the year ended 31 December 2021

Stakeholder Engagement (continued)

Regulator	<p>Positive and constructive engagement with the regulator ensures high business standards are maintained. By engaging in a transparent manner, we ensure our investors' best interests are served:</p> <p>The following summarises how the Board oversaw engagement with the regulator :</p> <ul style="list-style-type: none"> <li>• The Company maintains an open relationship with the Financial Conduct Authority ("FCA"), which includes regular dialogue and complying with all regulatory reporting requirements.</li> <li>• The Board receives regular updates on the Company's interactions with the regulator and trade associations to understand evolving regulatory requirements.</li> <li>• The Board has established processes to ensure that the Company is satisfied that its internal governance framework is in compliance with the requirements of the Senior Manager &amp; Certification Regime.</li> </ul>
Employees	<p>Our employees, engaged by fellow subsidiary companies, enable the Company to deliver for our clients and make a positive difference. We engage with them to ensure we can retain, develop, motivate, and recruit talented individuals who are aligned with our culture.</p> <p>The following summarises how the Board considered employees in its deliberations:</p> <ul style="list-style-type: none"> <li>• The Company's employee engagement mechanism includes leveraging the additional resources available through the wider group, allowing employees to develop their own skill sets through participation in the programmes and learning resources offered through our parent group.</li> <li>• As the Covid-19 pandemic has continued, hybrid working has been adopted by the Company and its employees. The board recognised the notable successes whilst working through enforced limitations the pandemic imposed on the subsidiaries and rolled out hybrid working as part of business as usual. Efforts have been made to ensure the employees are well supported during the transition and regular contact has remained consistent. Employee mental health and wellbeing continues to be a focus area for the group and the Company. Various initiatives have been adopted throughout the year.</li> </ul>
Community	<p>The Company believes in contributing positively to society in order to have a positive impact on the communities in which it operates.</p> <p>The following summarises how the Board considered communities in its deliberations:</p> <ul style="list-style-type: none"> <li>• The Company considers the impact of our operations on the environments in which the group operates and has adopted the policies of the wider group to lessen its impact.</li> <li>• Colleagues are encouraged to support the group's charitable and other activities designed to support the community.</li> <li>• The Openwork Foundation supports vulnerable children and adults in the UK and overseas. In 2021, the Foundation awarded grants and supported many community charities helping thousands of vulnerable people. In addition to raising funds and awarding grants, the Foundation encourages staff to volunteer within local communities.</li> <li>• We participate in a number of initiatives and engage with partners and peers to help promote diversity and inclusion initiatives.</li> </ul>

**Strategic Report (continued)**  
for the year ended 31 December 2021

**Principal Risks and Uncertainties**

As noted in this report and the Director's Report, the regulatory landscape continues to change, with major papers on Consumer Duty and the Appointed Representative Regime being issued.

In addition, as the world transitions to a post Covid era, different working patterns and methods of working challenge the methods of the pre Covid world.

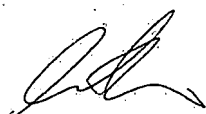
The Company can see no end to the increasing cost pressures imposed by changes in regulation and claims against the FSCS, with the corresponding impact on the Professional Indemnity Insurance market.

The senior management of the Company, participate in a number of committees, both in isolation and as part of the wider group, to assess, monitor and mitigate risks which the group as a whole is exposed. Along with planning and forecasting cycles, the directors believe that the Company's within the group are able to mitigate the impact of these risks where they are able to influence them.

**Ultimate Parent Undertaking**

The ultimate parent undertaking is Openwork Partnership LLP.

On Behalf of the Board



Christopher Smallwood  
**Director**  
8<sup>th</sup> June 2022

## **Statement of Directors' Responsibilities**

for the year ended 31 December 2021

The directors are responsible for preparing the Directors' Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.



Christopher Smallwood  
**Director**  
8<sup>th</sup> June 2022

## **Independent Auditors' Report**

to the members of 2 Plan Wealth Management Limited

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, 2 Plan Wealth Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

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

#### *Independence*

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

#### **Conclusions relating to going concern**

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

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

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

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

#### **Reporting on other information**

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

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

**Independent Auditors' Report (continued)**  
to the members of 2 Plan Wealth Management Limited

**Reporting on other information (continued)**

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

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

*Strategic report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

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

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

*Auditors' responsibilities for the audit of the financial statements*

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of fraudulent journal entries. Audit procedures performed by the engagement team included:

- Reviewing correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Discussions with management and those involved in the Risk and Compliance functions and the legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes;

**Independent Auditors' Report (continued)**  
to the members of 2 Plan Wealth Management Limited

**Responsibilities for the financial statements and the audit (continued)**

*Auditors' responsibilities for the audit of the financial statements (continued)*

- Risk based journal testing with a focus on journals which had attributes which could be indicative of a fraudulent posting; and
- Performed audit procedures which incorporate an element of unpredictability in our testing.

