nucleus

Nucleus Financial Platforms Limited

Annual Report and Financial Statements

For the financial year ended 31 December 2022

Registered in England and Wales: 06033126

Contents

Introduction

Nucleus Financial Platforms is one of the UK's leading independent platform groups, comprising the investment platforms James Hay Online and Nucleus Wrap.

Our purpose is to help make retirement more rewarding. We do this by harnessing the combined talent, expertise and capabilities of our people and technology, in a commercial, ethical and sustainable way.

From offices in Edinburgh, Glasgow and Salisbury, we administer customer assets across SIPPs, ISAs, GIAs and other products.

Our platforms are principally operated for over 4,000 financial advisory firms that have chosen to partner with us.

James Hay Online, with its 40-year heritage in SIPP and pension expertise, typically focuses on larger financial advisory businesses, while Nucleus Wrap has historically served smaller and medium-sized firms.

Together, we administer approximately £43 billion of assets on behalf of over 160,000 underlying UK customers, seeking to deliver great service and financial outcomes, that ultimately help make their retirement more rewarding.

Financial highlights

This is the first full financial year which includes the acquired Nucleus Financial Group plc (NFG), demonstrating the strong progress made against the Group's strategy to build scale.

The acquisition of NFG increased revenue to:

2022
£114.5m
(2021: £63.6m)

Revenue was up 80% to £114.5m (2021: £63.6m), benefiting from a first full year of contribution from the combined scale of Nucleus Wrap and James Hay.

Adjusted profit for the Group was up significantly:

2022
£47.7m
(2021: £7.9m)

Adjusted profit, or EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) excluding exceptional items, increased to £47.7m (2021: £7.9m). The exceptional items in 2022 related to the transformation of the business, and in 2021 they largely related to one-off costs associated with the acquisition.

Profit before tax also increased:

2022
£25.4m
(2021: loss £24m)

Profit before tax increased from a loss of (£24m) in 2021 to a profit of £25.4m in 2022. It includes exceptional items, largely reflecting one-off costs associated with the transformation programme and outsourcing.

Assets under administration (AUA) was down by 10% in line with other platforms, predominantly reflecting adverse market movements, with the MSCI World Index down 9.7% over the same period.

Net flows for on-sale products were positive in the year at £169m. In addition, a number of products were closed to new business or we agreed to transfer administration agreements to other providers, generating non-core outflows of £343m to create an overall net position of (£174m).

Administrative expenses increased from £66.7m to £81m, reflecting the NFG acquisition. However, cost savings achieved through the outsourcing of IT and operations to FNZ helped offset the cost increases.

Robust balance sheet, with cash and cash equivalents of

£66.5m (2021: £55.2m)

Strong regulatory capital position with material surplus in all regulated entities in the Group

Strategic and operational highlights

The Group's strong financial backing was further strengthened as HPS Investment Partners was welcomed as the new majority shareholder, alongside existing shareholder Epiris.

The Group bolstered its Board strength with the appointments of:


Gordon Wilson
Chair


Judith Davidson
Non-executive Director


Richard Hoskins
Non-executive Director


Mike Regan
Chief Financial Officer

The senior leadership team was also strengthened, adding expertise in managing acquisitions, integration, outsourcing and re-platforming.

The Group's scale enabled investment in 2021 and 2022 of £4.5 million in improving service and £12.6 million in technology and transformation, as well as making good progress in the development of a new, leading retirement platform to initially replace James Hay Online and act as our engine for growth going forward.

Service
£4.5m

Technology
£12.6m

The Group also completed the integration of the Nucleus Financial and James Hay businesses under a single management structure, harmonising the employment terms and conditions of all of our people and levelling-up benefits, at an additional cost to the Group of over £1m per year.

The Nucleus Foundation
£750k
of initial funding

The Nucleus Foundation was established, a registered charity operated by Nucleus with appointed trustees, with £750k of initial funding to provide support to organisations and individuals across the UK.

CEO review

Richard Rowney

"This has been a year of significant progress for the Group as we start to see our strategy delivering results. In the first full year of combined trading since we joined together Nucleus Financial Group plc and James Hay Partnership, the numbers we're reporting today show the benefits our combined scale are starting to deliver.

Looking ahead, we're excited about the prospect of continuing to invest in our products, service and price, enabling us to deliver great financial outcomes for our customers and ultimately helping make their retirement more rewarding.

I would like to thank all my colleagues and the advisers who continue to partner with us."

I'm pleased to report 2022 was a year of good momentum for the Group, as our strategy to build scale began to deliver results. The progress we've made has ensured we're well placed to continue our journey to create the UK's leading retirement focused adviser platform, via organic and acquisitive growth.

Financial review

Despite the challenging economic environment, the Group made strong progress, benefiting from a first full year of contribution from the combined scale of Nucleus Wrap and James Hay.

Revenue was up 80% to £114.5 million, with costs, excluding exceptional costs, only increasing by 20%. Adjusted profit was up over 500% to £47.7 million, and profit before tax increased to £25.4m compared to a loss of £24m in 2021.

Investing for financial advisers and their customers

We're now seeing the benefits emerging from our combined scale, enabling investment in products, price, and service. Since James Hay's acquisition of NFG in 2021, the combined group has invested £4.5 million in improving service and £12.6 million in technology and transformation.

- We put more people into our front-line servicing teams to ensure we could be more responsive to advisers needs, reducing call waiting times, and dealing with more enquiries in real time rather than requiring a call back.
- Backlogs of work were greatly reduced and service levels for most administrative processes are now in line with advisers' expectations.
- Among the improvements we launched for Nucleus Wrap during the year were a new app so customers can keep track of their portfolios, a flexi ISA and better integration with advisers' practice management systems.
- In response to the higher interest rate environment, and for the benefit of our customers, we established a treasury function to actively manage cash and deliver significantly better interest payments for cash held on Nucleus Wrap from July 2022. We'll be extending this to James Hay customers from Summer 2023.
- We also started reducing the platform charge for Nucleus Wrap customers, with an initial 2bps reduction for most, saving just over £1 million during 2022, and we expect this to increase to an estimated £3.2 million by the end of 2023.

- Good progress is being made with building our new retirement platform, the new Nucleus Platform, with our long-term partner FNZ. Initially this will be the replacement for James Hay Online and our strategic platform for driving growth going forward.

During the year we responded to the FCA's Consumer Duty requirements by mobilising a cross-business change programme to assess, implement and evidence our best practice at ensuring great customer outcomes. We're confident that the levels of support we offer our customers through our embedded, group-wide purpose of 'helping make retirement more rewarding' are already within the spirit of what the FCA is aiming to achieve through this initiative. However, we expect some changes to be required as we review our systems, processes, policies and communications. The plan was created ahead of the FCA's end October 2022 deadline and is on track to meet all implementation timescales required through 2023 and 2024.

Investing in our people

We invested in both our Board and senior management team to ensure we have the talent with deep industry experience needed to realise our strategy. Hires have been made from companies including Interactive Investor, BGL Insurance, LV= and HSBC, bringing significant expertise in managing acquisitions, integration, outsourcing and re-platforming.

In addition to welcoming Gordon Wilson as our new independent chair, long standing non-executive director Kathryn Purves became our senior independent director. We also appointed Judith Davidson and Richard Hoskins as new non-executive directors, and hired a new executive director in Mike Regan, Chief Financial Officer. We reviewed the composition of our Board sub-committees and all are chaired by our non-executive directors.

Other significant appointments to the management team included Chris Williams as Proposition Director, Richard Hood as Director of M&A and Jenny Thorpe as Chief Business Architect.

People are key to our success and in the last 12 months, over 130 new colleagues joined us bringing a wealth of new talent, industry experience and fresh perspectives. We also harmonised all existing employment terms and conditions in 2022, by levelling up to the most attractive benefits across the Group to provide better bonus potential, higher pension contributions and more holidays. This package of reforms cost over £1 million per year.

Our annual salary award for 2022 was 8%, prioritising the highest increases to our lower paid people – so most of our operational teams received 11%. In addition, we also paid £1,500 in special assistance payments to many of our people to help with the cost-of-living crisis.

Investing in society

We recognise the importance in giving back to society and being a responsible corporate citizen, which is why we launched The Nucleus Foundation, our philanthropic arm with an initial £750,000, entirely funded by shareholders and governed by a committee of trustees.

The foundation has Charity Commission approval and is focused on areas including supporting local community causes, encouraging more women into financial advice, supporting disadvantaged people near or at retirement by providing grants or assisting those without financial advice and helping employees and their families in cases of emergency or hardship.

