TILNEY SMITH & WILLIAMSON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2021

TILNEY
SMITH &
WILLIAMSON

Contents

Highlights

Operating income

£560.8m

2020: £305.8m (2020 Pro forma[4]: £505.6m)

Operating profit

£50.9m

2020: £11.2m (2020 Pro forma[4]: £28.3m)

Adjusted EBITDA[1,2]

£188.4m

2020: £115.4m (2020 Pro forma[4]: £165.2m)

Adjusted EBITDA margin[1,3]

33.6%

2020: 37.7% (2020 Pro forma[4]: 32.7%)

Assets under management[1]

£57.7bn

2020: £51.2bn

Gross new business inflows[1]

£6.0bn

2020: £3.3bn

Net inflows[1]

£2.5bn

2020: £0.7bn

Number of clients[1]

172,005

2020: 165,800

1. This measure is considered an Alternative Performance Measure (APM). APMs are defined on pages 18 and 19.
2. Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation is defined as operating profit of £50.9 million (2020: £11.2 million), adding back exceptional costs of £28.7 million (2020: £38.2 million), other non-recurring costs of £nil (2020: £1.3 million) and amortisation and depreciation totalling £108.8 million (2020: £64.7 million) (page 20).
3. Adjusted EBITDA as a percentage of operating income.
4. The pro forma 2020 comparatives have been compiled by aggregating the audited 2020 financial statements of Tilney Smith & Williamson Limited with the financial data extracted from the books of Smith & Williamson over the 8 month period from 1 January 2020 to 31 August 2020. This measure is considered an APM.

About Tilney Smith & Williamson

Tilney Smith & Williamson is a leading financial services and professional services group with a rich heritage of supporting clients with their financial affairs for over 185 years.

We are committed to taking a personal approach for all of our clients as we seek to build long-term partnerships that will stand the test of time, striving to deliver excellent performance in everything we do.

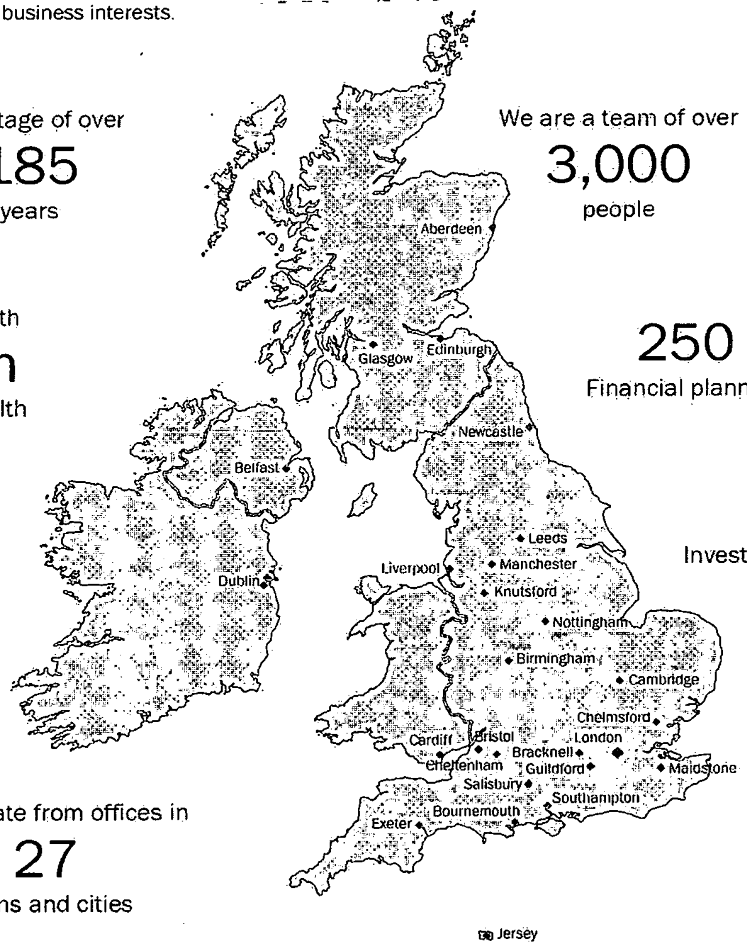
With a depth of expertise in financial planning, investment management and professional services provided from offices across the UK, Ireland and the Channel Islands, we offer an unrivalled range of services to support our clients with the management of both their personal wealth and their business interests.

A heritage of over
185
years

We are trusted with
£57.7bn
of our clients' wealth

We support
172,005
clients

We operate from offices in
27
towns and cities



We are a team of over
3,000
people

250
Financial planners

308
Investment managers

449
Qualified professional services staff

COLWMA
The InvestCloud Award
Best ESG Investment Strategy
TILNEY

INTERNATIONAL INVESTMENT AWARDS 2021
WINNER
BEST INTERNATIONAL DISCRETIONARY FUND MANAGER

Shares Awards 2021
Winner of the
Best Customer Service

thewealthnet
Top Financial Planning Companies 2021

WINNER
BEST PROFESSIONAL SERVICES IN SPORT

Our Purpose and Values

Life is full of decisions that shape the future of what matters to our clients whether they are private individuals or businesses. Great decisions require as much certainty as possible; the kind of certainty that comes from good advice.

Our purpose is *'to place the power of good advice into more hands'*. It is at the heart of everything we do.

We believe that good advice is powerful as it allows people and businesses to flourish in the present, knowing that tomorrow is being taken care of. We also think that more people and businesses should have access to good advice, regardless of their size. And we are committed to being a key voice within our profession for raising the standards and reach of advice.

In pursuing our purpose, our culture is built around three core values:

Personal: we treat you as an individual

We recognise that every client's needs are specific to them, irrespective of the size of their personal wealth or whether their business is at an early or mature stage. We are committed to delivering advice through people who really understand what matters to our clients.

We have a strong service culture that our clients recognise in a Net Promoter Score (NPS) of 50 (TS&W Client Care Survey, February 2021). NPS is a widely used measure of client satisfaction with scores of 30-70 considered 'Great'. Our online business, Bestinvest, is also recognised for strong service, winning the Best Customer Service award at the 2021 Shares Awards.

The breadth of our service offering means we can support clients of all sizes. These range from those starting out with a first investment through our online service, through to bespoke portfolio management, tax advice and financial planning for clients with complex needs. Our business clients include small, early-stage entrepreneurial companies, scale-ups, family-owned firms and mature groups with multi-million pound revenues.

Partnership: we go further together

We seek to build long-term trusted partnerships with our clients. As the UK's leading integrated wealth management and professional services group, we are able to support clients with the management of both their personal wealth and their business interests. We take a collaborative approach which allows us to bring together different expertise to meet the evolving needs of each client.

Our clients rate our service as friendly and approachable. They tell us this is a strong differentiator in a world of increased standardisation (source: TS&W Brand Equity research, February 2021).

With an extensive office presence across the UK, as well as Ireland and the Channel Islands, we are also committed to being a positive influence in the communities where we work and whom we serve.

Performance: we strive for more

We constantly strive to deliver more for our clients and to be recognised as the very best in our professions. We have strong depth of expertise, including 250 financial planners, 308 investment managers and 449 qualified professional services staff. We are committed to continuing professional development and are proud that many of our staff are qualified to Chartered status, well beyond regulatory requirements.

Our investment performance is independently measured against industry benchmarks (by Asset Risk Consultants) and is competitive across multiple time periods.

We're Rebranding to Evelyn Partners

evelyn
PARTNERS

Following completion of the merger of Tilney and Smith & Williamson in September 2020, the Group was renamed Tilney Smith & Williamson. We have continued to operate under the separate Tilney and Smith & Williamson client-facing brands while bringing the two businesses together.

With the integration phase now substantially completed, we are in a position to move forward with a new brand for the combined business.

The name we have chosen is Evelyn Partners.

One firm, with a joined-up approach

The choice of a new brand visibly signifies that we are now truly one firm with a shared purpose - *'to place the power of good advice into more hands'* - and a set of values that sit at the heart of the business.

By moving to become one firm under a unified brand, we can offer all of our clients the best of both worlds from the two previous businesses. This includes a joined-up wealth management approach, spanning both financial planning and investment management, alongside an extensive range of professional services focused on supporting individuals, entrepreneurs and family-owned businesses. As a combined business our ability to support clients with advice on their personal wealth and business interests is unrivalled in the UK.

Together as one firm - Evelyn Partners - clients will have access to greater specialist expertise and we can support them from an extensive network of offices in 27 towns and cities.