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

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

*Use of this report*

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

**Other required reporting**

**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Andrew Pye (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
8 June 2022

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

	Note	2021 £	2020 £
Revenue	4	39,119,487	28,848,858
Cost of sales		(31,517,320)	(23,211,437)
<b>Gross profit</b>		<b>7,602,167</b>	<b>5,637,421</b>
Administrative expenses		(6,618,054)	(5,353,639)
<b>Operating Profit</b>	7	<b>984,113</b>	<b>283,782</b>
Finance income	5	4,101	5,164
<b>Profit before taxation</b>		<b>988,214</b>	<b>288,946</b>
Taxation	6	35,714	-
<b>Profit and total comprehensive income for the year</b>	18	<b>1,023,928</b>	<b>288,946</b>

The notes on pages 20 to 36 form an integral part of these financial statements.



## Statement of Financial Position

as at 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
<b>Assets</b>			
<i>Non-current assets</i>			
Intangible assets	8	5,999	21,583
Contract assets - cost to acquire revenue	9	789,792	592,036
Property, plant and equipment	10	6,122	8,370
Deferred tax asset	16	928,253	892,539
Trade and other receivables	11	1,346,799	1,261,647
<b>Total Non-current assets</b>		<b>3,076,965</b>	<b>2,776,175</b>
<i>Current assets</i>			
Trade and other receivables	11	4,846,945	3,865,062
Other current assets	12	480,495	487,685
Cash and cash equivalents	13	3,667,579	2,784,457
<b>Total current assets</b>		<b>8,995,019</b>	<b>7,137,204</b>
<b>Total assets</b>		<b>12,071,984</b>	<b>9,913,379</b>
<b>Liabilities and equity</b>			
<i>Current liabilities</i>			
Trade and other payables	14	4,329,213	3,384,020
Provisions	15	127,774	94,816
<b>Total current liabilities</b>		<b>4,456,987</b>	<b>3,478,836</b>
<i>Non-current liabilities</i>			
Trade and other payables	14	990,264	844,063
Provisions	15	69,533	59,208
<b>Total Non-current liabilities</b>		<b>1,059,797</b>	<b>903,271</b>
<b>Total Liabilities</b>		<b>5,516,784</b>	<b>4,382,107</b>
<b>Net Assets</b>		<b>6,555,200</b>	<b>5,531,272</b>
<i>Equity attributable to the owners of the company</i>			
Ordinary shares	17	12,357,930	12,357,930
Other reserves		122,407	122,407
Accumulated losses	18	(5,925,137)	(6,949,065)
<b>Total equity</b>		<b>6,555,200</b>	<b>5,531,272</b>

The notes to the financial statements on pages 20 to 36 are an integral part of these financial statements.

The financial statements and notes to the financial statements on pages 16 to 36 were approved by the Board of Directors on 27<sup>th</sup> April 2022 and were signed on its behalf by:



Nicolas Hewitt

Director

8<sup>th</sup> June 2022

## Statement of Changes in Equity

For the year ended 31 December 2021

	Note	Ordinary shares £	Accumulated losses £	Other reserves £	Total equity £
Balance at 1 January 2021	18	12,357,930	(6,949,065)	122,407	5,531,272
Profit and Total comprehensive income for the year	18	-	1,023,928	-	1,023,928
<b>Balance at 31 December 2021</b>		<b>12,357,930</b>	<b>(5,925,137)</b>	<b>122,407</b>	<b>6,555,200</b>

	Note	Ordinary shares £	Accumulated losses £	Other reserves £	Total equity £
Balance at 1 January 2020	18	12,357,930	(8,130,550)	122,407	4,349,787
Recognition of Deferred tax asset	16	-	892,539	-	892,539
Profit and Total comprehensive income for the year	18	-	288,946	-	288,946
<b>Balance at 31 December 2020</b>		<b>12,357,930</b>	<b>(6,949,065)</b>	<b>122,407</b>	<b>5,531,272</b>