Major shareholders

On 29 March 2022, the Group announced that HPS Investment Partners LLC, a leading global investment firm, had acquired a majority stake, with Epiris GP Limited retaining a significant minority shareholding. The transaction received regulatory approval on 26 August 2022 and completed on 21 September 2022.

HPS's investment was a vote of confidence in the business, and our strategy, management team and people.

Post year-end

In January 2023, we announced the recommended offer for Curtis Banks Group plc, to be effected by means of a scheme of arrangement which was approved by its shareholders in February 2023. The combination of Curtis Banks' award-winning SIPP and SSAS product offering and strong presence as a provider to customers with complex retirement needs with Nucleus' established reputation in the UK platform market will create a comprehensive proposition to support financial advisers and their customers across the full wealth spectrum as well as bringing additional scale to the combined group.

The acquisition is expected to complete in Q2 2023, subject to regulatory approvals.

Outlook

For the wider platforms industry, the macro-economic environment in 2022 remained challenging, with economic, political and market factors affecting inflows, outflows, and the performance of investment assets. The sector has been adjusting to a post Covid-19 pandemic operating environment, and during 2022 had to contend with increased volatility as the market navigated Russia's invasion of Ukraine, resulting in inflation and the ongoing cost-of-living crisis in the UK.

While these are headwinds for our industry, we can take comfort from our reduced cost base following the FNZ outsource, where a significant proportion of the Group's cost is now linked to the value of AUA through a basis points cost model.

The long-term outlook for the sector remains positive with the demand for financial advice remaining as strong as ever. We are well-positioned for growth and have the scale and financial strength to take on the challenges in front of us, while continuing to invest for the benefit of the advisers we partner with and their clients, as well as our people.

I'm extremely proud of what we've achieved so far, and I would like to thank my colleagues across the Group for their dedication as our good results are a function of their hard work supporting financial advisers and their customers.

2023 is shaping up to be another pivotal and exciting year. It will see us bring together Nucleus and Curtis Banks to create a leading retirement-focused adviser platform group with approximately £80 billion of assets under administration.

Richard Rowney
CEO

The purpose of this report is to provide information to the members of Nucleus Financial Platforms Ltd and its subsidiaries (the "Group") and as such it is only addressed to those members. The report may contain certain forward-looking statements with respect to the operations, performance, and financial condition of the Group.

These statements reflect knowledge and information available at the date of the report's preparation and by their nature involve inherent risks and uncertainties. Nothing in this report should be construed as a profit forecast and the Group undertakes no obligation to update any forward-looking statement during the year.

The full results for the Group are included in the Financial Statements on pages 30 to 66.

Financial key performance indicators

£'m

	2022	2021
Revenue	114.5	63.6
Adjusted profit[1]	47.7	7.9
Profit / (loss) before tax	25.4	(24.0)
Assets under administration[2]	43,523	48,381
Gross inflows[2]	3,151	2,309
Net inflows, on-sale products[2,3]	169	172.9
Net in/(out) flows, all products	(174.2)	11.7

1 The Non-IFRS adjusted profit performance measure for the Group for the current and prior financial year is disclosed in Note 6.
2 Industry-specific financial key performance indicators are alternative measures that the Directors believe help to inform the results and financial position of the Group.
3 Net inflows exclude a number of products that were closed to new business or where we agreed to transfer their administration agreements to other providers, generating non-core outflows of £343m

Corporate social responsibility and sustainability

Sustainability for Nucleus means creating a successful business for the long-term. Fulfilling our purpose of helping make retirement more rewarding goes hand-in-hand with delivering long-term shareholder value, as well as addressing environmental and societal challenges.

We recognise our role as a responsible corporate citizen and believe that by running our business in a sustainable way, we can have a positive impact on our customers, our employees, the communities in which we operate and the wider environment, whilst delivering consistent profits.

In 2022, we developed and implemented a new sustainability framework with three executive sponsors. The framework will be implemented through support and initiatives already established across the Group, such our diversity, equity and inclusion network and charity committee.

The framework allows us to deliver our business strategy across six pillars:

- Governance
- Environment
- Our people
- Community
- Customers
- Sustainable investing

Workstreams have been formed under each pillar, responsible for progressing our approach and defining our sustainability ambitions in each area. Our sustainability working group meets regularly and is responsible for monitoring and progressing sustainability impact across the business.

Environmental initiatives, energy and carbon results

Our environment workstream is responsible for measuring, targeting, and minimising how Nucleus impacts the environment throughout our operations, with the ambition of achieving net zero.

We engaged with carbon measurement and reporting platform, Watershed, to measure our complete carbon footprint for the year ended 31 December 2022. Conducting a complete carbon measurement enables us to fully understand our environmental impact and set effective decarbonisation targets.

Our Scope 1 and Scope 2 greenhouse gas ('GHG') emissions for the year ended 31 December 2022 totalled 65 tonnes of CO_2e. For the first time, we are reporting our emissions in line with TCFD recommendations. A breakdown of these metrics and our emissions can be seen in the table below.

GHG emissions (tonnes CO_2e) Description	2022	2021
Owned vehicles	-	-
Electricity, gas and water	48	93
Other	17	Not measured
Total Scope 1 and Scope 2 emissions	**65**	**93**
Total Scope 3 emissions	4,144	Not measured

Investing in our communities

The Group has a strong social conscience and aims to have a positive impact on the communities where our people live and work. In December 2022, we launched the Nucleus Foundation, entirely funded by shareholders, and governed by a committee of trustees that represent our locations in Edinburgh, Glasgow, London and Salisbury.

The foundation will focus its efforts on five core areas across some of the issues and causes most important to the business and its people.

- The first will be supporting local community causes, adopting a place-based-giving approach to providing grants and financial assistance to causes in the locations where we're based across the UK.
- Encouraging more women into financial advice careers will be another key area of focus for the Foundation, working alongside charities who support the education and development of women into careers in financial advice and planning.
- Aligned with our purpose, the Foundation aims to help make retirement more rewarding and will also support disadvantaged people who are retired or approaching retirement age, by providing grants and working alongside organisations who assist those without access to financial advice or pension products.
- Employee sponsorship and donations will be another core element of the Foundation, with the business boosting funds raised by our people for the charitable causes close to their hearts.
- Finally, funding will also be allocated to provide targeted support for employees and their families in time of need, offering financial assistance in cases of emergency and hardship which are outside of standard workplace policies.

Principal risks and uncertainties

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

The business operates a single risk management framework through which we systematically identify actual and potential risks and seek to put in place appropriate mitigants through our processes, policies and controls.

The key risks of the Group are set out below and these are managed within the risk appetites set by the Board on an annual basis. Additional information can be found in our Pillar 3 disclosures which can be found on the Group's websites, as detailed in the Directors' Report on page 24.

Culture risk

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

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

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

Strategic and business model risks

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

Economic, political and market factors can also affect the level of inflows and outflows and the performance of investment assets. For example, a general deterioration in the global economy and the UK economy in particular may have a negative impact on customers' disposable income and assets and the value of savings and investments on the platform. The business is adjusting to a post Covid-19 pandemic operating environment and during 2022 there continued to be market volatility as the world navigated Russia's invasion of Ukraine and a changing inflation and cost of living environment. Whilst inflation and changing costs are areas of risk for our business, exposure is reduced following the FNZ outsourcing arrangements where a significant portion of the cost base is also now linked to the value of AUA through a basis points cost model.

The Group is also exposed to movements in interest rates as these impact on the margin on cash retained by the Group. We have experienced a low interest rate environment for a number of years and in 2022 entered a period of rising interest rates. This generates some risk within the Group business plan due to our treasury activity, uncertain future interest rate movements and changing customer expectations.

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

Competition

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

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

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

Relationship with financial advisers

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

Reliance on key suppliers

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

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

Strategic transformation

From time to time the Group undertakes major strategic merger and acquisition activity. There is an inherent risk within these transactions that material matters that may impact the future performance of the Group are not identified as part of the process. In order to mitigate this risk, the Group makes extensive use of specialist external advisers from an early stage. This was the case during 2022 where the Group explored and progressed key strategic opportunities.

Transformation risk also exists as a result of the potential failure to integrate services under a common model. Risks in this area are mitigated by establishing strong oversight frameworks and by establishing dedicated project and change teams to deliver. Monitoring of business capacity and delivery is also in place to ensure transformation remains on track for delivery.

Operational and regulatory risks

Operational

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

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

People

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

Operational process and controls

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

Operational resilience and technology

- Failure of, or disruption to, the sophisticated technology and advanced information systems (including those of the Group and its third-party service providers) upon which the Group is dependent. This could be from an external threat (cyber-attack) or internal causes (failure to maintain systems or licenses).
- Inability to respond to the need for technological change as a result of the failure to continue to improve new technologies, through lack of appropriate investment in new technologies or through such investment proving unsuccessful.
- Failure to maintain existing technologies or to invest appropriately in continuing improvements to those technologies.