The move to a unified brand with a name that is fit for the digital age and confidently expresses our unique differentiation in the marketplace, not only encapsulates the integrated nature of our service offering and shared purpose, but will also lead to a stronger external profile and greater efficiencies, which will better support our growth aspirations.

A new name – but inspired by our heritage

We chose Evelyn Partners as our new name as it is a metaphor for our purpose: *'to place the power of good advice into more hands'*. It is inspired by a pivotal moment in our history: the start of our UK wide expansion from our regional origins in 1883 by one of our founders, Andrew Williamson, from Evelyn Gardens, London. The move punctuated a bold catalyst for growth and transformation, much like the one we are experiencing today on the back of our merger.

Timeless, contemporary and versatile

Evelyn is both timeless and contemporary. It looks forward while giving a nod to a past that we are so proud of. It is as versatile as the breadth of services we provide. As a gender-neutral first name, it is also inclusive, reflecting our commitment to providing a friendly and accessible service to all and our value of Personal. Short and memorable, it is a name that is fit for the digital age and works well alongside Bestinvest.

We have combined this with Partners because it conveys the type of long-term relationship we build with our clients, colleagues and communities, and Partnership is one of our three core values.

The name change will apply to all of our client facing brands with the exception of Bestinvest, our award-winning online investment service. Bestinvest has a strong brand recognition and serves a distinct client segment – self-directed investors – and so will continue as a sub-brand of the Group that will be endorsed by our new name as Bestinvest by Evelyn Partners.

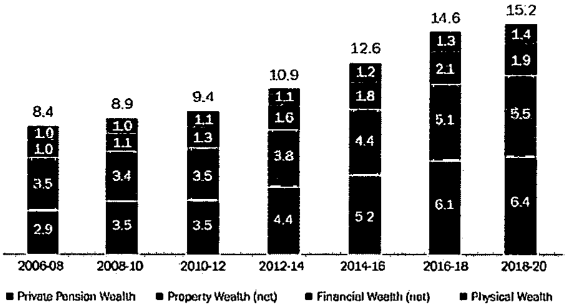
The rebrand represents a major milestone in the development of the business and the opening of an exciting new chapter in our history.

It is anticipated that the new identity will take effect in the summer of 2022.

Our Market

We are one of the largest firms operating in what is a very sizeable but highly fragmented market with strong growth dynamics. According to ONS data, UK private wealth is estimated at £15.2 trillion, of which private pensions, followed by financial wealth, have seen the highest growth since 2006.

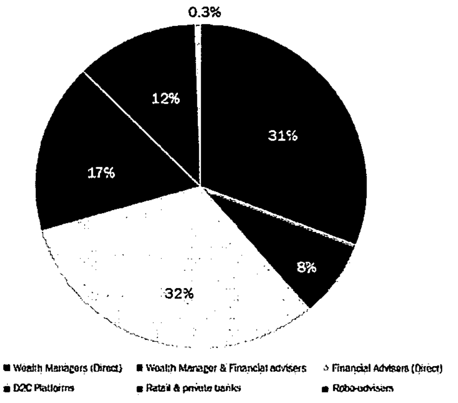
Figure 1: Growth of UK Household Wealth (£ trillions)



Source: ONS, Total Wealth: Wealth in Great Britain

We estimate that the broad UK wealth management sector services £2.0 trillion of assets. A range of business types provide services to support private clients including discretionary investment managers, financial advisers, online platforms and both retail and private banks. When liquid cash savings are also taken into account, our addressable market is up to £3 trillion in size – and it is growing. This represents a significant opportunity for us.

Figure 2: Estimated size of the UK Wealth Management Sector (£2 trillion assets under management, advice and administration)



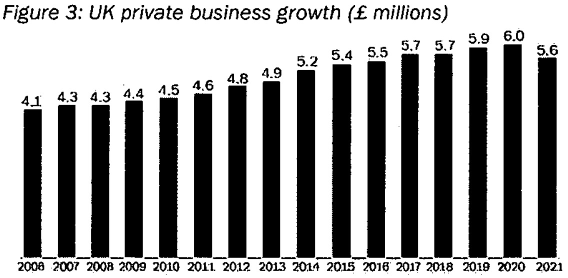
Sources: Platforum, December 2021 / TS&W estimates

Our combination of scale and ability to support clients with both their personal wealth and their business interests places us in an excellent position to capitalise on both the growth of private wealth and consolidation opportunities arising from changes in the industry landscape.

UK wealth has been growing faster than both GDP and inflation in recent decades, supported by the tailwind of low interest rates, strong asset price returns on both property and investments and structural changes in the pensions landscape. The latter has seen pension risk shift away from the shoulders of businesses to their employees through the closure of defined benefit pension schemes to new members and in favour of defined contribution schemes instead. There has also been a major expansion of workplace pension membership since the introduction of auto-enrolment in 2012. A further key development in the pensions landscape has been the introduction of much greater flexibility over how pensions can be accessed at retirement ("Pension Freedom" reforms).

Alongside the growth in financial and private pension assets, the UK has a strong record of new business creation. It is estimated that there are 5.6 million businesses in the UK, the majority of which are small and medium sized enterprises. Their professional services needs are varied. These include audit and assurance, tax advice, pensions and employee benefits, support with merger and acquisitions, raising capital and restructuring and turnarounds.

Figure 3: UK private business growth (£ millions)



Source: ONS

While our addressable market is very sizeable, it is also highly fragmented in terms of the participants operating within it.

According to data released by the FCA in July 2021, there were more than 5,100 financial advice firms in the UK providing advice on retail investments, of which 89% had five or fewer advisers and only forty-eight firms had fifty or more advisers. We are in the latter group, with 250 financial planners and 308 investment managers.

It is also estimated that there are over 43,000 accountancy firms in the UK, 80% of which have four or fewer employees. With 449 qualified professional services staff and partners, we are one of the larger UK accountancy practices (sixth in the Accountancy Age Top 50+50 Accountancy Firms 2021 rankings as measured by Group revenues).

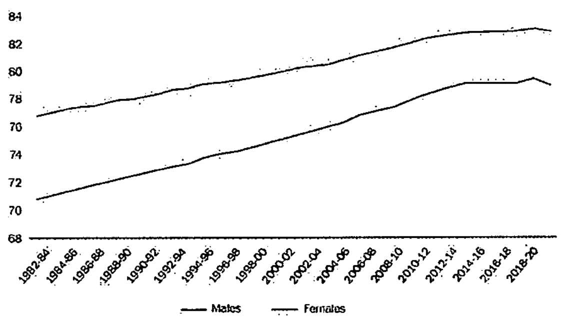
Although we are one of the largest and fastest growing UK wealth management and financial advice firms, as well as a significant UK professional services business, our market share is still small in what remains a huge but highly fragmented growth market. We therefore believe the long-term growth opportunities for our businesses are excellent.

Market Trends

Demographic change

The UK has an ageing population, reflecting both a sharp decline in birth rates since the 1960s and significant increases in life expectancy. This has created a powerful impulse for making long-term savings and investments in order to achieve financial security in retirement and that has contributed to rising wealth among older generations. At the other end of the spectrum, high property costs and graduate debts mean many younger people are struggling to start building their personal wealth.

Figure 4: Average UK life expectancy



Source: ONS

How we are responding

We have developed a broad range of services to enable us to support clients at each stage of their lives and we seek to build multi-generational partnerships with families. Through our expertise in estate planning and tax, we advise families on inter-generational wealth transfers.

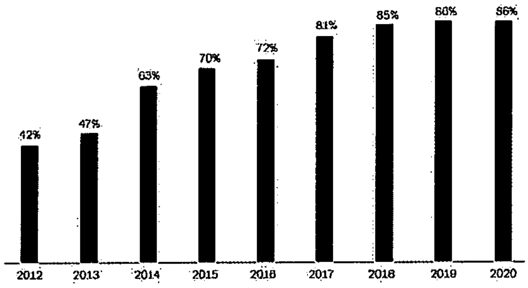
Our online service, Bestinvest, enables us to support a much younger cohort of clients than most traditional wealth management businesses and to evolve the way we support them as their needs and circumstances change. We will greatly enhance the way we can support a much wider cohort of the population with the launch of a number of new features in the second quarter of 2022. These include digital goal planning tools, projections to enable investors to see if they are on track to achieve their goals and free access to coaches who are qualified financial planners. Clients requiring personalised advice will also be able to purchase competitively priced advice packages. This will help extend our reach to a wider segment of the population, including younger investors.

The evolving pensions landscape

Access to private sector defined benefit pensions have been in steady decline for decades. Instead, most workplace pensions are now defined contribution schemes where the employee accumulates assets through an investment fund, with the employer contributing alongside them. This shift in the burden of risk to the individual and less predictability in outcomes has increased the need for financial advice and guidance.