**Statement of Cash Flows**  
for the year ended 31 December 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Profit before taxation		988,214	288,946
Adjustments for items not involving the movement of funds			
Amortisation of intangible assets	8	15,584	79,848
Amortisation of cost to acquire revenue contracts	9	71,347	48,360
Depreciation of property, plant and equipment	10	2,248	1,816
Changes in working capital:			
Increase in trade and other receivables	11 & 12	(1,059,845)	(1,188,279)
Increase in trade and other payables	14	1,091,394	657,408
Increase / (Decrease) in provisions	15	43,283	(15,366)
<b>Net Cash inflow / (outflow) from operating activities</b>		<b>1,152,225</b>	<b>(127,267)</b>
<b>Cash flow from investing activities</b>			
Purchase of intangible assets	8	-	(9,000)
Purchase of contract assets	9	(269,103)	(395,841)
Purchase of tangible assets	10	-	(5,978)
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(269,103)</b>	<b>(410,819)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>		<b>883,122</b>	<b>(538,086)</b>
Cash and cash equivalents at 1 January		2,784,457	3,322,543
<b>Cash and cash equivalents at 31 December</b>	13	<b>3,667,759</b>	<b>2,784,457</b>

The notes on pages 20 to 36 form an integral part of these financial statements.

## **Notes to the Financial Statements**

for the year ended 31 December 2021

### **1. ACCOUNTING POLICIES**

#### **1.1 Basis of preparation**

These financial statements for 2 Plan Wealth Management Limited (the "Company"), registered in England, have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The accounting policies have been applied consistently to all years in these financial statements.

The financial statements have been prepared under the historic cost convention.

The preparation of financial statements in conformity with UK-adopted International Accounting Standards may require the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The accounting policies below have been applied consistently to all periods in these financial statements except as set out in note 2.

After making enquiries, the directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **1.2 Presentational Currency**

The presentation and functional currency of these financial statements is Pounds Sterling.

#### **1.3 Financial assets**

The Company classifies its financial assets which are not cash and cash equivalents as trade and other receivables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included under current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets

#### **1.4 Intangible Assets**

Intangible assets are initially recorded at cost of acquisition and consist of the cost associated with increasing the number of financial advisers who are members of 2 Plan Wealth Management Limited.

Amortisation of the acquisition costs of the distribution business assets is calculated on a straight line basis at a rate which, in the opinion of the Directors, reduces the assets to their residual values over their estimated useful lives.

The rate of amortisation applied from the date the asset is available for use is dependent upon the terms of the agreement.

#### **1.5 Contract Assets – cost to acquire revenue contracts**

Where costs are incurred in acquiring revenue contracts, these costs are capitalised on the statement of financial position as "contract assets – costs to acquire revenue contracts". The cost is then amortised on a straight line basis over the period of the revenue contract.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 1. ACCOUNTING POLICIES (continued)

#### 1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis so as to write off the cost, less estimated residual value of each asset, over its expected useful life. The rates of depreciation applied from the date of acquisition are as follows:

Leasehold improvements (see below)	5 years
Fixtures and fittings	5 years
Computer equipment	3 - 5 years

Where the lease outstanding at the date of acquisition is less than 5 years, the rate of depreciation is over the remaining life of the lease. Asset lives and residual values are assessed at each balance sheet date.

#### 1.7 Impairment testing of tangible, intangible and contract assets

The directors review tangible and intangible assets on an annual basis to determine whether events or changes in circumstances indicate that their carrying amounts are recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount as a charge in the Income Statement.

In addition, any intangible assets that are not yet ready for use are tested annually for impairment, irrespective of whether or not there are any indications of impairment.

The recoverable amount of the tangible and intangible assets is based on their value in use.

Any differences arising due to the time value of money are not considered to be material.

#### 1.8 Trade and other receivables

Trade and other receivables, including contract assets for payments due in the future where the performance obligation has already been performed, are recognised initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade and other receivables is made when there are indications that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned.

#### 1.9 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

#### 1.10 Provisions

The Company has recognised provisions for future costs that it expects to incur as a result of transactions, actions or commitments that had taken place at the Statement of Financial Position date. These cover provisions for commission income clawback and other expected costs, all of which are discussed in the respective notes.

#### 1.11 Finance costs

Finance costs are expensed under the effective interest rate method.

## **Notes to the Financial Statements (continued)**

for the year ended 31 December 2021

### **1. ACCOUNTING POLICIES (continued)**

#### **1.12 Revenue**

Revenue represents commission income and client fees. Commission income comprises commission receivable on inception of a new policy ('initial commission income') and commission receivable on renewals and trail investment income ('renewal income'). Client fees comprises of a fee charged for the inception of a new policy or investment product, and Ongoing Service Income.

##### **Initial Commission Income**

Revenue is recognised on the sale of a product at the inception date of the product which is the point at which all performance obligations have been met. To ensure that revenue recognised upfront at the point of sale on a product with an indemnity period does not end up with a reversal of a portion of this revenue in the future, products sold with indemnity periods is recognised 'net of clawback'. The value of the clawback recognised through revenue represents the expected value of Initial Commission

Income reclaimable by product providers in respect of policies cancelled at any time during their indemnity period and a provision for this liability is held on the statement of financial position.