- Vulnerability of the Group's networks and platform (and those of its third-party service providers) to security risks, cyber-attack or other leakage of sensitive or personal data.
- Vulnerability of the Group's networks and platform (and those of its third-party service providers) to security risks or cyber-attack leading to direct theft of monies or assets.

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

Regulatory

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

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

In 2022, there have been further material regulatory changes, notably the implementation of the Investment Firms Prudential Regime ("IFPR"), the implementation of Operational Resilience requirements and development work required for Consumer Duty. The Group's readiness for these has been overseen by the Risk Committee and Board and has progressed its readiness for the implementation of Consumer Duty in 2023, building on the existing customer focused frameworks.

Financial and liquidity risks

Solvency (including access to capital)

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

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

Liquidity

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

Credit

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

The associated Financial Risk is disclosed in Note 3.

Risk management framework

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

Our framework is concerned with:

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

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

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

First line of defence

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

Second line of defence

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

Third line of defence

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

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

S172 statement

The Group's Board undertakes strategic decision making that is purpose driven, aligned to our vision, values and risk appetite.

Our Directors recognise that a key factor in any strategic decision-making process is the consideration of stakeholder interests and outcomes, and they acknowledge that this process involves both judgement and challenge. The Board hears the views of different stakeholders in its meetings, offline discussions and also through its routine review of management information and reporting.

The Board considers our key stakeholders to be the financial advisory business we partner with and their customers, our shareholders, our people, our suppliers, our regulators, our community, and wider society. What we feel matters most to these individual stakeholders, is how we engage with them and how we respond to their needs.

In addition to these stakeholder specific outcomes, two case studies are also provided below to highlight how the Board undertook its duties set out in S172(1) of the Companies Act 2006 into account during 2022.

Case study one

The welcoming of a new majority shareholder

Nucleus received regulatory approval for the acquisition of a majority stake in the business by a leading global investment firm, HPS Investment Partners ("HPS") in the Autumn of 2022. This transaction also involved retained investment from Epiris (Nucleus' previous majority shareholder) and also investment from FNZ.

The Board engaged with management and third-party advisers on the process, including the extent of regulatory dialogue relevant to the change in control process. Stakeholder impact remained at the fore of this transaction as the Board considered the added value that HPS would bring to Nucleus in terms of its support for our strategy, culture and purpose.

The Board concluded that the shared vision between Nucleus and HPS, resulting scale and the shared commitment to the Nucleus strategy, provides confidence in our strategic execution and purpose, aligned to achieving a positive outcome for customers and platform users through continued investment in our proposition, service and people.

Case study two

Harmonisation of employment terms and conditions

As part of its 2022 agenda, the Board approved a harmonisation project which focussed on the alignment of our people and fostering employee engagement through reviewing the Nucleus employer proposition.

The Board and remuneration committee reviewed proposals taken by management to the elected groups representing all employees, as part of a collective consultation process. Board and remuneration committee oversight continued by way of reviewing any counter proposals and responses, and discussing updates from management on the final agreed harmonised terms and conditions and required investment. The resulting outcome maximised employee engagement and created an aligned and compelling employer proposition.

Performance and culture are factors considered by the Board to promote positive customer outcomes, as well as achieving positive outcomes for other key stakeholders such as our people and wider community.

Customers

What matters most:

- Well-designed products that are transparent and simple
- Income and benefits paid on time
- Flexible support when customers are facing vulnerability
- Fair pricing
- Quality of service
- Security of customer assets
- Positive outcomes

How do we engage:

- Have your say customer feedback surveys
- Active management of Nucleus Trustpilot page
- Clear communication
- Dedicated customer contact and complaint resolution teams
- Net Promoter Score to assess customers views of the overall servicc and proposition provided by the Nucleus Group
- Customer Committee which has a responsibility to facilitate positive outcomes for customers and review customer experience and Voice of Customer reporting

How did we respond:

- The results of each survey are analysed, shared with the Board and used as a foundation for improvement plans
- Continued emphasis on our conduct framework and values to ensure continued focus on creating positive customer outcomes
- Complaints registered in 48 hours, customers who complain spoken to within 2 weeks and 100% of complaints generally resolved in 8 weeks
- Maintained service levels throughout the year, with specialist escalation teams put in place to resolve identified issues and dedicated vulnerable customer champions and processes across the business

Platform users

What matters most:

- Connection to customers' needs
- Continuous platform development
- Dependable and consistent service standards
- Effective relationship management
- Cost-effective platform
- Clear guidance and thought leadership

How do we engage:

- User sessions, adviser surveys and Illuminate conference events with users
- Dedicated account managers and business development teams
- Stakeholder forums such as the UK platform group (UKPG) and the Nucleus Wrap Advisory Board

How did we respond:

- Complaints and adviser feedback analysed for root cause and corrective action taken
- Regular cycle of "you said, we did" through adviser communications
- Launched the Nucleus Go IOS app
- Delivered API enhancements such as a new integration with plannr and ellen CRM systems and two apps with the Intelliflo Appstore
- Launched a new flexi ISA product
- Delivered Narrate calculation enhancements

Our people

What matters most:
- Making a difference for our customers
- Autonomy, coupled with clear expectations and boundaries
- Having opportunities to grow and progress
- Being fairly rewarded for their contributions
- Knowing that their voice is heard
- Feeling alignment between the Group and personal values
- A sense of wellbeing and inclusion in the workplace

How do we engage:
- Regular online surveys
- Tools to facilitate goal setting, 1-to-1s and feedback
- All company briefing and Q&A session led by our CEO and his executive team
- Online communication platform
- Employee forums
- SLT offsites
- Culture leaders and 'Firestarters'
- Staff social events
- Support for internal and special interest groups

How did we respond:
- Sustained support, safety, productivity and engagement working from home
- Ongoing enhancement to our progression framework
- Fairness and equity through harmonisation of terms and conditions
- Introduction of performance related bonus for all

Suppliers

What matters most:
- Trusted partnerships
- Strong governance
- Clear communications
- Service delivery that supports good customer outcomes and strategic goals

How do we engage:
- Vendor Manager Office (VMO) manage vendor activities and maintain both new and existing vendor relationships
- Regular service reviews with key material outsourcers
- Clearly documented vendor management onboarding and maintenance policies and practices
- Annual due diligence reviews with key material outsourcers
- Collaborative engagement with key suppliers and business owners

How did we respond:
- Identified business owners for all contractual relationships
- Performed a review of our vendor management suite of policies and procedures
- Implemented a contract management lifecycle tool to manage group contractual arrangements

Shareholders

What matters most:
- Compelling business model and growth strategy
- Stability, resilience and ability to scale
- Investing in our talent and succession

Regulators

What matters most:
- We strive to do the right thing at all times and we have an open and transparent dialogue with all relevant regulators.
- Understanding and adopting the principles and rules of the FCA

How do we engage:
- Shareholder communications in respect of any specific corporate actions and reserved matters
- Bi-monthly Board and other ad hoc meetings as required

How did we respond:
- Provided regular reporting on strategy execution through our Board and Board committee meetings
- Welcomed HPS investment partners as a new majority shareholder
- Put in place new shareholder reserved matters and governance arrangements in the form of our operating and investment agreements

Handbook – knowing which rules and guidance are relevant to Nucleus
- Demonstrating good conduct
- Acting in our customers' best interests

How do we engage:
- Membership of the UK platform group (UKPG)
- Direct communication between our Chief Risk Officer, Regulatory and External engagement lead and other senior management within Nucleus and the FCA
- Respond to information and data requests from the FCA in a timely manner
- Respond to consultations where appropriate

How did we respond:
- Responded to the FCA's quarterly platform data requests on time
- Submitted completed financial resilience surveys on time
- Responded to ad hoc information requests on time.

Community, the environment, and wider society

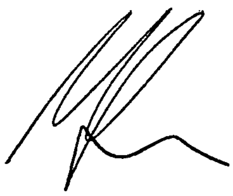
What matters most:
- Supporting local communities
- Supporting the UK transition to a low-carbon economy
- Providing jobs and investment
- Operating as a sustainable and responsible business

How do we engage:
- Support employment and apprenticeship schemes
- Engage in charitable events and volunteering
- Created a B-Corp inspired sustainability framework to measure, track and target our societal and environmental impact
- Engaged with carbon measurement and reporting platform, Watershed, to measure our complete carbon footprint during 2022

How did we respond:

- Operate a charity committee to identify, promote and coordinate charitable activities across the business. Charity donations raised by our people are matched and charitable and sustainable events in local communities are sponsored, donating over £50k over 2022.
- Operate a sustainability working group to coordinate and progress our sustainability strategy and framework
- Launched the Nucleus Foundation, entirely funded by the business and governed by a committee of independent and staff trustees
- Sharing ESG related content via Illuminate
- Paid day for volunteering

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



M Regan
Director

12 May 2023

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

Directors' report

The Directors submit their report together with the audited Financial Statements for the year ended 31 December 2022.