The growth of private defined contribution pensions has been further boosted by auto-enrolment into workplace pensions. Since 2012, when auto-enrolment began, the proportion of eligible UK private sector employees participating in workplace pensions has grown from 42% to 86% in 2020 (source: ONS, July 2021).

Figure 5: Eligible private sector employees participating in workplace pensions



Source: DWP / ONS ASHE

The 'Pension Freedoms' reforms introduced in 2015 have provided retirees with more choice and flexibility in how they access their benefits. Against the backdrop of very low annuity rates, the majority of retirees are choosing income drawdown on their pensions in retirement and are therefore remaining invested rather than making the one-off purchase of an annuity. This trend will extend the ongoing relationship between clients and their wealth managers by decades.

How we are responding

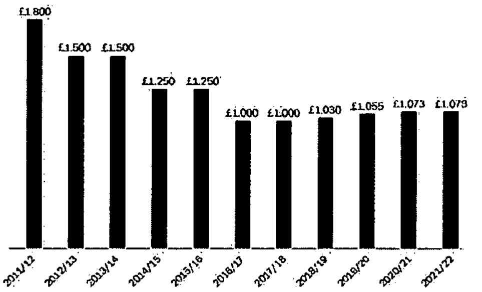
A more fluid employment landscape means that the typical individual will now change jobs multiple times over their working lives, accumulating a number of pension arrangements. We have therefore created a broad range of pension advice and guidance services. These have been designed to support companies with group pension advice and individuals with both the consolidation and management of pension assets, whether they wish to self-manage their pension, take advice or have their pension managed for them – we offer services in each area. The breadth of our service offering means we can support clients from across the wealth spectrum with the consolidation and management of their pension assets.

Increasing complexity

Both businesses and wealthier individuals are facing increased complexity in their financial affairs as a result of changes to taxes, regulations and the ever expanding range of investment solutions. For example, most personal tax allowances in the UK are being frozen until April 2026 and the main rate of corporate tax is set to rise from 19% to 25% in April 2023. National Insurance and taxes on dividends are being increased from April 2022, measures which will particularly impact business owners and underline the importance of tax planning.

High earners have been heavily restricted in their access to pension tax reliefs through the lifetime allowance and tapered annual allowance. Entrepreneurs have also seen a sharp reduction in the tax reliefs available to them when they sell a business. With the potential for further changes to taxation as the Government seeks to reduce the public sector debts built up during the COVID-19 pandemic, further change and complexity in the tax environment is possible.

Figure 6: Reductions in the Pensions Lifetime Allowance (£ millions)



Source: HMRC

How we are responding

We have embedded a collaborative approach across our wealth management and professional services teams to support clients with a holistic, tailored and joined-up service that caters to their needs - both for their personal finances and in relation to their business interests. Our comprehensive range of expertise in tax advisory, financial planning and investment management enables us to help entrepreneurs, senior professionals and wealthy families navigate a world of increasing complexity.

Regulation and risk

The regulatory environment in which we operate is continually evolving. In particular, regulators have focused on consumer protection and greater transparency on costs and fees. Alongside this is the need to implement robust controls over data security, as well as vigilance to protect against the risks of cyber-crime and money laundering. For financial services firms, more stringent regulations and the pace of change have demanded that robust risk frameworks are in place, high standards of conduct are embedded in business culture, and increased resources are committed to compliance and risk functions. In the professional services sector, there is an increasing focus on the independence of auditors and the potential for conflicts of interest. As a result of this trend and evolving ethical standards, there are greater opportunities to provide advisory services to clients of the largest firms.

How we are responding

We welcome regulatory developments that improve client outcomes, strengthen accountability and reinforce consumer trust. We have proactively embedded high standards of conduct into our culture, including in our approach to appraisals and remuneration. As the regulatory environment has evolved and we have grown in scale, this has required investment in resources and training. We have invested in compliance, risk management, cyber-security and systems and processes. All our colleagues are required to undertake regular, mandatory training to ensure they are familiar with developments in the regulatory and legal environment and are acutely aware of the risks and responsibilities incumbent in a regulated financial services business.

Consolidation and scale

The market in which we operate is highly fragmented with a proliferation of small firms, many of which are owned by advisers who are approaching retirement age. The rising burden of regulation and the imperative to invest in new technology are creating cost pressures for small and medium-sized firms in a competitive market, which in turn is driving further consolidation.

How we are responding

We have been at the forefront of consolidation within the wealth management sector in recent years. We have acquired a number of high-quality businesses of varying sizes, from small bolt-ons to sizeable mergers. We have a track record of successful integrations. We have developed both an in-house mergers and acquisitions (M&A) capability and a strategic programmes team experienced in managing integrations. We will continue to explore selective M&A opportunities where the cultural and strategic fit is right and the ability to create value is compelling.

With the typical financial adviser in their mid to late fifties, we have launched a programme to attract advisers approaching retirement that will provide them with an opportunity to provide a new home for their clients with a gradual and orderly handover. Our scalable platform and breadth of service offering makes us an attractive destination for adviser-led businesses, who recognise the benefits that an enhanced proposition and easy to use digital platforms will bring to their ability to service their clients.

Digital transformation

Across many sectors, new technology has disrupted traditional business models. It represents a major opportunity for those who successfully harness it, yet also a threat for those who fail to invest and adapt. The fragmented nature of our sector has led to historical underinvestment in new technology. In our market, digitalisation creates opportunities to transform the way clients are supported, empower practitioners with real-time insights, improve productivity and develop services that cater to a much wider segment of the population.

How we are responding

We have invested heavily in our digital channels and integrated platforms in recent years, including the implementation of XPlan at Tilney and Avaloq at Smith & Williamson. Building on our programme of implementing new financial planning and investment management systems, we have created an integrated financial services platform. We are now in the process of migrating assets on to it. This provides us with a front-to-back solution including reporting, execution, settlement and in-house custody. This is completely tailored to our needs and is able to support both financial planners and investment managers.

We also have an active programme of technology enhancements in our Professional Services business, with the implementation of a new, integrated 'Ignite' platform and a programme to digitalise our tax return service.

We have invested heavily in the development of Bestinvest, our online investment service, with the design of a raft of new features which will be fully launched in Q2 2022. These include digital goal planning tools, projections to enable investors to see if they are on track to achieve their goals, combined with free access to coaches who are qualified financial planners. Clients requiring personalised advice will also be able to purchase competitively priced advice packages. Together we believe this new digitally-led service represents exceptional value and will help address the UK's advice gap, particularly for younger and/or self-directed investors.

Changing client needs

The needs of clients are constantly evolving, particularly in the way they wish to interact with businesses. The COVID-19 pandemic has rapidly accelerated the pace of change in this respect.

How we are responding

We have developed an online portal and mobile app (MyTilney) which has seen a significant increase in user numbers during the pandemic, driven by the lockdowns and reduced use of postal services. Following the integration of our systems, this will be made available to Smith & Williamson clients. MyTilney has multiple features including providing clients with access to valuations and analysis of their portfolios at their convenience as well as secure messaging.

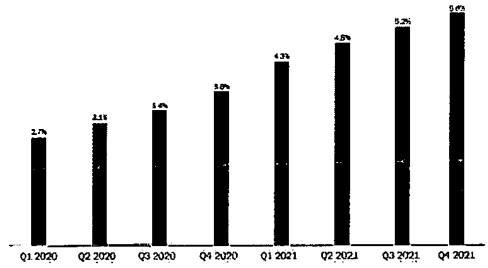
We embraced the use of virtual meetings and webinars during the COVID-19 pandemic and are continuing to make use of these channels for engaging with clients, alongside offering face-to-face meetings subject to client preferences.

Our new enhanced service proposition for Bestinvest provides clients with a combination of digital tools and guidance with access to a free coaching service delivered through virtual meetings. The new service will enable meetings to be booked and held online, with clients able to complete both a digital fact find and risk assessment ahead of the virtual meeting.

Growing demand for ESG strategies

There is growing interest in investment strategies that apply environmental, social and governance (ESG) factors in the investment selection and portfolio construction process. While concern about climate change and the environment are major drivers of this, diversity and inclusion, business ethics, responsible investment and supply chain management and corporate governance are important factors too.

Figure 7: Growing demand for ESG funds, % share of total UK industry AUM (Source: The Investment Association)



How we are responding

We are committed to being at the forefront of responsible investing in the UK wealth management industry. We are signatories to the UN Principles of Responsible Investment (UN PRI) and have integrated consideration of ESG factors into our overall investment process. We believe that companies with high standards of governance and corporate behaviours, sustainable business models, and which make a positive contribution to the communities they serve and operate within, are less risky long-term investments. As responsible investors, we are engaged in stewardship (active ownership) of the businesses we invest in on behalf of our clients and we exercise our influence as shareholders to encourage best practice.