##### **Renewal Income**

There is no future performance obligation requirement for the receipt of future renewal commission income and trail income. An estimate of future expected income is recognised as revenue at the outset of the policy with a contract asset being recognised in trade and other receivables for the future receipt of commission.

##### **Ongoing Servicing Income**

The servicing and review of client investments is performed on an ongoing basis, the regularity of which is determined by the fee agreement between the adviser and client. The performance obligation that results in the recognition of income is therefore performed over time and as such revenue is recognised on an ongoing basis.

##### **Other Income**

Income in respect for additional services, adviser fees and any other income is recognised at the inception date and over the period the service is being provided.

#### **1.13 Cost of sales**

Cost of sales includes commissions and fees payable to advisers, net of amounts clawed back from advisers where policies have lapsed.

#### **1.14 Administrative expenses**

Operating administrative expenses represent expenses that are necessary for the provision of services by the company, including staff related costs, recognised on an accruals basis.

#### **1.15 Finance income**

Interest income is recognised under the effective interest rate method.

#### **1.16 Share capital**

Ordinary shares are classified as equity.

## **Notes to the Financial Statements (continued)**

for the year ended 31 December 2021

### **1. ACCOUNTING POLICIES (continued)**

#### **1.17 Income taxes**

Current income taxes are calculated on the basis of the tax laws enacted in the UK or substantively enacted at the Statement of Financial Position date.

Deferred taxation is recognised on timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred that will result in an obligation to pay more, or a right to pay less, taxation in the future. Resultant deferred tax assets are recognised only to the extent that it is considered probable that there will be sufficient future taxable profits in the Group from which the underlying tax losses and timing differences can be deducted, or where there are deferred tax liabilities against which the assets can be recovered.

Deferred tax balances are measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted in the UK at the Statement of Financial Position date.

Deferred tax is recognised in the Statement of Comprehensive Income for the year, except to the extent that it relates to items that are recognised directly in the Statement of Changes in Shareholders' Equity, in which case it is recognised in equity.

#### **1.18 Cash and cash equivalents**

Cash and cash equivalents are cash at bank and in hand.

#### **1.19 Fair value estimation**

The carrying value of trade and other receivables are assumed to approximate to their fair values, as stated in the specific accounting policies above.

### **2. IMPACT OF NEW ACCOUNTING STANDARDS**

This note details i) new standards, amendments and improvements to UK-adopted International Accounting Standards effective for the first time for periods beginning on or after 1 January 2021; and ii) forthcoming requirements, that is new standards or amendments issued and effective for periods beginning after 1 January 2022.

#### **i) New standards, amendments and improvements to UK-adopted International Accounting Standards applicable from 1 January 2021**

There are no new accounting standards, amendments or UK-adopted International Accounting Standards effective from January 2021 that are expected to have an impact on the financial statements.

#### **ii) New standards, amendments and improvements to UK-adopted International Accounting Standards applicable from 1 January 2022**

There are no new accounting standards, amendments, or UK-adopted International Accounting Standards effective from 1 January 2022 that are expected to have an impact on the financial statements.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

#### **3.1 Key assumptions, estimates and judgements**

The Company makes assumptions, estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These are continually

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

#### 3.1 Key assumptions, estimates and judgements (continued)

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

#### 3.2 Critical accounting estimates and judgements in applying accounting policies:

##### Renewal income - Contract assets

In applying estimates and judgements to the recognition of future revenues those assumptions are unlikely to be completely accurate given the number of variables that can change.

The assumption that has the greatest impact on the revenues and related liabilities is policy persistency. Sensitivities in the table below have been calculated by flexing the variables in the calculation of trail and renewal income recognised up front at the point of sale.

	As reported	Persistency	
	(£)	1 year increase	1 year decrease
		(£)	(£)
Contract asset	1,637,432	226,898	(450,765)
Liability for cost	1,285,384	(178,115)	353,851
Net increase / (Decrease) in profit		48,783	(96,915)

### 4. REVENUE

	2021	2020
	£	£
Commission and fee income receivable	38,665,835	28,581,397
Movement in clawback provision	(43,283)	15,366
Other Income	496,937	252,095
	39,119,487	28,848,858

All revenue was generated from trading operations in the UK. Also included in Commission and fee income is £28,639 as a result of an underestimate as to income expected as a result of receipts where there are no further performance obligations.

### 5. FINANCE INCOME

	2021	2020
	£	£
Finance income		
Interest receivable on bank balances	4,101	5,164



## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 6. TAXATION

	2021 £	2020 £
Current Tax:		
Corporation tax payable	187,846	54,900
Group Relief claimed	(779)	(981)
<b>Deferred Tax</b>		
Effect of tax rate change	(222,781)	-
Current Year credit	(35,714)	(53,919)

Further information about deferred tax is presented in note 16. All taxation relates to continuing operations.