1. Principal activity

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

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

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

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

2. Functional and presentation currency

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

3. Financial results and dividends

The profit after tax for the financial year of the Group is £22.2m (2021: £22.9m loss), and for the Company is £3.7m (2021: £10.7m loss).

The Group paid an interim dividend of £11.0m in December 2022 (2021: £Nil).

No further dividends are recommended for payment (2021: £Nil).

4. Directors

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

J Blair (appointed 21 September 2022)
R Conran (appointed 21 September 2022)
J Davidson (appointed 16 December 2022)
W De Bretton Priestley (appointed 21 September 2022, resigned 11 January 2023)
A Dearsley (appointed 21 September 2022, resigned 11 November 2022)
S French (appointed 21 September 2022)
R Hoskins (appointed 2 December 2022)
G Howard (resigned 12 September 2022)
D Paige (appointed 21 September 2022, resigned 2 December 2022)
K Purves (appointed 21 September 2022)
M Regan (appointed 12 September 2022)
R Rowney
M Taylor (resigned 21 September 2022)
G Wilson (appointed 11 November 2022)

5. Statement of Directors' responsibilities

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

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

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

The current Directors, whose names are set out on page 67, confirm to the best of their knowledge that the Group Financial Statements, are prepared in accordance with UK-adopted international accounting standards, including interpretations issued by the IFRS Interpretations Committee, and the Company Financial Statements in accordance with FRS 101: "Reduced Disclosure Framework" and that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company and the undertakings as a whole.

The details of how the Directors have engaged with key stakeholders is set out in the S172 Statement on page 16.

6. Directors' indemnities

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

7. Political donations

The Group did not make any political donations during the financial year (2021: £Nil).

8. Statement of going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above and in the CEO review on pages 4 to 6. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Financial Statements. In addition, Notes 3 and 4 to the Financial Statements include the Group's objectives, policies and processes for managing its capital; its financial risk objectives, details of its financial instruments and its exposures to credit risk, liquidity risk and market risk.

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

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

9. Research and development

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

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

10. Financial risk

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

11. Financial instruments

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

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

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

12. Significant events after the balance sheet date

On 6th January 2023, the Boards of Directors of Nucleus Clyde Acquisition Limited, a wholly-owned subsidiary of Nucleus Financial Platforms Limited, and Curtis Banks Group PLC, announced that they had reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued share capital of Curtis Banks. As at the date of these Financial Statements, the acquisition remains subject to the satisfaction or (where capable of being waived) waiver of certain conditions, including obtaining the approvals of the FCA, the PRA, the SRA and the CMA and the Court sanctioning the scheme of arrangement. The acquisition of Curtis Banks will result in an additional group of companies becoming part of the Group.

There were no other subsequent events that required adjustment to or disclosure in the Financial Statements for the period from 31 December 2022 to the date upon which the Financial Statements were available to be issued.

13. Employees

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

The Group is committed to equality of access and quality of service for disabled people and embraces the UK Disability Discrimination Acts 1995 and 2005 and the Disability and Equality Act 2010 throughout its business operations. The Group has processes in place to help recruit, train, develop, retain and promote employees from all backgrounds, regardless of age, caring responsibilities, disability, ethnicity, gender, religion or sexual orientation and is committed to giving full and fair consideration to all applications for employment.

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

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

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

14. Health and safety

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

15. Human Rights and Modern Slavery Act 2015

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

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

16. Anti-bribery and corruption

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

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

During 2022 there were no instances of non-compliance reported with the Anti-Bribery and Corruption policy.

17. MiFIDPRU disclosures

On 1 January 2022 the FCA introduced the Investment Firms Directive Regime (IFPR), a new prudential regime for UK firms authorised under the Markets in Financial Instruments Directive (MiFID). The Group has two MiFID firms that are subject to this regime, James Hay Wrap Managers and Nucleus Financial Services Limited. Details of the IFPR rules are outlined in the Prudential Sourcebook for MiFID firms (MIFIDPRU) within the FCA's Handbook at https://www.handbook.fca.org.uk.

The Directors ensure that the level of capital meets the regulatory requirements of MIFIDPRU at all times, and full details of this, alongside quantitative and qualitative risk and risk management information can be found within the MIFIDPRU 8 Disclosure (Pillar 3). This will be available on the Group's website, https://www.nucleusfinancialplatforms.com, when the MIFIDPRU firms have published their financial statements.

18. Auditor

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

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

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

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

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

M Regan
Director

12 May 2023

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

Independent auditor's report

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

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Nucleus Financial Platforms Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated and parent company statements of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 34.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Andrew Partridge CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
12 May 2023

Consolidated statement of comprehensive income

For the financial year ended 31 December 2022 and 31 December 2021

	Notes	Total 2022 £'000	Continuing operations 2021 £'000	Discontinued operations 2021 £'000	Total 2021 £'000
Revenue	7	114,466	63,278	349	63,627
Administrative expenses	11	(81,004)	(65,853)	(802)	(66,655)
Credit impairment charges		86	(2)	-	(2)
Operating profit / (loss)	**8**	**33,548**	**(2,577)**	**(453)**	**(3,030)**
Finance income	12	506	8	-	8
Finance costs	13	(169)	(128)	-	(128)
Exceptional items	14	(8,505)	(21,795)	918	(20,877)
Profit / (loss) on ordinary activities before taxation		**25,380**	**(24,492)**	**465**	**(24,027)**
Tax on profit or (loss) on ordinary activities	15	(3,144)	1,046	81	1,127
Profit / (loss) for the financial year		**22,236**	**(23,446)**	**546**	**(22,900)**
Total comprehensive profit / (loss) for the financial year		**22,236**	**(23,446)**	**546**	**(22,900)**

The results in 2022 were derived from continuing operations. The results in 2021 were derived from both continuing operations and discontinued operations as a result of the sale of the SSAS book of business to Westbridge Pension Administration Limited that was concluded on 25 March 2021.

The applicable accompanying Notes 1 to 34 on pages 38 to 66 form an integral part of these Financial Statements.

Consolidated statement of financial position

As at the financial year end 31 December 2022 and 31 December 2021

	Notes	2022 £'000	2021 £'000
Non-current assets			
Intangible assets	16	164,624	175,825
Property, plant and equipment	18	2,449	2,535
Right-of-use assets	19	3,411	4,266
Deferred tax asset		482	1,693
Total non-current assets		**170,966**	**184,319**
Current assets			
Trade and other receivables	20	40,019	24,924
Amount due from related parties	28	9,579	3,789
Income tax asset		19	585
Cash and cash equivalents	21	66,504	55,207
Total current assets		**116,121**	**84,505**
Non-current liabilities			
Lease liabilities	22	(2,469)	(3,601)
Deferred tax liabilities		(15,736)	(16,603)
Provisions for other liabilities	24	(93)	(77)
Total non-current liabilities		**(18,298)**	**(20,281)**
Current liabilities			
Trade and other payables	23	(33,556)	(27,760)
Lease liabilities	22	(1,097)	(1,180)
Income tax liabilities		(1,277)	(493)
Amount due to related parties	28	(10,213)	(8,653)
Provisions for other liabilities	24	(2,664)	(1,711)
Total current liabilities		**(48,807)**	**(39,797)**
Net current assets		**67,314**	**44,708**
Total assets less current liabilities		238,280	229,027
Net assets		**219,982**	**208,746**
Capital and reserves			
Share capital	25	156,290	156,290
Other reserves	26	16,582	16,582
Retained earnings	27	47,110	35,874
Shareholders' funds		**219,982**	**208,746**

The accompanying Notes 1 to 34 on pages 38 to 66 form an integral part of these Financial Statements

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

M Regan
Director

12 May 2023

Registered Office Address:
Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF
Registered in England and Wales: 06033126.