We have been managing ESG and sustainable investment strategies for over a decade. We are proud to announce that the Tilney Sustainable Cautious fund was named Best ESG Investment Strategy at the 2021 City of London Wealth Management Awards. In December 2021, we launched a new sister fund, the Tilney Sustainable Adventurous Portfolio, to meet client demand.

Our range of ESG and sustainable solutions also include bespoke investment management, where both positive and negative screening are applied, and a Sustainable Managed Portfolio Service (SMPS). The SMPS range provides financial advisers with access to a suite of sustainable discretionary investment management strategies to cater for different client risk and goal profiles. The range is available on an extensive range of platforms and celebrated its ten-year anniversary in September 2021.

Our Client Focused Business Model

Our Resources

People

Our people are our most important assets. We are committed to providing them with the resources they need to support the delivery of a high quality, personalised range of services to our clients. We support their continued development and provide both in-house training and study programmes for professional qualifications. We are deeply committed to fostering a culture that is collaborative, inclusive and diverse so that we both attract and retain the very best talent from a wide range of backgrounds.

Reputation

Our reputation as a trusted adviser with high standards of professionalism is integral to our success. Our reputation has been built over many years and we regard it as a key asset. We monitor trust through a client care programme that combines both face-to-face and online interviews. Results are analysed to identify areas for improvement. We monitor our external reputation through brand health check surveys and track media mentions and sentiment.

Technology

In recent years we have invested heavily in state-of-the-art technology to enhance client service, improve efficiency and develop new services that will help us *'to place the power of good advice into more hands'*. Our technology investments have been key to our operational resilience throughout the COVID-19 pandemic when we moved swiftly to a remote working model to protect our people and clients. Our technology investments are also the key building blocks on which the responsible investment process and client sustainability preferences will be integrated within portfolios in the years ahead.

Financial strength

Our business model is underpinned by our financial strength. We rank as the second largest UK wealth manager by normalised EBITDA based on the most recently reported full year data for our listed peers, and have significant excess regulatory capital comprising surplus cash resources. Our financial position has enabled us to invest in technology and people to support continued growth underpinned by a robust operational platform.

Physical assets

We are able to support clients across the UK, as well as in Ireland and the Channel Islands, close to where they live through an extensive office network in 27 towns and cities.

Since the merger we have co-located former Tilney and Smith & Williamson teams in Bristol, Belfast and Guildford and we have opened a new office in Cardiff.

In 2022 we will be moving to a new head office at 45 Gresham Street in London and a new hub for the Midlands at 103 Colmore Row, Birmingham. These modern, client friendly locations will create working environments that will support our approach to 'smart working', teamwork and collaboration. They will also meet the highest standards of sustainability, as part of our drive to reach Net Zero carbon emissions on our corporate operations.

Our Strengths

Culture and values

We are committed to fostering a strong culture, focused on putting our clients' interests first and which is anchored around the values of providing a highly personal service, building partnerships and striving to deliver excellent performance in everything we do. Find out more on page 2.

Breadth and depth

We are a highly differentiated business, operating across wealth management and professional services. Our proposition is unrivalled in our market, enabling us to support clients with both the management of their personal wealth and their business interests.

Our strength is rooted in the depth of our expertise across multiple disciplines and our ability to assemble a team of experts to support our clients, including financial planning, investment management, tax advice and a wide range of business services. See 'Our Core Services' on page 10.

Diversity of clients

We have a diverse client base comprising over 172,000 private clients, family-owned businesses, entrepreneurs, corporates, trusts and charities. We often work in close partnership with firms of financial advisers and other professional connections such as lawyers, accountants and trust companies, who value our specialist expertise.

The breadth of our service proposition means that we support a broad client base both in terms of age groups, levels of wealth and location. We offer them a range of services at each stage of their lives and adapt as their needs evolve. Our clients include young people investing online as they build their financial wealth at the start of their financial lives to entrepreneurs and established businesses, and wealthy families who may require bespoke advice. Many have been clients across multiple generations.

Our growth track record

We are one of the fastest growing businesses in our sector based on assets under management, operating income and EBITDA growth since 2014. We have a strong track record of both delivering consistent organic new business and growth through successfully integrating acquired businesses. Find out more on page 11.

A modern integrated digital platform

We have invested in developing our operational platforms to create a modern, efficient and highly scalable business. We believe this provides us with a competitive strength in a fragmented industry that has historically underinvested in new technology.

What we do – the complete adviser

Help people achieve financial security

We help people achieve financial security, by developing robust financial plans to help them achieve their goals and through the management of their investment portfolios. For many clients their goal will be to build wealth to secure their financial future, while for others it can be to generate an income to support their current lifestyle. We can support clients with different preferences; whether they wish to delegate fully the management of their investments to us, work with the support of a trusted adviser to make recommendations or provide them with the tools and support they need to make their own decisions with greater confidence.

Manage change

Life is unpredictable and changes in personal circumstances may necessitate a requirement to adapt quickly. This may be because of ill health, divorce or the loss of a loved one, or change in financial circumstances as a result of an inheritance or other windfall.

Our business clients may require support with a business restructuring or turnaround, sale of a business or help raising capital for expansion and diversification.

We have the expertise to help both personal and business clients navigate periods of immense change.

Transfer wealth

We help people transfer their wealth. That can be to support family members with the costs of education, buying a home or starting a business. We also help people plan to pass wealth on to their dependents and the causes they care about in a tax efficient way. Our advice can include the transfer of a family business, leaving a legacy or the management of charitable assets.

Tax planning

In a world of increasing tax complexity and frequent tax legislative changes, we help both personal and business clients manage their tax affairs by making use of the various allowances available to them.

Support entrepreneurs

We have a long track record of working with entrepreneurs to support them build their businesses and in so doing creating jobs and wealth for the benefit of wider society. Our experts advise on a wide range of areas including strategy and structure, employee incentives, tax planning, financial outsourcing and transactions.

Help businesses grow faster

'Scale-up' businesses are a key growth engine for the economy. We help businesses manage a variety of challenges so that they may grow faster. Our services include the provision of outsourced accountancy and back office services, financial modelling to support the development of business plans, advice for raising capital and strategic advice.

Enhancing established businesses

Our clients include many long-established, family owned businesses.

As businesses mature, we help them to continue to grow and meet their evolving needs. This may include support to raise new capital, help with international expansion, succession planning, a management buy-out (MBO) or buy-in, preparation for a sale and purchase of a business or an initial public offering (IPO).

We support business owners seeking an exit with our multi-disciplinary expertise in tax, financial planning and investment management.

Supporting businesses facing difficulties

Where a business runs into difficulty, getting the right advice as early as possible increases the chances of avoiding insolvency, protecting jobs and minimising losses for creditors. We help businesses facing financial problems mitigate the risk of failure by implementing turnaround or restructuring plans. In many cases we act as a bridge between key stakeholders to enable viable solutions to be found.

Our Core Services

Financial Services

Financial planning	Our financial planners advise on a wide range of areas. These include pensions and retirement planning; inheritance tax mitigation and estate planning; tax efficient investing; gifting and philanthropy; the financial impact of life changing events (e.g., divorce, serious illness) and protection.
Investment management	We provide discretionary investment management services to private clients, trusts, businesses and charities. The dedicated investment manager will construct and manage a bespoke portfolio to meet the specific objectives for each of our clients. Environmental, social and governance (ESG) factors are integrated alongside traditional financial metrics.
Investment advisory service	Our investment advisory services are designed for clients who want to retain control over investment decisions but who would like the support and recommendations of a dedicated investment adviser.
Pooled funds	We offer an extensive range of multi-asset open-ended pooled funds to suit different risk and goal profiles, including two sustainable investment strategies.
Managed portfolio services (MPS)	Our range of MPS strategies, which includes a sustainable MPS range, provide financial advisers with outsourced, investment management solutions for clients at low minimum asset thresholds. These are available on an extensive range of platforms.
Execution-only investing	Bestinvest is an award-winning online service providing tools and analysis to support clients who choose to self-manage their investments. An extensive range of funds, UK shares, ETFs and investment trusts are available, including ready-made portfolios, through a variety of account-types including ISAs, SIPPs and Junior ISAs.
Pensions and employee benefits	We provide advice to businesses to help them ensure the relevant pensions and benefits are in place to attract and retain staff.