The tax on the company's profit before tax for the year differs (2020: differs) from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%), as applied to the losses of the company as follows:

	2021 £	2020 £
Profit before taxation	988,214	288,946
Profit before taxation multiplied by the rate of corporation tax in the UK of 19.00% (2020: 19.00%)	187,761	54,900
Other expenses not deductible for tax	85	-
Utilisation of tax losses brought forward	-	(53,919)
Group relief surrendered for no payment	(779)	(981)
Remeasurement of deferred tax for changes in tax rates	(222,781)	-
Total tax charge	(35,714)	-

### 7. OPERATING PROFIT

The following items have been included in arriving at operating profit.

	2021 £	2020 £
Depreciation of property, plant and equipment (note 10)	2,248	1,816
Amortisation of Intangibles (note 8)	15,584	79,848
Amortisation of contract asset (note 9)	71,347	48,360

### Services provided by the Company's auditors

During the year, the Company obtained the following services from the Company's auditors at costs detailed below:

	2021 £	2020 £
Remuneration receivable by the Company's auditors for the auditing of the annual financial statements	43,700	40,400
Provision of non audit assurance related services	3,300	3,000
Total	47,000	43,400

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 8. INTANGIBLE ASSETS

	Distribution Businesses £
<b>Cost</b>	
At 1 January 2021	378,189
Additions	-
At 31 December 2021	378,189
<b>Accumulated Amortisation</b>	
At 1 January 2021	356,606
Charge for the year	15,584
At 31 December 2021	372,190
<b>Net Book amount at 31 December 2021</b>	<b>5,999</b>
Net Book amount at 31 December 2020	21,583

	Distribution Businesses £
<b>Cost</b>	
At 1 January 2020	2,685,743
Transfer to contract assets (note 9)	(2,316,554)
Additions	9,000
At 31 December 2020	378,189
<b>Accumulated Amortisation</b>	
At 1 January 2020	2,348,757
<b>Transfer to contract assets (note 9)</b>	<b>(2,071,999)</b>
Charge for the year	79,848
At 31 December 2020	356,606
<b>Net Book amount at 31 December 2020</b>	<b>21,583</b>
Net Book amount at 31 December 2019	336,986

#### Distribution Businesses

The intangible asset, Distribution Businesses, represents the costs associated with recruiting advisers into the business.

Please refer to Accounting Policies note 1.4 for more information and the costs are amortised over the term of the agreement.

The charge for the year is included in the Administrative expenses in the Statement of Comprehensive Income.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 9. CONTRACT ASSETS – COSTS TO ACQUIRE REVENUE CONTRACTS

	£
<b>Cost</b>	
At 1 January 2021	2,712,395
Additions	269,103
At 31 December 2021	2,981,498
<b>Accumulated Amortisation</b>	
At 1 January 2021	2,120,359
Charge for the year	71,347
At 31 December 2021	2,191,706
<b>Net Book amount at 31 December 2021</b>	<b>789,792</b>
Net Book amount at 31 December 2020	592,036

	£
<b>Cost</b>	
At 1 January 2020	-
Transfer from intangible assets (note 8)	2,316,554
Additions	395,841
At 31 December 2020	2,712,395
<b>Accumulated Amortisation</b>	
At 1 January 2020	-
Transfer from intangible assets (note 8)	2,071,999
Charge for the year	48,360
At 31 December 2020	2,120,359
<b>Net Book amount at 31 December 2020</b>	<b>592,036</b>
Net Book amount at 31 December 2019	-

The cost to acquire contracts represents the costs associated with acquiring the rights to future income streams into the business.

Please refer to Accounting Policies note 1.5 for more information.

The costs are amortised over the length of the contract.

The charge for the year is included in the Administrative expenses in the Statement of Comprehensive Income and the asset is included in trade and other receivables.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements £	Computer Equipment £	Fixtures and Fittings £	Total £
<b>Cost</b>				
At 1 January 2021	195,187	30,342	76,153	301,682
Additions	-	-	-	-
At 31 December 2021	195,187	30,342	76,153	301,682
<b>Accumulated Depreciation</b>				
At 1 January 2021	195,187	21,972	76,153	293,312
Charge for the year	-	2,248	-	2,248
At 31 December 2021	195,187	24,220	76,153	295,560
<b>Net Book amount at 31 December 2021</b>	-	<b>6,122</b>	-	<b>6,122</b>
Net Book amount at 31 December 2020	-	8,370	-	8,370