Consolidated cash flow statement

For the financial year ended 31 December 2022 and 31 December 2021

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash generated/ (used) from operations	32	30,867	(27,580)
Interest received		337	8
Income tax paid		(1,450)	(413)
Net cash generated / (used) from operating activities		**29,754**	**(27,985)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,045)	(3,099)
Proceed of sale of property, plant and equipment		-	675
Acquisition of intangible assets		(125)	1,183)
Acquisition of a subsidiary undertaking, net of cash acquired		-	(123,100)
Disposal of subsidiary undertakings		-	1,335
Net cash used in investing activities		**(1,170)**	**(125,372)**
Cash flows from financing activities			
Principal repayment of lease liabilities		(2,057)	(663)
Interest paid on lease liabilities		-	(128)
Loans with subsidiary undertakings of the ultimate parent		(4,230)	101,000
Proceeds from the issue of share capital		-	89,152
Dividends paid		(11,000)	-
Net cash (used) / generated from financing activities		**(17,287)**	**189,361**
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		55,207	19,203
Net increase in cash and cash equivalents		11,297	36,004
Cash and cash equivalents at end of financial year	21	**66,504**	**55,207**

The accompanying Notes 1 to 34 on pages 38 to 66 form an integral part of these Financial Statements.

Consolidated statement of changes in equity

For the financial year ended 31 December 2022 and 31 December 2021

	Notes	Share capital and share premium £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2021		67,138	16,582	58,899	142,619
Loss for the financial year	27	-	-	(22,900)	(22,900)
Accumulated adjustments – consolidation	27	-	-	(125)	(125)
Transactions with owners for the year					
Issue of share capital	25	89,152	-	-	89,152
At 31 December 2021		156,290	16,582	35,874	208,746
Profit for the financial year	27	-	-	22,236	22,236
Transactions with owners for the year					
Dividends Paid	27	-	-	(11,000)	(11,000)
At 31 December 2022		156,290	16,582	47,110	219,982

The Statement of Comprehensive Income outlined on page 30 and the accompanying Notes 1 to 34 on pages 38 to 66 form an integral part of these Financial Statements.

Parent company accounts

Statement of comprehensive income
for the financial year ended 31 December 2022 and 31 December 2021

	Notes	2022 £'000	2021 £'000
Revenue		-	-
Administrative expenses	11	(53)	(64)
Operating loss	**8**	**(53)**	**(64)**
Exceptional items	14	4,503	(11,511)
Inter-company dividends received		-	-
Profit / (loss) on ordinary activities before taxation		**4,450**	**(11,575)**
Tax on profit on ordinary activities	15	(738)	858
Profit / (loss) for the financial year		**3,712**	**(10,717)**
Total comprehensive profit / (loss) for the financial year		**3,712**	**(10,717)**

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

All results were derived from continuing operations.

The applicable accompanying Notes 1 to 34 on pages 38 to 66 form an integral part of these Financial Statements.

Statement of financial position
as at the financial year end 31 December 2022 and 31 December 2021

	Notes	2022 £'000	2021 £'000
Non-current assets			
Investment in subsidiaries	17	253,164	253,164
Loans due from related parties		-	-
Deferred tax asset		-	863
Total non-current assets		**253,164**	**254,027**
Current assets			
Amount due from related parties	28	22,268	24,044
Cash and cash equivalents	21	919	6,866
Total current assets		**23,187**	**30,910**
Current liabilities			
Trade and other payables	23	(44)	(77)
Income tax liabilities		(75)	(241)
Amount due to related parties	28	(26,409)	(27,508)
Total current liabilities		**(26,528)**	**(27,826)**
Net current assets		**(3,341)**	**3,084**
Total assets less current liabilities		**249,823**	**257,111**
Net assets		**249,823**	**257,111**
Capital and reserves			
Share capital	25	156,290	156,290
Other reserves	26	19,537	19,537
Retained earnings	27	73,996	81,284
Shareholders' funds		**249,823**	**257,111**

The applicable accompanying Notes 1 to 34 on pages 38 to 66 form an integral part of these Financial Statements.

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

M Regan
Director

12 May 2023

Registered Office Address:
Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF
Registered in England and Wales: 06033126.

Statement of changes in equity
for the financial year ended 31 December 2022 and 31 December 2021

	Notes	Share capital £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2021		**67,138**	**19,537**	**92,001**	**178,676**
Loss for the financial year	27	-	-	(10,717)	(10,717)
Transactions with owners for the year					
Issue of share capital		89,152	-	-	89,152
At 31 December 2021		**156,290**	**19,537**	**81,284**	**257,111**
Profit for the financial year	27	-	-	3,712	3,712
Transactions with owners for the year					
Dividends		-	-	(11,000)	(11,000)
At 31 December 2022		**156,290**	**19,537**	**73,996**	**249,823**

The Statement of Comprehensive Income outlined on page 35 and the applicable accompanying Notes 1 to 34 on pages 38 to 66 form an integral part of these Financial Statements

Notes to the Financial Statements

1. Company information

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

2. Summary of significant accounting policies

Statement of compliance

The Consolidated Financial Statements of the Group have been prepared in accordance with UK-adopted international accounting standards, including interpretations issued by the IFRS Interpretations Committee, and the separate Financial Statements of the Company have been prepared in accordance with FRS 101: "Reduced Disclosure Framework" (FRS 101). The significant accounting policies applied in the preparation of the Financial Statements are set out below, and in the relevant Notes to the Financial Statements. The accounting policies set out in Note 2 have been applied consistently in preparing the Financial Statements for the year ended 31 December 2022 and 2021.

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

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

Basis of preparation

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

The Directors believe, after reviewing both the Group's forecasts and projections and taking into account any relevant macro-economic factors including inflation and interest rate movements, and changes in trading performance, that the Group will have sufficient current financial resources to continue to operate and to meet its financial obligations as they fall due, for at least the 12 months from the date of approval of these financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial statements. Further information relevant to the Directors' assessment of going concern is set out in the Report of the Directors.

The financial statements have also been presented and rounded to the nearest thousand.

Adoption of new and revised standards

Newly mandatorily effective in the current period

There are no new major standards applicable for the year ended 31 December 2022.

Amendment	Summary	Mandatory application date
Annual Improvements to IFRS Standards 2018-2020 (May 2020)	Annual Improvements to IFRS Standards 2018-2020 (May 2020)	1 January 2022
Amendments to IFRS 3 (May 2020)	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendment to IAS 37 (May 2020)	Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022

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

Issued but not yet mandatorily effective.

Amendment	Summary	Mandatory application date
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021.	April 2021.
IFRS 17	Insurance Contracts	1 Jan 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	TBC - Per IASB 1 Jan 2023
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 Jan 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies.	1 Jan 2023.
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
Amendments to IAS 8	Definition of accounting estimates	1 Jan 2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information	1 Jan 2023
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	TBC - Per IASB 1 Jan 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	TBC - Per IASB 1 Jan 2024

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

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

Functional and presentation currency

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

Consolidated Financial Statements

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

Investments in subsidiaries

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

Disposal of subsidiaries

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

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

Revenue recognition

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

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

Annual fees
Annual fees are charged when the contingent events that give rise to the right to receive those fees, typically renewal, have occurred. The fee is spread over the year on a straight-line basis covering administrative work that occurs as services are provided over time.

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

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

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

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

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

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

Impairment of financial assets
Trade and other receivables are subsequently measured at amortised cost. The Group uses an Expected Credit Loss (ECL) model when calculating the allowance for lifetime ECLs. An ECL arises when the contractual cash flows owed to an entity are expected to not be paid (either in whole or in part) or to be paid later than when contractually due, even if the expectation is that a payment will be made in full. The Group recognises any ECLs at the first balance sheet date the trade receivable is recognised. Under the ECL model, the Group calculates an allowance for ECL by considering possible outcomes weighted by the probability of their occurrence when measuring an asset's credit risk. The Group uses an ECL matrix for determining ECLs on trade receivables. The Group's current policy incorporates both quantitative and qualitative factors based on the characteristics, credit history and demographic of its client base, as well as the probability of

defaults in the future, based on historical trends and likelihood of future recovery, assessing the credit profile and ability to fulfil future payment obligations.

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

Cash and cash equivalents

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

Financial liabilities

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

Trade and other payables

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

Provisions for other liabilities

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

Accounting for exceptional items

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

Pensions and other post-retirement benefits

The Group operates a defined contribution pension scheme. The pension charge represents the amounts payable by the Group to the scheme in respect of the year and contributions are recognised as an expense when they are due. Once the contributions have been paid, the Group has no further payment obligations. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Other reserves

The Group operates a number of equity-settled, share based compensation plans. The Group's share of fair value of the employee services received in exchange for the equity instrument granted is recognised as an employee expense in the Consolidated Statement of Comprehensive Income with a corresponding increase in equity under other reserves. The fair value of share options is determined using the Black-Scholes model while the fair value of shares awarded is estimated as the market price of the shares at the grant date.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instrument granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. At the end of the reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity over the remainder of the vesting period. The proceeds received by the Group, when share options are exercised, are credited to share capital at nominal value and share premium. In instances where shares are issued under the long-term incentive plan, the difference between the proceeds received and the nominal value of the shares is credited to other reserves.