Professional Services

Assurance and business services	We provide assurance and business services, including audit, advisory consulting and business outsourcing, to entrepreneurial companies, professional practices and non-profit organisations.
Tax	We provide expert tax advice to both private clients and businesses to help them manage their tax exposure and ensure their tax affairs are in order in an environment of constant change and increasing complexity.
Advisory	We provide an extensive range of business advisory services, including corporate finance and transaction advice, valuations and financial modelling, restructuring and recovery services, forensic services and financial due diligence.

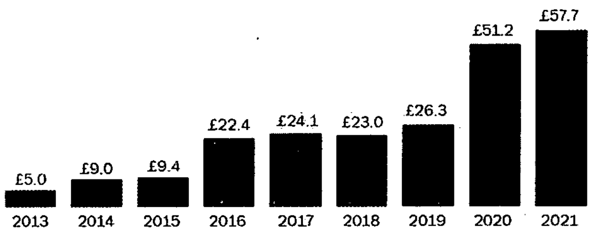
Fund Administration

Fund administration	Smith & Williamson Fund Administration Limited offers a full-service fund administration solution for UK collective investment schemes (such as OEICs/Unit Trusts) taking regulatory responsibility for the establishment and ongoing servicing of the funds for which it acts as the Authorised Corporate Director (ACD) or equivalent.

Our Growth Track Record

Tilney Smith & Williamson is one of the fastest-growing firms in our market when measured on assets under management growth (Source: PAM Insight) and compared to listed peers. Over the last eight years our assets under management have grown more than tenfold from £5.0 billion to £57.7 billion. The graphic at the bottom of this page illustrates how both larger M&A transactions and organic growth have contributed to this.

Assets Under Management (£bn)



As the business has grown, we have developed a comprehensive advice model to cater for both the personal financial affairs of clients and their business interests. Our suite of services and expertise comprises financial planning, investment management, DIY investing, tax advice, professional services and fund administration. This model allows us to provide a truly holistic and comprehensive service to our clients that can adapt through each stage of their lives and as their circumstances change. It is a model that has also deepened our participation across the advice and value chain, and one which we believe will lead to longer, direct relationships, including across multiple generations.

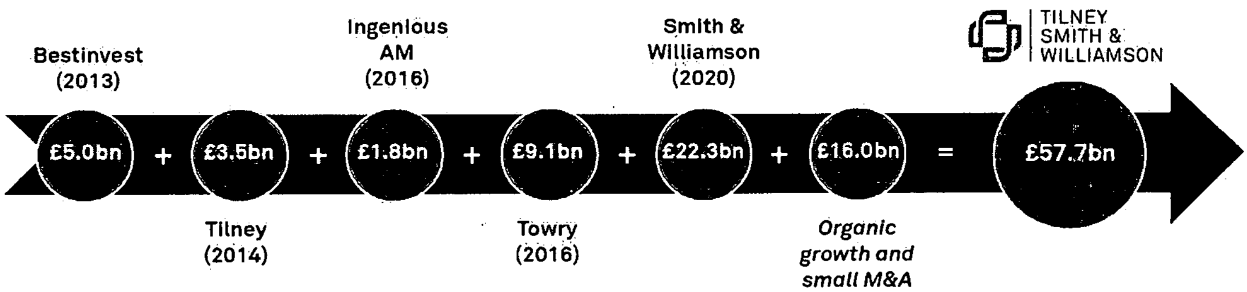
Our growth has been achieved through both consistently positive net new business generation and a strong track record of successful mergers and acquisitions.

Organic growth has been delivered through referrals from existing clients and high levels of retention, building relationships with professional connections including lawyers, accountants and financial advisers in the UK and overseas.

Our marketing and new lead generation activities include digital marketing, seminars and webinars, as well as working with affiliate introducers and establishing partnerships with trade associations and professional bodies.

In an industry that remains fragmented and is ripe for continued consolidation, we have been active in mergers and acquisitions. In recent years, we have successfully completed a variety of transactions, ranging from bolt-on acquisitions of high-quality small firms, business asset transfer agreements and large-scale mergers. We have developed strong in-house expertise in both structuring and executing transactions and successfully managing complex business integrations. We will continue to explore and evaluate mergers and acquisition opportunities, where we believe the strategic and culture fit is compelling.

Timeline of recent major mergers and acquisitions



Chair's Statement

Chris Grigg - Chair

A year of integration and growth

My first annual statement as the Chair of the Board comes at the end of what was an extraordinary year.

Since its onset in 2020, the COVID-19 pandemic has created an unprecedented set of challenges for public health, economies, business models and wider society. After the recessions of 2020, the successful rollout of vaccination programmes in 2021 paved the way for an easing of pandemic-related restrictions and a sharp recovery in both the UK and global economies. While the pandemic is not yet over, there are now grounds for optimism that the worst of the crisis is behind us.

For the Group, 2021 was also an extraordinary year, representing our first full year as a combined business following on from the merger of Tilney and Smith & Williamson in September 2020. The integration is substantially completed, we have set out a bold new purpose and values and the Group has achieved a record set of financial results.

With the integration now largely behind us, we are now in position to truly become one firm by moving to a new brand: Evelyn Partners. The move to a new unified brand, which is expected to take effect in the summer of 2022, will reflect our ability to offer all of our clients a highly joined-up service to support their needs, drawing upon expertise that spans both wealth management and professional services.

None of this would have been possible without the energy and dedication of our people. Having joined the Board in August 2021 and taken over the role of Chair on 18 February 2022, I have been hugely impressed with the calibre and dedication of all of the people I have met. I am immensely proud of the way they have supported their clients and each other through a prolonged period of restrictions and working from their homes, while also coming together during the integration phase. In a business like ours, where our people are our greatest asset, this leaves me very confident about the prospects for the Group.

Financial performance

The merger, combined with a record year for new business, positive markets movements and strong growth in Professional Services income, has had a highly positive impact on the Group's financial performance. Total assets under management (AUM) increased 12.7% to £57.7 billion as at 31 December 2021 (2020: £51.2 billion), benefitting from £4.2 billion of market movements, £2.5 billion of organic net inflows and £0.3 billion arising from the acquisition of HFS Milbourne (but offset by the disposal of a non-core fund range totalling £0.5 billion). Operating income increased by 83.4% to £560.8 million (2020: £305.8 million) reflecting the full-year contribution of Smith & Williamson and growth, and is now diversified across three segments: Financial Services, Professional Services and Fund Administration.

Adjusted EBITDA, calculated on the basis set out on page 18, was £188.4 million, an increase of 63.3% for the year (2020: £115.4 million). Our profit after tax for the year was £16.8 million (2020: loss of £14.6 million) and after exceptional costs of £28.7 million (2020: £38.2 million) (note 7) and finance costs of £3.3 million (2020: £19.6 million) (note 13). Our finance costs principally relate to debt issued to fund historical acquisitions.

Financial performance is discussed further in the Chief Executive Officer's Review on page 15 and in the Financial Review on pages 20 to 25.

'To place the power of good advice into more hands'

In last year's report, my predecessor wrote that the Board is firmly of the belief that a culture based on a shared sense of purpose and values will be fundamental to the success of the business. This remains the view of the Board and is one that I strongly support as the new Chair.

A considerable amount of work was undertaken both pre- and post-completion of the merger, to identify a purpose and set of values for the Group that would resonate across the combined business and is equally applicable for Financial Services, Professional Services and Fund Administration.

Following on from this work, in September we announced our statement of purpose is *'to place the power of good advice into more hands'*. This encapsulates our central mission of supporting both private and business clients and our ambition to grow the business to support a wider cross-section of the population.

In delivering our bold purpose, there are three values that we are committed to embedding in the business:

- Personal: we treat you as an individual. Whether clients or colleagues, we take time to listen and understand their needs and treat them with respect. The people we interact with can expect an honest and genuine experience reflecting our friendly and approachable service reputation
- Partnership: we go further together. We build lasting, mutually-beneficial relationships with clients and colleagues. We partner across the full breadth of our expertise to create value for clients, our company and society at large
- Performance: we strive for more. We are ambitious for our clients and act with their interests in mind. We deliver excellence at pace, leading the way and embracing new ways of working.

Our purpose and values reflect our depth of expertise and the breadth of our offering. This extends from supporting clients at the start of their financial lives who might make their first investments online, through to wealthy individuals with complex affairs, as well as businesses. Our approach to digital transformation is also rooted in designing personal experiences using the latest AI technologies for clients and colleagues.

Rebrand to Evelyn Partners

Alongside developing the purpose and values for the combined Group, we also undertook a considerable amount of research to determine our future approach to branding, having initially continued to operate our client proposition under the separate Tilney and Smith & Williamson brands during the integration phase.