	Leasehold Improvements £	Computer Equipment £	Fixtures and Fittings £	Total £
<b>Cost</b>				
At 1 January 2020	195,187	24,364	76,153	295,704
Additions	-	5,978	-	5,978
At 31 December 2020	195,187	30,342	76,153	301,682
<b>Accumulated Depreciation</b>				
At 1 January 2020	195,187	20,156	76,153	291,496
Charge for the year	-	1,816	-	1,816
At 31 December 2020	195,187	21,972	76,153	293,312
<b>Net Book amount at 31 December 2020</b>	-	<b>8,370</b>	-	<b>8,370</b>
Net Book amount at 31 December 2019	-	4,208	-	4,208

### 11. TRADE AND OTHER RECEIVABLES

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors – third parties	738,939	495,103
Amounts owed by group undertakings (note 20)	2,044,476	1,969,281
Other debtors (see below)	75,489	77,275
Accrued income	1,612,092	1,057,853
Contract asset – Renewal income	375,949	265,550
	<b>4,846,945</b>	<b>3,865,062</b>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 11. TRADE AND OTHER RECEIVABLES (continued)

	2021 £	2020 £
<b>Amounts falling due after one year:</b>		
Contract asset – Renewal income	1,261,482	1,213,392
Other debtors (see below)	85,317	48,255
	<b>1,346,799</b>	<b>1,261,647</b>

Other debtors relate to commission expenses to be recovered from advisers for policies that lapse during their initial period and revenue expected in future years. A provision is made for commission income which is to be clawed back in respect of these balances (see note 15).

An assessment of the provisions required under UK-adopted International Accounting Standards was undertaken resulting in a reduction in the impairment of the above balances of £618 (2020: £819). An assessment was made in respect of trade and other receivables, which resulted in no material impairment (2020: £nil).

### 12. OTHER CURRENT ASSETS

	2021 £	2020 £
Prepayments	480,495	487,685
	<b>480,495</b>	<b>487,685</b>

### 13. CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank	3,667,579	2,784,457

### 14. TRADE AND OTHER PAYABLES

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade payables	199,775	152,740
Amounts owed to group undertakings (note 20)	1,825,819	1,594,502
Other tax and social security payable	77,776	6,373
Other Creditors	2,064,845	1,479,852
Accruals	160,998	150,553
	<b>4,329,213</b>	<b>3,384,020</b>
	<b>2021 £</b>	<b>2020 £</b>
<b>Amounts falling due after one year:</b>		
Other creditors	990,264	844,063
	<b>990,264</b>	<b>844,063</b>

Other creditors (amounts falling due after one year) relate to contract liability for income already recognised. Within Other creditors, £295,120 (2020: £285,405) relate to contract liability for income already recognised.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 15. PROVISIONS

	Commission income clawback £
<b>At 1 January 2021</b>	154,024
Charged to income statement	43,283
<b>At 31 December 2021</b>	197,307

	Commission income clawback £
<b>At 1 January 2020</b>	169,390
Credited to income statement	(15,366)
<b>At 31 December 2020</b>	154,024

Provisions have been analysed between current and non-current as follows:

	2021 £	2020 £
Current	127,774	94,816
Non-current	69,533	59,208
	197,307	154,024

#### Commission income clawback

The provision is expected to be utilised within four years of the Statement of Financial Position date. It is shown gross of the amounts recoverable from advisers under the terms of their contract, with the corresponding entry of £160,806 (2020: £125,530) included in other debtors (note 11).

### 16. DEFERRED TAX ASSET

Deferred tax balances at 31 December 2021 have been measured at 25% which was announced on 3 March 2021, effective from 1 April 2023.

Deferred tax is calculated in full on temporary timing differences under the liability method using a tax rate of 25% (2020: 19%). The movement on the deferred tax account is shown below.

	2021 £	2020 £
Trading Losses Carried Forward	(3,713,009)	(4,697,572)
Corporation Tax Rate	25%	19%
	(928,253)	(892,539)

A deferred tax asset of £928,253 relating to historic losses (2020: £892,539) has been recognised in the financial statements.

#### Factors affecting future tax charges

On 3 March 2021 it was announced, and has been substantively enacted, that the UK corporation tax rate would increase to 25% from 19% with effect from 1 April 2023.

**Notes to the Financial Statements (continued)**

for the year ended 31 December 2021

**16. DEFERRED TAX (continued)**

	2021 £	2020 £
At 1 January	892,539	-
Adjustment in respect of prior periods (asset recognition)	-	846,830
Revaluation based on increase in corporation tax rate	222,781	99,628
Statement of comprehensive income current year charge (note 6)	(187,067)	(53,919)
At 31 December	928,253	892,539

**17. ORDINARY SHARES**

	2021 £	2020 £
<b>Authorised</b>		
100,000,000 (2020: 100,000,000) ordinary shares of £1 each	100,000,000	100,000,000

	2021 £	2020 £
<b>Allotted, issued and paid</b>		
12,357,930 (2020: 12,357,930) ordinary shares of £1 each	12,357,930	12,357,930

Dividends and voting rights in respect of ordinary shareholders are allocated pro rata to holdings. The ordinary shares entitle the holders to receive notice of and to attend and/or speak and vote at general meetings of the Company, and to receive any dividends out of the profits of the Company available for distribution and resolved to be distributed.