Property, plant and equipment

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

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

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

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

Intangible assets

Computer software

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

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

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

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

Intangible assets acquired in a business combination

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

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

Other intangible assets

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

Impairment of assets excluding goodwill

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

Goodwill

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

Leases

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

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

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

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

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

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

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

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

Income tax

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

Current tax

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

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

Deferred tax

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Current tax and deferred tax for the year

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

Segmental reporting

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

3. Financial risk

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

Credit risk

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

Group

The Group's maximum exposure to credit risk is £116m (2021: £84m).

As of 31 December 2022, trade and other receivables of £3,807k (2021: £3,580k) were past due but not impaired. These relate to a wide range of clients for whom there is no expectation of default. The ageing analysis of these trade receivables is as follows:

	31 December 2022 £'000	31 December 2021 £'000
Up to 3 months in arrears	1,860	1,050
3 to 6 months in arrears	193	471
6 to 9 months in arrears	166	455
Over 9 months in arrears	1,588	1,604
Total	**3,807**	**3,580**

As of 31 December 2022, trade receivables of £405k (2021: £608k) were impaired and provided for. Management assesses that at least the receivable amount net of loss allowance will be recovered. The ageing of these receivables is as follows:

	31 December 2022 £'000	31 December 2021 £'000
Up to 3 months in arrears	37	56
3 to 6 months in arrears	33	83
6 to 9 months in arrears	30	82
Over 9 months in arrears	305	387
Total	**405**	**608**

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

Parent company

The Company's maximum exposure to credit risk is £23m (2021: £30m) and there were no trade and other receivables that were past due (2021: £Nil).

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

Liquidity risk

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

Group
Maturities of financial liabilities

At 31 December 2022	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Amounts due to related parties	10,213	-	-	-	-	10,213
Other liabilities	10	23,805	9,741	-	-	33,556
Total financial liabilities	**10,223**	**23,805**	**9,741**	**-**	**-**	**43,769**

At 31 December 2021	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Amounts due to group companies	8,653	-	-	-	-	8,653
Other Liabilities	140	5,496	22,124	-	-	27,760
Total financial liabilities	**8,793**	**5,496**	**22,124**	**-**	**-**	**36,413**

Parent company
Maturities of financial liabilities

At 31 December 2022	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Amounts due to related parties	26,409	-	-	-	-	26,409
Other liabilities	-	44	-	-	-	44
Total financial liabilities	**26,409**	**44**	**-**	**-**	**-**	**26,453**

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

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

Group
Based on the average cash balances controlled by the Group during the year, a 50bps adverse movement (decrease) in interest rates would result in a decrease in operating profit of £6.2m (2021: £6.15m) and a favourable movement (increase) would result in an increase in operating profit of £6.2m (2021: £6.15m).

Based on the average assets that are subject to a basis point fee held by the Group during the year, a 20% drop in value would result in a decrease in operating profit of £13.1m (2021: £2.9m) and an increase would result in an increase in operating profit of £12.1m (2021: £2.9m).

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

4. Capital management and resources

Capital management and capital allocation

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

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

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

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

Capital adequacy

Certain subsidiary undertakings within the Group are regulated by the FCA and the Group's core Tier 1 capital consists of shareholders' equity including the capital contribution reserve and accumulated profits as at 31 December 2022. The Group has maintained compliance with the required regulatory capital requirements throughout the period.

5. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Group's accounting policies

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

- Provisions for other liabilities (Note 24)

Key Sources of estimation uncertainty

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

6. Financial review

Group

	Notes	2022 £'000	2021 £'000
Revenue	7	114,466	63,627
Staffing expenses	10	(40,054)	(28,747)
Other expenses	11	(26,796)	(27,023)
Credit impairment charges		86	(2)
Adjusted profit for the financial year		**47,702**	**7,855**
Depreciation and amortisation	16, 18, 19	(14,154)	(10,886)
Exceptional items	14	(8,505)	(20,877)
Finance income	12	506	8
Finance cost	13	(169)	(128)
Profit/ (loss) on ordinary activities before taxation		**25,380**	**(24,028)**

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

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

7. Revenue

Group

	2022 £'000	2021 £'000
Annual fees	22,561	18,193
Transaction fees	2,272	2,667
Asset based fees	65,627	37,885
Margin on cash	24,006	3,142
Other income	-	1,740
Total revenue	**114,466**	**63,627**

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

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

8. Operating profit / (loss)

Group

The following items have been charged in operating profit/(loss):

	2022 £'000	2021 £'000
Staffing expense (Note 10)	40,054	28,747
Depreciation of tangible fixed assets	1,131	915
Amortisation of intangible assets	11,326	9,162
Amortisation of right-of-use asset	1,697	809

During the year, the Group obtained the following services from the Group's auditors Deloitte LLP.

	2022 £'000	2021 £'000
Statutory audit of the Financial Statements	**480**	**363**
Deloitte LLP	480	303
PricewaterhouseCoopers LLP	-	60
Other non-audit services	**276**	**173**
Deloitte LLP	276	111
PricewaterhouseCoopers LLP	-	62
Total auditor's remuneration	**756**	**536**

Parent company

	2022 £'000	2021 £'000
Statutory audit of the Financial Statements	**83**	**75**
Deloitte LLP	83	75
Other non-audit services	**-**	**2**
Deloitte LLP	-	2
Total auditor's remuneration	**83**	**77**

9. Directors' remuneration

Group

	2022 £'000	2021 £'000
Wages and salaries	1,896	2,262
Redundancy and related costs	72	-
Pension costs – defined contribution plans	16	21
Total	**1,984**	**2,283**

The emoluments of the highest paid Director amounted to £514,110 (2021 - £749,241)
Defined contribution retirement benefits accrued to 1 Director (2021 – 1)

10. Staffing expense

Group

	2022 £'000	2021 £'000
Wages and salaries	31,968	23,906
Social insurance costs	3,497	2,481
Redundancy and related costs	-	55
Pension costs – defined contribution plans	1,972	1,189
Share-based payment compensation – share options	-	9
Other staff expenses	2,617	1,107
Total staffing expenses	**40,054**	**28,747**

Other staff expenses include recruitment and training costs.

The average number of persons employed by the Group during the year was 616 (2021: 727).

11. Administrative expenses

Group

	2022 £'000	2021 £'000
Staffing expense (Note 10)	40,054	28,747
Depreciation (Note 18)	1,131	915
Amortisation of intangible assets (Note 16)	11,153	9,162
Impairment of intangible asset (Note 16)	173	-
Depreciation on right-of-use asset (Note 19)	1,697	809
Other expenses	26,796	27,020
Total administrative expenses	**81,004**	**66,653**

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

Parent company

	2022 £'000	2021 £'000
Other expenses	53	64
Total administrative expenses	**53**	**64**

12. Finance income

Group

	2022 £'000	2021 £'000
Interest income on short-term bank deposits	506	8
Total finance income	**506**	**8**

13. Finance costs

Group

	2022 £'000	2021 £'000
Lease interest	169	128
Total finance costs	**169**	**128**

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

14. Exceptional items

Group

	2022 £'000	2021 £'000
Disposal of the SSAS book	89	(1,666)
Acquisition of NFG	349	9,096
Transformation programme costs	5,298	7,278
Service improvement	749	3,712
Restructuring costs	768	1,648
Legal, remediation and other items	212	809
Other mergers and acquisition activity	1,040	-
Total exceptional loss	**8,505**	**20,877**

Parent company

	2022 £'000	2021 £'000
Transformation programme costs	4,618	7,278
Service improvement costs	749	3,712
Restructuring costs	419	470
Legal, remediation and other items	8	51
Other mergers and acquisition activity	693	-
2021 transformation programme costs recharged to subsidiaries	(7,278)	-
2021 service improvement costs recharged to subsidiaries	(3,712)	-
Total exceptional (gain) / loss	**(4,503)**	**11,511**

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

Service improvement costs related to work to stabilise service and better meet the expectations of advisers which initially started in financial year 2020. This project was accelerated in financial year 2021 driven by the ambition to outsource the IT and Operations functions to FNZ as soon as feasible. This category of exceptional costs therefore represents all of the one-off costs incurred to get the business in a position to transfer the relevant functions to FNZ and to reform the service.

In 2022 transformation program costs and service improvement costs were recharged to the trading entities in the Group, therefore creating an exceptional gain in the Company.

Restructuring costs, include termination and recruitment costs relating to a review of the size and shape of the Group's employee base and primarily derive from the rationalisation of the executive committee and senior management following the acquisition of NFG.