Our research found a strong desire among our staff to move to a single brand that everyone across the business could share in and which would reflect the joined-up nature of our offering across both wealth management and professional services.

We have chosen Evelyn Partners as our new name. A fresh brand, the choice was inspired by a key moment in our long and illustrious history that marked the start of the business's expansion from its regional roots. You can find out more about the rebrand on page 3.

Corporate responsibility

Both the near-term challenge of the COVID-19 crisis and the long-term threat to humanity from climate change are continuing to accelerate the importance of corporate responsibility. For investment managers such as ourselves, who are entrusted with the stewardship of our client's capital, it also entails, the integration of environmental, social and governance (ESG) considerations as part of our investment processes.

Corporate responsibility is integral to our purpose and values, and activities are focused around our four key pillars:

- Environment. We are deeply committed to managing our business in a sustainable way in order to minimise our impact on the environment. Our environmental considerations include waste (paper, recycling, plastics), water, biodiversity and deforestation, energy efficiency and carbon emissions. Our new offices are being fitted out to high standards of sustainability. We are committed to achieving Net Zero emissions on our corporate operational footprint, as soon as possible, in support of the objectives of the Paris Agreement. We are working to establish our initial roadmap and targets. We are supporters of the Task Force for Climate-Related Disclosures (TCFD) and have committed to working towards alignment with its recommendations from the year ending 31 December 2022. We have included a Climate-Related Financial Disclosure Report for this year on pages 56 to 64. We understand the importance of the increased transparency that our investors, employees, clients and other stakeholders require on climate related issues and will continue to improve our disclosures in this area
- Responsible Investment. Responsible investment is about incorporating consideration of ESG factors into the way we invest our clients' assets. We are proud signatories of the UN Principles of Responsible Investment (UN PRI), and it is an important principle for the Group. We are active stewards of our clients' capital; on behalf of our clients, we use our influence by engaging (directly and collaboratively) with the companies in which we invest for our clients. We vote at shareholder meetings and encourage better business practices that will enhance value and reduce potential reputational and operational risks
- People. We know that attracting and retaining the very best people is key to achieving our growth ambitions. We are committed to creating an inclusive environment, where people can develop and thrive, and which celebrates and supports diversity and inclusivity and where everyone has a voice. As a people business, we care about the physical and mental wellbeing of our employees, who are so vital to our success
- Charities and Communities. We want to make a positive difference in our communities and support good causes both through volunteering, charitable giving and matched fund raising. As part of our charitable programme, we have launched a corporate charity partnership with Impetus, and have pledged an annual donation of £100,000 for three years. Impetus will have the opportunity to benefit from our wealth of technical advice and expertise through our provision of pro-bono and volunteering work, in support of Impetus's portfolio of charities focused on transforming the lives of young people from disadvantaged backgrounds
- Detailed information on our corporate responsibility approach is set out in the Corporate Responsibility Report on pages 37 to 65.

Corporate governance

The Board strongly believes that a robust corporate governance framework is important to the long-term success of the firm. Details of our governance structures are set out in the Corporate Governance Report on page 72 and the Nominations Committee Report on page 84. We have also detailed how the Board has ensured effective engagement with our key stakeholders during the year in our Section 172 Statement on pages 34 to 36. The application of the Wates Principles, disclosing the corporate governance arrangements in place, is detailed under pages 69 to 71.

Board changes

The year saw a number of changes to the composition of the Board of Directors.

There were two Directors appointed during the year: Bill McNabb joined us as an Independent Non-Executive Director on 19 January 2021 and I was appointed to the Board on 2 August 2021 and became Chair on 18 February 2022.

Bill was formerly the Chair and Chief Executive Officer of The Vanguard Group, the world's largest mutual fund manager. He served as Chief Executive Officer of Vanguard for nine years, retiring in 2017, and continued as its Chair until 2018. He is also a member of the Board of Directors of IBM and UnitedHealth Group, both of which are constituents of the S&P 500 Index, as well as global legal services firm Axiom.

Prior to joining the Board, I was Chief Executive Officer of British Land, the FTSE 100 real-estate company, from 2009 until November 2020, having previously been Chief Executive Officer of Barclays Commercial Bank. In addition to my role as Chair of Tilney Smith & Williamson, I am Chair of the recently formed UK Infrastructure Bank and Senior Independent Director of BAE Systems plc.

Will Samuel stepped down from the Board on 18 February 2022 having served as Chair since 27 January 2017. On behalf of the Board, I would like to thank Will for his service as Chair, a period during which the business experienced transformational growth.

On 1 October 2021, Kevin Stopps resigned as a Non-Executive Director having served on the Board since completion of the merger in September 2020. Kevin was previously joint-Chief Executive Officer of Smith & Williamson from 2013 until the merger and began his career with Smith & Williamson in 1987. I would like to thank Kevin for his many years of service.

We were also pleased to welcome the appointment of Gavin White as Group Company Secretary on 1 September 2021. Gavin has previously held senior roles at Centrica and Santander UK as well as Head of Governance at HSBC and Lloyds Banking Group.

Further information on the Board of Directors is provided on pages 66 to 68.

Principal risks and uncertainties

We have operated well through the COVID-19 pandemic, successfully implementing the ability for our teams to work from home as well as the office. The key risk for the Group remains the integration of Smith & Williamson, and specifically the ambitious digital and technological enhancement programmes which are underway. The principal risks and uncertainties facing the business are set out in detail on pages 26 to 33.

Strategic priorities

In early 2021, the Board and Executive team identified six areas of strategic focus:

- Developing leading digital propositions
- Organic growth and differentiated services
- Building a leading presence as an investment solutions partner for financial advisers
- Becoming the employer of choice in our sectors
- Identifying synergies to benefit from economies of scale and delivery of strong EBITDA growth
- Continuing to explore merger and acquisition opportunities.

As you will see from the Chief Executive Officer's review of the year on the following pages, we have made good progress on each of these initiatives. These will remain key areas of focus for 2022 and beyond.

Chris Grigg
Chair

2 March 2022

Chief Executive Officer's Review

Chris Woodhouse - Group Chief Executive Officer

Introduction

The year ended 31 December 2021 was the first full year for the combined Tilney Smith & Williamson business. Beyond this it was a particularly significant year for the Group in so far as, at the same time as being busy integrating the two businesses, we also delivered record new business, operating income and adjusted EBITDA.

Group financial and trading performance

A combination of factors led to a record set of financial results for the Group. These included our increased scale, strong new business generation in both Financial and Professional Services, positive market movements and the delivery of £32.9 million of integration cost synergies since completion of the transaction in 2020.

Our assets under management (AUM) are a key driver of operating income, with 69.0% of Group revenues earned on a recurring basis and linked to the value of client portfolios. AUM increased by 12.7% over the year to £57.7 billion (2020: £51.2 billion).

In our Financial Services segment, we delivered £6.0 billion (2020: £3.3 billion) of gross new business, our best year ever, representing 11.7% of opening AUM. Net flows were also at record levels, increasing to £2.5 billion (2020: £0.7 billion) representing 4.9% growth on opening assets. A full summary of movements in our AUM during the year is provided on page 22.

Our Professional Services segment, created following the merger also had an excellent year, generating £134.7 million of operating income. This was 15.4% higher than the previous year when measured on a full-year pro forma basis.

Group operating income increased by 83.4% to £560.8 million (2020: £305.8 million) benefitting from a full-year contribution from Smith & Williamson. Operating income from our three segments comprised £414.5 million from Financial Services, £134.7 million from Professional Services and £11.6 million from Fund Administration.

The Board continues to regard adjusted EBITDA (see page 18 for the calculation basis) as an appropriate measure of the underlying financial performance of the business because it adjusts for non-cash accounting charges and non-recurring exceptional costs, such as those incurred on a major transaction and integration, and therefore measures the underlying cash-generating profit. It is also one of the key measures used to reward executive performance.

Adjusted EBITDA increased 63.3% to £188.4 million (2020: £115.4 million) as a result of increased operating income and the delivery of £32.9 million of cost synergies since completion of the acquisition of Smith & Williamson. Adjusted EBITDA as a percentage of operating income, a key measure of business profitability and efficiency, was 33.6% (2020: 37.7%) which is industry leading compared to our listed peers. The decline in this metric is a business mix impact reflecting the inclusion of the Professional Services and Fund Administration segments for a full year compared to just four months in last year's accounts.

Operating profit for the year, after both exceptional costs and non-cash items such as amortisation and depreciation, was £50.9 million (2020: £11.2 million).

Consolidated total equity as at 31 December 2021 was £1,391.3 million (31 December 2020: £1,339.3 million).