Upon the winding up of the Company, the ordinary shareholders share shall be entitled to receive the amount paid up on their shareholding, including any premium, and to participate in any surplus so arising.

The aggregate consideration received in respect of the issue of share capital in the year was £nil (2020: £nil).

**18. ACCUMULATED LOSSES**

	2021 £	2020 £
At 1 January	(6,949,065)	(8,130,550)
Profit for the year	1,023,928	288,946
Recognition of Deferred tax asset	-	892,539
At 31 December	(5,925,137)	(6,949,065)

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 19. EMPLOYEES AND DIRECTORS

Staff working for the Company are employed by another Group undertaking, 2 Plan Limited, and therefore the Company does not incur direct staff or pension costs. The Company incurs management charges from 2 Plan Limited. It is not possible to identify separately staff and pension costs of the Company that are included within these charges, therefore no disclosure has been made for staff numbers and costs.

The principle disclosures in respect of these staff appear in the financial statements of 2 Plan Limited, copies of which can be obtained from The Secretary, 2 Plan Limited, 3<sup>rd</sup> Floor, Bridgewater Place, Water Lane, Leeds, LS11 5BZ.

Directors	2021 £	2020 £
Salaries and other short term benefits	367,864	337,622
Post-employment benefits	9,815	9,182
	377,679	346,804

The directors' emoluments shown above were for services provided to the Company and include benefits and bonuses payable. There are no key management personnel who are not directors of the Company.

Two (2020: two) directors had retirement benefits accruing under money purchase pension schemes.

Highest paid director for the company	2021 £	2020 £
Aggregate emoluments in respect of qualifying services	214,852	180,198
Group contributions to money purchase pension schemes	7,259	7,259
	222,111	187,457

### 20. RELATED PARTY TRANSACTIONS

#### (a) Recharge of service costs

Services provided by related companies, which are recharged to the Company.

	2021 £	2020 £
Figure Out Limited	1,307,192	1,061,433
2 Plan Limited	3,820,616	3,178,472



## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 20. RELATED PARTY TRANSACTIONS (continued)

(b) Year-end balances arising from related party transactions

	2021 £	2020 £
<b>Receivables from related parties (note 11):</b>		
- 2 Plan Group Limited	1,400,000	1,400,000
- Openwork Services Limited	2,500	-
- OMNIS Investments Limited	300,078	54,438
- OMS Limited	72,735	-
- 2 Plan Limited	468,577	479,247
- Figure Out Limited	35,495	35,596
<b>Payables to related parties (note 14):</b>		
- Figure Out Limited	123,496	102,674
- 2 Plan Limited	396,032	185,537
- Openwork Services Limited	1,306,291	1,306,291

(b) Year-end balances arising from related party transactions (continued)

Figure Out Limited and 2 Plan Limited are a fellow subsidiary undertaking, 2 Plan Group Limited is the company's immediate parent. Openwork Services Limited and OMNIS Investments Limited are subsidiaries of the company's ultimate parent.

The directors of the Company had no material transactions with any related parties of the Group (2020: £nil). The term 'director's' includes members of their families.

### 21. FINANCIAL RISK MANAGEMENT

#### Financial Risk Factors

The Company's operations expose it to financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management program focuses on counterparty credit and liquidity requirements as discussed below. The directors maintain the responsibility of monitoring financial risk management and day-to-day activity is undertaken by the Company's finance department.

#### Market Risk

Market risk is the potential adverse change in the Company's income or the value of the Company's net worth resulting from movements in interest rates or other market prices and arises from the structure of the Statement of Financial Position date.

##### (a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 22. FINANCIAL RISK MANAGEMENT (continued)

#### Market Risk (continued)

##### (a) Interest rate risk (continued)

The Company has interest bearing assets only, currently being its cash balances, which earn interest at a floating rate. The effective interest rate during the year on cash balances was 0.12% (2020: 0.17%).

The Company is not dependent on income from cash balances and therefore has limited risk.

Given the size of balances, the cost of managing exposure to interest rate risk using financial instruments exceeds any potential benefits, and so the Company has decided not to hedge this risk. The directors will revisit the appropriateness of this policy as the Company's operations change in size or nature.

##### (b) Price risk

The Company does not hold debt or equity market investments and therefore is not exposed to any price risk.