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

Other mergers and acquisition costs include some residual costs relating to the acquisition of NFG in 2021 and costs relating to the sale of the company to HPS in 2022.

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

Group

	2022 £'000	2021 £'000
Current tax		
UK corporation tax charge on the results for the financial year	2,991	731
Adjustments in respect to prior periods / rate changes	(199)	-
Total current tax charge	**2,792**	**731**
Deferred tax		
UK corporation tax credit on the results for the financial year	(80)	(1,806)
Adjustments in respect to prior periods / rate changes	432	(52)
Total deferred tax charge / (credit)	**352**	**(1,858)**
Total tax charge / (credit)	**3,144**	**(1,127)**

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

	2022 £'000	2021 £'000
Profit / (loss) for the financial year before tax	25,380	(24,027)
Tax expense / (credit) at the UK corporation tax rate of 19% (2021: 19%)	4,823	(4,565)
Effects of:		
Expenses not deductible for tax purposes	338	4,826
Income not taxable for tax purposes	-	(1,336)
Adjustments in respect to prior periods / rate changes	195	(52)
Other tax adjustments, reliefs and transfers	(2,212)	-
Total tax charge / (credit)	**3,144**	**(1,127)**

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

Deferred tax has been calculated at 25% on capital allowances (2021: 25%) and at 25% for short-term timing differences and losses (2021: 19%).

Parent company

	2022 £'000	2021 £'000
Current tax		
Adjustments in respect to prior periods / rate changes	(125)	-
Total current tax credit	**(125)**	**-**
Deferred tax		
UK corporation tax charge / (credit) on the results for the financial year	656	(858)
Adjustments in respect to prior periods / rate changes	207	-
Total deferred tax charge / (credit)	**863**	**(858)**
Total tax charge / (credit)	**738**	**(858)**

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

	2022 £'000	2021 £'000
Profit / (loss) for the financial year before tax	4,450	(11,575)
Tax expense / (credit) at the UK corporation tax rate of 19% (2021: 19%)	846	(2,199)
Effects of:		
Expenses not deductible for tax purposes	124	1,341
Adjustments in respect to prior periods / rate changes	82	-
Other tax adjustments, reliefs and transfers	(314)	-
Total tax charge / (credit)	**738**	**(858)**

Deferred tax has been calculated at 25% for losses (2021: 19%)

16. Intangible assets

Group

	Goodwill £'000	Customer relationships £'000	Trade name £'000	Purchased client books £'000	Computer software £'000	Wrap platform £'000	Total £'000
Cost							
At 1 January 2021	26,771	25,517	-	2,137	23,634	-	78,059
Acquired through business combination	75,713	55,875	7,733	-	-	265	139,586
Additions	-	-	-	-	1,183	-	1,183
Disposal of subsidiary	-	-	-	-	(67)	-	(67)
At 31 December 2021	102,484	81,392	7,733	2,137	24,750	265	218,761
Additions	-	-	-	-	-	125	125
At 31 December 2022	102,484	81,392	7,733	2,137	24,750	390	218,886

Accumulated amortisation							
At 1 January 2021	-	(18,429)	-	(2,031)	(13,347)	-	(33,807)
Amortised charge on acquired assets	-	(2,926)	(323)	(106)	-	(26)	(3,381)
Amortise charge for the year	-	-	-	-	(5,781)	-	(5,781)
Disposal of subsidiary	-	-	-	-	33	-	33
At 31 December 2021	-	(21,355)	(323)	(2,137)	(19,095)	(26)	(42,936)
Amortise charge for the year	-	(4,642)	(774)	-	(5,655)	(82)	(11,153)
Impairment	-	-	-	-	-	(173)	(173)
At 31 December 2022	-	(25,997)	(1,097)	(2,137)	(24,750)	(281)	(54,262)

Net Book Value at 31 December 2022	102,484	55,395	6,636	-	-	109	164,624
Net Book Value at 31 December 2021	102,484	60,037	7,410	-	5,655	239	175,825

Goodwill is reviewed annually for impairment, or more frequently when there are indications that an impairment may have occurred. The test involves comparing the carrying value of the CGU including goodwill with its recoverable amount and principally this is determined using the value in use model. During 2022 there were no indicators of impairment and no impairment was recognised.

17. Subsidiaries

Parent company

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

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

On 21 December 2022, Nucleus Clyde Acquisition Limited was incorporated to facilitate the acquisition of Curtis Banks Group PLC. See Note 33 'significant events after the balance sheet date' for further information.

18. Property, plant and equipment

Group

Cost	Buildings & leasehold improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
At 1 January 2021	2,021	5,947	541	8,509
Acquired through business combination	1,148	-	933	2,081
Additions	171	207	2,721	3,099
Disposals	(312)	(621)	(84)	(1,017)
At 31 December 2021	3,028	5,534	4,110	12,672
Additions	24	594	427	1,045
Disposals	-	-	-	-
At 31 December 2022	3,052	6,127	4,538	13,717
Accumulated depreciation				
At 1 January 2021	1,416	5,118	403	6,937
Acquired through business combination	419	-	2,428	2,847
Charge for the year	325	262	328	915
Disposals	(206)	(144)	(212)	(562)
At 31 December 2021	1,954	5,236	2,947	10,137
Charge for the year	330	154	647	1,131
Disposals	-	-	-	-
At 31 December 2022	2,284	5,390	3,594	11,268
Net Book Value				
At 31 December 2022	768	737	944	2,449
At 31 December 2021	1,074	298	1,163	2,535

19. Right-of-use assets

Group

Cost	Building £'000	Equipment £'000	Total £'000
At 1 January 2021	**2,938**	**131**	**3,069**
Acquired through business combination	4,443	-	4,443
Additions	335	-	335
Disposals	(736)	-	(736)
At 31 December 2021	**6,980**	**131**	**7,111**
Additions	842	-	842
Disposals	-	-	-
At 31 December 2022	**7,822**	**131**	**7,953**
Accumulated depreciation			
At 1 January 2021	**922**	**55**	**1,047**
Acquired through business combination	1,198	-	1,198
Charge for the year	766	43	809
Disposals	(209)	-	(209)
At 31 December 2021	**2,747**	**98**	**2,845**
Charge for the year	1,697	-	1,697
Disposals	-	-	-
At 31 December 2022	**4,444**	**98**	**4,542**
Net Book Value			
At 31 December 2022	**3,378**	**33**	**3,411**
At 31 December 2021	**4,233**	**33**	**4,266**

20. Trade and other receivables

Group

	2022 £'000	2021 £'000
Trade receivables	3,807	3,580
Less impairment allowance	(405)	(608)
Net Trade receivables	**3,402**	**2,972**
Other receivables	11,044	8,127
Less impairment allowance	(201)	(206)
Net other receivables	**10,843**	**7,921**
Prepayments	**3,872**	**6,077**
Accrued Income	**21,902**	**7,954**
Total Trade and other receivables	**40,019**	**24,924**

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

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

As of 31 December 2022, the ageing of trade and other receivables, excluding prepayments and *the respective lifetime* ECL *is set out below:*

At 31 December 2022	Trade and other receivables							
£'000	0-30 days	30-60 days	60-90 days	90-120 days	120-180 days	180-360 days	+360 days	Total
ECL %	0%	6%	1%	4%	12%	12%	19%	2%
Gross carrying amount	30,661	304	2,107	493	217	740	2,231	36,753
Lifetime ECL	(23)	(17)	(12)	(19)	(25)	(92)	(418)	(606)
Total								**36,147**

At 31 December 2021	Trade and other receivables							
£'000	0-30 days	30-60 days	60-90 days	90-120 days	120-180 days	180-360 days	+360 days	Total
ECL %	1%	2%	4%	6%	7%	6%	24%	4%
Gross carrying amount	10,770	1,099	693	644	1,575	3,150	1,730	19,661
Lifetime ECL	(26)	(22)	(25)	(36)	(103)	(182)	(420)	(814)
Total								**18,847**

21. Cash and cash equivalents

Group

	2022 £'000	2021 £'000
Cash at bank and in hand	66,504	55,207
Total	**66,504**	**55,207**

Parent company

	2022 £'000	2021 £'000
Cash at bank and in hand	919	6,866
Total	**919**	**6,866**

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

22. Lease liabilities

Group

	2022 £'000	2021 £'000
Current	1,097	1,180
Non-current	2,469	3,601
At 31 December	**3,566**	**4,781**

	2022 £'000	2021 £'000
Maturity analysis		
1 year or less	1,097	1,180
1-2 years	1,405	1,689
3-5 years	1,064	1,912
5 years	-	-
At 31 December	**3,566**	**4,781**

23. Trade and other payables

Group

	2022 £'000	2021 £'000
Trade and other payables	10,439	4,391
Accruals	11,408	11,811
Deferred Income	10,224	10,298
PAYE and social welfare	1,099	889
Value added tax	386	371
Total	**33,556**	**27,760**

Parent company

	2022 £'000	2021 £'000
Accruals	44	77
Total	**44**	**77**

The carrying value of creditors approximates fair value.