Further detail on our financial performance and a reconciliation of adjusted EBITDA to our reported operating profit is provided in the Financial Review on pages 20 to 22.

Group to rebrand

2021 was also a year when we put in place the foundations for the long-term success of the business by setting out our Purpose statement for the newly combined Group being *'to place the power of good advice into more hands'* as well as the values that underpin this (see page 2).

Alongside establishing our purpose and values, we also conducted detailed work to determine our future approach to branding, having initially continued to operate through the separate Tilney and Smith & Williamson client-facing brands since completion of the merger. Our research revealed a strong desire by our staff to adopt a single, unified brand that would reflect that we have now come together as one firm with an integrated service offering that is unique in the marketplace.

With the integration now substantially completed, we are pleased to announce our decision to rebrand as Evelyn Partners. We anticipate the new identity coming into effect in the summer of 2022.

This is a significant and exciting moment in the development of the business, as we focus on the opportunities ahead of us. You can read more about the rebrand on page 3.

Digital transformation

In our last Annual Report, I set out that one of our key strategic objectives is to focus on the digital transformation of all aspects of our business. Our Digital Technology Solutions team working on this agenda now numbers over 300 people.

We have been migrating the business to the Cloud and rolled out Microsoft 365 to improve colleague collaboration and the ability to work anywhere at any time utilising virtual meetings, chat function and document sharing. This is also expected to lead to a reduction in our carbon footprint through both reduced electricity consumption as we decommission physical servers, less travel and lower paper usage.

Last year, we implemented our own integrated front-to-back Financial Services core business platform: 'Alpha'. This leverages the significant investment made in new systems at both Tilney and Smith & Williamson in recent years to improve client reporting and custody and settlements, through expanding the use of our own high quality in-house custody operation.

During the year we successfully migrated over 7,000 clients to our Alpha platform, increasing the level of assets being managed using our in-house custody operation to over £29.2 billion. We expect to migrate a further £10.4 billion of assets to the Alpha platform in 2022. As well as improving both operational and financial efficiency, the creation of this new technology-powered platform will enable us to enhance client experience, by rolling-out our App and digital portal to Smith & Williamson clients over the coming year.

During the year we have also implemented the core of a new, integrated 'Ignite' platform for our Professional Services business. In 2022 we will digitalise our tax return service and online document management will be scaled to enhance client experience, replace manual processes and reduce paper usage.

Talent acquisition

We continued to invest in new talent and made a significant number of new hires across the year both central and in client facing roles. In client facing roles this included 14 new investment managers and 23 new financial planners in our Financial Services business. In our Professional Services business, we hired 9 Partners and 12 Directors alongside making a number of internal promotions. Our external hires of new Professional Services Partners included specialists to establish new practices areas in Risk Advisory and a dedicated US/UK transatlantic tax team. We will continue to recruit additional talent over the coming year.

Retiring adviser programme

The UK financial adviser market comprises over 5,100 firms, of which 89% have five or less advisers. Surveys indicate that the majority of financial advisers are in their mid to late fifties and will be reaching retirement age in the coming years. However, recent research has found that over half of advice firms' owners have no succession plans in place.

In September we launched a succession programme to give financial advisers approaching retirement an opportunity to find a new home for their clients with us through an orderly transition programme. We announced our first two deals under the scheme in November and December, and are in discussions with a number of other business owners.

Sustainable investing milestones

Sustainable and ESG investing, which was once seen as niche, has seen a surge in interest from investors in recent years. While there are many asset and wealth managers endeavouring to build capability in this space, it is an area we have been involved in for over a decade.

We were delighted that the Tilney Sustainable Cautious Portfolio fund, which was first launched in 2009, was named the *Best ESG Investment Strategy* in the 2021 City of London Wealth Management Awards. In December 2021, we launched a new sister fund, the Tilney Sustainable Adventurous Portfolio, to cater for clients with a greater risk appetite.

The year also saw the Tilney Sustainable Managed Portfolio Service (SMPS) mark ten years since inception. Now numbering six strategies, the SMPS range is a key component in our drive to becoming a leading provider of investment solutions to financial advisers, both in the UK and offshore where we have launched a version of the service through our Jersey office.

Bestinvest transformation

Consistent with our bold new purpose *'to place the power of good advice into more hands'*, a major project during 2021 has been work to develop Bestinvest, our online investment service. With multiple new features being introduced in the first half of 2022, Bestinvest is being repositioned as a go-to service to support people who would benefit from greater help self-managing their investments than is currently provided by established online platforms for self-directed investors. The new proposition combines the benefits of modern digital business, with a human touch. It incorporates digital goal planning tools, projections to enable investors to see if they are on track to achieve their goals and it will also provide clients with free access to coaches who are qualified financial planners to support them. Clients requiring personalised advice will also be able to purchase competitively priced advice packages.

Investors can continue to choose to build their own portfolios from an extensive choice of over 3,000 funds, investment trusts, ETFs and UK shares, or select 'ready-made' managed portfolios.

Alongside our established range of multi-asset funds that invest predominantly through active fund managers, we have launched a new low cost suite of 'Smart' portfolios that take an active approach to asset allocation but invest through low cost passive funds. The Smart portfolios have highly competitive ongoing charges of between 0.34.% to 0.37%. When combined with a reduced annual account fee for our ready-made portfolios, with a starting tier of 0.20% for balances up to £250,000, our service and price proposition is highly competitive against both 'robo-advisers' and established online platforms.

We believe the new Bestinvest service represents outstanding value-for-money and we will be supporting the launch with a major promotional campaign.

Mergers and acquisitions activity

We continue to explore opportunities to augment organic growth through the acquisition of high quality businesses where there is a strong cultural and strategic fit. In March 2021, we completed the acquisition of HFS Milbourne, a high quality wealth management business based in Guildford. The acquisition has further strengthened our financial services presence in Surrey and added £376 million of assets to the Group in the second quarter. The integration has been successful, with the teams from legacy HFS Milbourne, legacy Tilney and legacy Smith & Williamson co-locating into a single office in the centre of Guildford in July 2021.

Bringing our offices together

We embraced virtual meetings during the pandemic and continue to offer clients the opportunity to meet this way, as well as face-to-face meetings, depending on their preferences. But we also value our extensive office footprint across the UK, Ireland and the Channel Islands, which enables us to support clients close to where they live and work and be a part of their communities. We have implemented a 'Smart Working' model, meaning the majority of our staff are able to perform their roles from our offices, their homes and other locations.

We have made good progress in consolidating offices in towns and cities where there was overlap between the two legacy businesses. Our teams in Bristol, Belfast and Guildford have co-located. We have also opened a new office in Cardiff, having vacated the previous office when the lease expired during lockdown. Where we are moving to new locations, a key element of our selection criteria is consideration of our high standards of environmental sustainability to support our commitment to achieve Net Zero greenhouse gas emissions on our corporate operations.

We have agreed terms on a lease to re-locate our two offices in Birmingham to new premises at 103 Colmore Row, the UK's tallest office building under construction outside of London, in the latter half of 2022. This prestigious development will provide us with an excellent, client-friendly location in the Midlands in a building awarded an 'Excellent' rating under Building Research Establishment's Environmental Assessment Method (BREEAM), the world's leading sustainability assessment methodology.

We will shortly move into our new headquarters at 45 Gresham Street, London, another 'Excellent' rated building under BREEAM. This will provide us with modern and spacious offices in the heart of the City, designed to the highest standards of environmental sustainability (see page 42) and fully able to support our 'Smart Working' model. The new office has an extensive range of 110 meeting rooms, breakout areas, and a dedicated training room, as well as an auditorium.

Outlook

Investors have benefitted from very strong returns from equity markets in recent years, aided by a period of highly accommodative policy from central banks. With central banks now starting to raise interest rates and wind down the stimulus programmes introduced during the onset of the pandemic in order to tackle inflation, market returns may well be more modest over the coming year in comparison to the last.

Notwithstanding this, we remain positive on the outlook for equity markets in 2022 given the continued economic recovery. With returns on cash savings and government bonds deeply negative after inflation is factored in, this provides a supportive tailwind for equities as investors seek out higher returns. We therefore expect to see continued client appetite for putting cash to work.

Additionally, with most personal tax allowances now frozen until 2026 and corporation tax on businesses set to rise from 19% to 25% in April 2023, we see a renewed focus on taxation, driving interest in both our financial planning and tax advisory services.

Having substantially completed a major integration against the background of a global pandemic, while also delivering very strong organic growth, we feel confident that the business is exceptionally well positioned for the future. We have a much broader range of services than our closest peers, diversified sources of revenue and a strong and growing pool of talented professionals who are attracted by our highly differentiated business model.