#### Credit risk

Credit risk reflects the risk that the counterparty will be unable to meet its contractual obligations to the Company thereby causing the Company to incur a loss.

##### (a) Receivables

The Company manages its trade debtor and other debtors credit risk by only offering credit to reputable institutions and by operating strict credit control procedures.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables excluding prepayments (Note 11).

	2021 £	2020 £
Trade debtors – third parties	738,939	495,103
Amounts owed by group undertakings (note 11)	2,044,476	1,969,281
Other debtors	160,806	125,530
Accrued Income	1,612,092	1,057,853
Contract Asset	1,637,431	1,478,942
	6,193,744	5,126,709

Trade debtors includes impairments of £136,107 (2020: £136,725) and amounts owed by group undertakings are not due.

The Company maintains a clawback provision (see Note 15) in respect of future clawback events with the associated estimate of amounts that would be contractually recoverable from advisers held as a clawback asset. This asset has been included in Other Debtors (see Note 11). The non-recoverability of this debt is actively managed through the regular review by management of adviser debt levels and operation of procedures to optimise recovery. Management considers these measures to be adequate to minimise the credit risk associated with amounts due to the Company from clawback events as and when they arise.

The amount in Trade debtors – third parties of £738,939 (2020: £495,103) represents monies owed to the company through its normal course of business. Accrued income represents business submitted but not yet paid or statement received. Management considers that the credit rating of the product providers associated with these debts to be such that the credit risks are negligible.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Cash and cash equivalents

Financial instrument counterparties are subject to pre-approval by the Finance Director and such approval is limited to financial institutions with a BBB+ rating or better and approved franchises.

The table below shows the balance of the major counterparties at the Statement of Financial Position date. An unrestricted amount may be deposited with National Westminster Bank plc.

	Rating	2021 £	2020 £
<b>National Westminster Bank Plc</b>	<b>A</b>	<b>3,667,579</b>	<b>2,784,457</b>

No credit limits were exceeded during the financial year, and management does not expect any losses from non-performance by these counterparties.

#### Liquidity risk

The Company maintains its investments in short-term vehicles that allow same day access to funds, to ensure the Company has sufficient available funds for operations.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<b>At 31 December 2021</b>	<b>Less than 1 yr £</b>	<b>1 – 2 yrs £</b>	<b>2 – 5 yrs £</b>	<b>Over 5 yrs £</b>
Trade payables	199,775	-	-	-
Amounts due to group undertakings	1,825,819	-	-	-
Contract Asset Liability (Revenue)	295,120	245,024	483,582	261,658
Other Creditors	1,769,725	-	-	-
Accruals	160,998	-	-	-
	<b>4,251,437</b>	<b>245,024</b>	<b>483,582</b>	<b>261,658</b>

<b>At 31 December 2020</b>	<b>Less than 1 yr £</b>	<b>1 – 2 yrs £</b>	<b>2 – 5 yrs £</b>	<b>Over 5 yrs £</b>
Trade payables	152,740	-	-	-
Amounts due to group undertakings	1,594,502	-	-	-
Contract Asset Liability (Revenue)	285,405	188,760	414,032	241,272
Other Creditors	1,194,447	-	-	-
Accruals	150,553	-	-	-
	<b>3,377,647</b>	<b>188,760</b>	<b>414,032</b>	<b>241,272</b>

#### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2021

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### Capital risk management (continued)

The only externally imposed capital requirement is the solvency margin, computed in accordance with the rules set down by the regulator the Financial Conduct Authority (FCA). The FCA requires regulated entities to model their own capital requirement in accordance with the Individual Capital Adequacy Standards and to remain compliant with the FCA solvency threshold.

Throughout the year the Company held capital resources in excess of the amount required to meet the solvency tests required by the regulator. In order to ensure continued compliance, the capital resources are monitored each month and all major projects are assessed for their impact on solvency prior to any commitment being made.

The Company's capital is represented by the Company's equity as set out in the following table:

	2021 £	2020 £
Ordinary shares	12,357,930	12,357,930
Other Reserves	122,407	122,407
Accumulated losses	(5,925,137)	(6,949,065)
<b>Total Capital</b>	<b>6,555,200</b>	<b>5,531,272</b>

### 22. ULTIMATE PARENT COMPANY

The immediate parent undertaking is 2 Plan Group Limited with the ultimate parent undertaking being Openwork Partnership LLP.

Openwork Partnership LLP and Openwork Holdings Limited are the parent Companies of the largest and smallest group of undertakings respectively to consolidate these financial statements respectively. The consolidated financial statements of both companies can be obtained from The Secretary, Washington House, Lydiard Fields, Swindon, SN5 8UB.