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

24. Provisions for other liabilities

Group

	Complaints & pricing £'000	Legal remediation & sanction £'000	Business combination £'000	Share incentive plan £'000	Dilapidations £'000	Total £'000
At 1 January 2021	**711**	**3,534**	-	-	-	**4,245**
Acquired through business combination	266	-	470	124	99	959
Provision movement in the year	1,062	(2,978)	-	131	35	(1,750)
Utilised during the year	(1,135)	-	(276)	(255)	-	(1,666)
At 31 December 2021	**904**	**556**	**194**	-	**134**	**1,788**
Provision movement in the year	915	532	-	455	708	2,610
Utilised during the year	(1,020)	(427)	(194)	-	-	(1,641)
At 31 December 2022	**799**	**661**	-	-	**842**	**2,757**

	2022 £'000	2021 £'000
Analysis of provisions		
Current	2,664	1,711
Non-current	93	77
At 31 December	2,757	1,788

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

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

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

25. Share capital

Group

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

	No. of shares	Par Value £'000	Total £'000
At 1 January 2021	67,138,000	67,138	67,138
Issued and subscribed	89,151,609	89,152	89,152
At 31 December 2021	156,289,609	156,290	156,290
Issued and subscribed	-	-	-
At 31 December 2022	156,289,609	156,290	156,290

26. Other reserves

Group

	Capital redemption reserve £'000	Other Reserve £'000	Total £'000
At 1 January 2021	15,000	1,582	16,582
Movement in year	-	-	-
At 31 December 2021	15,000	1,582	16,582
Movement in year	-	-	-
At 31 December 2022	15,000	1,582	16,582

Parent company

	Capital redemption reserve £'000	Other reserve £'000	Total £'000
At 1 January 2021	15,000	4,537	19,537
Movement in year	-	-	-
At 31 December 2021	15,000	4,537	19,537
Movement in year	-	-	-
At 31 December 2022	15,000	4,537	19,537

27. Retained earnings

Group

	2022 £'000	2021 £'000
At 1 January	35,874	58,899
Profit/ (loss) for the financial year	22,236	(22,900)
Dividends paid	(11,000)	-
Accumulated adjustments - consolidation	-	(125)
At 31 December	47,110	35,874

Parent company

	2022 £'000	2021 £'000
At 1 January	81,284	92,001
Profit/ (loss) for the financial year	3,712	(10,717)
Dividend paid	(11,000)	-
At 31 December	**73,996**	**81,284**

28. Related party transactions

Transactions with Directors, key management personnel and their connected persons

Key management personnel are defined as the Directors of the Group, the Board and Executive Committee of the Company.

Group

	2022 £'000	2021 £'000
Wages and salaries	2,955	3,406
Redundancy and related costs	323	-
Pension costs – defined contribution plans	31	33
Total	3,309	3,439

The Group received income for the fees relating to the administration of self-invested personal pensions from a Director of the Group totalling £1.4k (2021: £1.5k). These fees are charged at standard rates and balances were settled during the respective years.

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

Transactions with related parties

At the year end, the Group had the following balances with entities with significant influence over the Group:

	2022 £'000	2021 £'000
SaintMichelco Limited liability	6,849	-
IFG Group Limited liability	3,272	8,653
Plutus Topco Limited liability	92	-
Plutus Bidco Limited receivable	6,783	-
LaRousseCo Limited receivable	87	-
LarvottoCo Limited receivable	8	-
MontecarloCo Limited receivable	8	-

At the year end, the Group had the following balances with associates:

	2022 £'000	2021 £'000
IFG GRP UK Limited receivable	2,374	3,763
IFG Securities Limited receivable	319	26

At the year end, the Company had the following balances with subsidiaries:

	2022 £'000	2021 £'000
Nucleus Group Services Limited liability	19,468	11,507
James Hay Holdings Limited receivable	5,011	7,744
James Hay Wrap Managers Limited receivable	367	-
Nucleus Financial Services Limited receivable	2,773	-
The IPS Partnership PLC receivable	184	-
IPS Pensions Limited receivable	184	-
James Hay Administration Company Limited receivable	2	-

29. Pensions and other post-retirement benefits

The Group operates a defined contribution pension scheme. The pension charge represents the amounts payable by the Group to the scheme in respect of the year and contributions are recognised as an expense when they are due. Once the contributions have been paid, the Group has no further payment obligations. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The Group recognised an amount of £1,972k (2021: £1,189k) as an expense for these contributions which is included in staff costs in the statements of comprehensive income. At 31 December 2022 contributions payable by the group totalling £192k (2021: £184k) were due to the scheme.

30. Commitments and contingencies

The Group has no commitments and contingencies as at 31 December 2022.

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

31. Segmental information

The Group consists of only one operating segment, being the provision of platform services.

32. Cash generated from operations

	2022 £'000	2021 £'000
Profit / (loss) before income tax for continuing operations	25,380	(24,492)
Profit before income tax for discontinued operations	-	465
Net profit / (loss) before income tax	**25,380**	**(24,027)**
Depreciation and amortisation	14,154	10,885
Net interest (income) / cost	(337)	120
Increase in trade and other receivables	(15,095)	(24,100)
Increase in current liabilities and provisions	6,765	11,208
Gain on the disposal of subsidiary undertakings	-	(1,666)
Cash generated/ (used in) from operations	**30,867**	**(27,580)**

33. Significant events after the balance sheet date

On 6 January 2023, the Boards of Directors of Nucleus Clyde Acquisition Limited, a wholly-owned subsidiary of Nucleus Financial Platforms Limited, and Curtis Banks Group PLC, announced that they had reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued share capital of Curtis Banks. As at the date of these Financial Statements, the acquisition remains subject to the satisfaction or (where capable of being waived) waiver of certain conditions, including obtaining the approvals of the FCA, the PRA, the SRA and the CMA and the Court sanctioning the scheme of arrangement. The acquisition of Curtis Banks will result in an additional group of companies becoming part of the Group.

There were no other subsequent events that required adjustment to or disclosure in the Financial Statements for the period from 31 December 2022 to the date upon which the Financial Statements were available to be issued.

34. Parent undertaking and controlling party

The Company's immediate parent company is IFG Group Limited, a company incorporated and registered in the Republic of Ireland and its ultimate parent company is Plutus Topco Limited, a company incorporated and registered in Jersey. The Group is also a member and forms part of the Group Financial Statements drawn up by the parent undertaking Plutus Topco Limited, a company incorporated and registered in Jersey. Plutus Topco Limited is the investment vehicle through which shareholders hold their investments in the Group. HPS Investment Partners, LLC, a company incorporated and registered in Delaware, US manages the seven HPS funds which hold shares in Plutus Topco Limited. HPS Strategic Investment Partners V Offshore GP, LP controls as general partner SIP V Mezzanine Master, L.P. and HN SIP V Co-Investment Fund, L.P. HPS Strategic Investment Partners V GP, L.P. controls as general partner SIP V AP Mezzanine Master, L.P. and SIP V Onshore Mezzanine Master, L.P. HPS SIP V Europe GP Lux Sarl controls as general partner HPS A SIP V Co-Investment Fund, SCSp. HPS GP, LLC controls as general partner HPS OH Co-Investment Fund, L.P and HPS Mezzanine Partners 2019 GP, L.P. controls as general partner HPS VG Co-Investment Fund, L.P.

Copies of the consolidated Financial Statements, which include the results of the Group, are available from the Company Secretary, Plutus Topco Limited. Registered office: 22 Grenville Street, St Helier, Jersey, JE4 8PX.

Directors and company information

Directors:

Jake Blair
Roisin Conran
Judith Davidson – *independent non-executive director*
Scot French
Richard Hoskins – *independent non-executive director*
Kathryn Purves – *independent non-executive director*
Michael Regan – *executive director*
Richard Rowney – *executive director*
Gordon Wilson – *independent non-executive director*

You can view biographies of our Directors and their Board responsibilities here

Company Secretary:

Michelle Bruce

Auditors:

Deloitte LLP
110 Queen Street, Glasgow, G1 3BX.

Registered office:

Dunn's House, St Paul's Road, Salisbury, Wiltshire, England, SP2 7BF.

Registered number:

06033126

nucleus

www.nucleusfinancialplatforms.com