We look forward with confidence to a new and exciting chapter in our story as we become Evelyn Partners this summer, firmly focused on the future as one firm.

Chris Woodhouse

Chris Woodhouse
Group Chief Executive Officer

2 March 2022

Key Performance Indicators

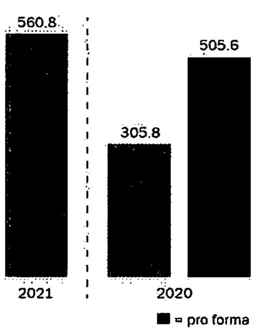
The Group considers and regularly reviews the following financial and strategic measures as key performance indicators (KPIs) of the Group's overall performance.

Comparative data is shown on both a pro forma basis and as reported. The performance of the business has primarily been compared with the pro forma comparative as opposed to the Group's standalone statutory reported comparative, as this is considered more relevant for the users of the Annual Report. The pro forma 2020 comparatives have been compiled by aggregating the audited 2020 financial statements of Tilney Smith & Williamson Limited with the financial data extracted from the books of Smith & Williamson over the 8 month period from 1 January 2020 to 31 August 2020.

Some measures that assess the performance of the Group are not defined under IFRS so are termed 'Alternative Performance Measures' or APMs.

These growth and profitability KPIs are used to measure the Group's key risks identified on pages 28 to 32.

Operating income (£m)



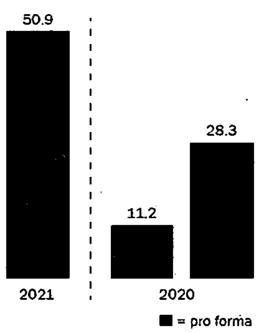
Definition

Total annual income from all operating activities.

Performance

Operating income growth was driven by strong organic growth, buoyant market conditions and a full year contribution from Smith & Williamson.

Operating profit (£m)



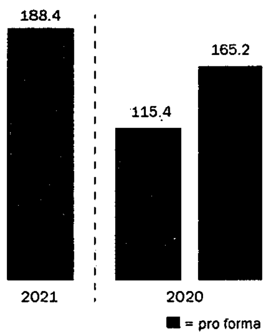
Definition

The reported operating profit or loss for the Group.

Performance

Operating profit growth was principally driven by an increase in operating income and decrease in exceptional costs (note 7) and prudent management of costs.

Adjusted EBITDA (£m)[1]



Definition

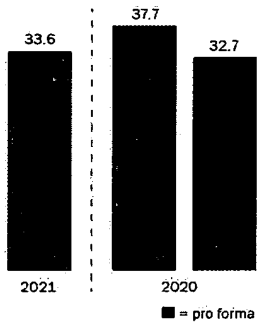
Operating profit before exceptional costs (note 7), other non-recurring costs (page 21), and amortisation and depreciation (note 8).

Performance

Adjusted EBITDA growth was driven by an increase in operating income.

1. This measure is considered an APM. Reconciliations to statutory financial information can be found on pages 20 and 21.

Adjusted EBITDA margin (%)[1]



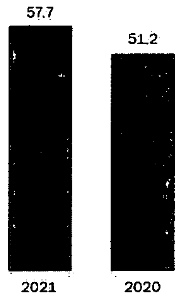
Definition

Adjusted EBITDA as a percentage of operating income.

Performance

This margin fell slightly to 33.6% with the inclusion of Professional Services and Fund Administration segments for the full year (2020: four months).

Assets under management (£bn)[1]



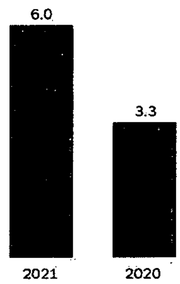
Definition

The total assets under management (AUM) at the end of the year.

Performance

AUM increased 12.7% due to net inflows, favourable market movements and acquisitions.

Gross new business inflows (£bn)[1]



Definition

Gross new money from the Financial Services business.

Performance

A buoyant market and the benefit of combined best practice across the Group have helped drive growth.

Net inflows (£bn)[1]

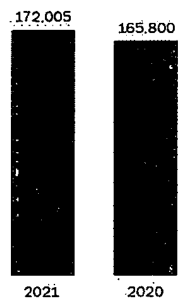
Definition

Gross new business inflows less outflows for the Financial Services business.

Performance

Increase in net inflows was driven by the increase in gross new business inflows.

Number of clients[1]



Definition

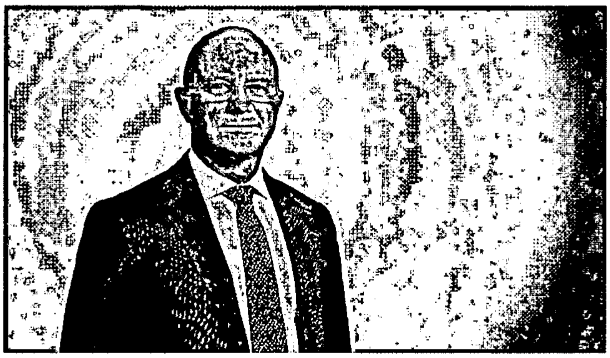
The number of active clients at the end of the year who use our services.

Performance

The number of clients has increased by 3.7%, primarily driven by an increase in Financial Services clients by 7.2%.

1. This measure is considered an APM. Reconciliations to statutory financial information can be found on pages 20 and 21.

Financial Review



Andrew Baddeley - Group Chief Financial Officer

In the Financial Review we consider the Group's results and performance for the year ended 31 December 2021, analysing key elements of the Consolidated Income Statement. We examine each segment's operating income and, in the case of Financial Services income, the AUM from which it is principally derived, followed by an analysis of the operating costs. We then provide information on the Group's financial position, such as intangible assets, defined benefit pension schemes, capital expenditure and capital requirements. Finally, we consider the Group's cash flow, financing arrangements and viability.

Group results and performance

This year saw strong financial growth as the Group benefited from the merger with Smith & Williamson in 2020, with strong new business inflows and buoyant markets.

Operating income for the year grew to £560.8 million (2020: £305.8 million), driven by organic growth and the merger with Smith & Williamson in September 2020. On a pro forma basis, operating income increased by 10.9% to £560.8 million (2020: £505.6 million).

Operating expenses increased to £509.9 million (2020: £294.6 million). Excluding exceptional items of £28.7 million (2020: £38.2 million), the increase was primarily due to the Smith & Williamson cost base and higher amortisation charges. On a pro forma basis, operating expenses excluding adjusted[1] items increased by 9.4% to £372.4 million (2020: £340.4 million) reflecting the net effect of increases in staff costs offset by integration synergies.

As a result, operating profit increased to £50.9 million (2020: £11.2 million). Profit after tax for the year was £16.8 million (2020: loss after tax £14.6 million). On a pro forma basis, operating profit increased from £28.3 million and profit after tax for the year increased from £6.6 million.

Adjusted EBTIDA, calculated on the basis set out on page 18, increased by 63.3% to £188.4 million (2020: £115.4 million). On a pro forma basis the adjusted EBITDA increased from £165.2 million in 2020, to £188.4 million, an increase of 14.0%. Furthermore, adjusted operating profit[2] increased by 67.0% to £163.7 million (2020: £98.0 million).

Our adjusted EBITDA margin (adjusted EBTIDA as a percentage of operating income), a key measure of business profitability and efficiency, decreased to 33.6% (2020: 37.7%) due to the full-year inclusion of the Professional Services and Fund Administration segments compared to just four months in the prior year. Our 33.6% adjusted EBITDA margin compares to a pro forma margin of 32.7% in 2020, with the margin improvement reflecting the cost synergies achieved to-date.

Summary of financial performance

	2021 £m (unless stated)	2020 £m (unless stated)	*Pro forma 2020 £m (unless stated)*
Operating income	**560.8**	305.8	*505.6*
Operating expenses excluding adjusted[1] items	**(372.4)**	(190.4)	*(340.4)*
Adjusted[1] EBITDA	**188.4**	115.4	*165.2*
Exceptional items (note 7)	**(28.7)**	(38.2)	*(64.2)*
Other non-recurring costs	**-**	(1.3)	-
EBITDA	**159.7**	75.9	*101.0*
Depreciation and amortisation	**(108.8)**	(64.7)	*(72.7)*
Operating profit	**50.9**	11.2	*28.3*
Net finance costs and other gains and losses	**1.5**	(19.3)	*(20.2)*
Profit/(loss) before tax	**52.4**	(8.1)	*8.1*
Taxation	**(35.6)**	(6.5)	*(1.5)*
Profit/(loss) after tax	**16.8**	(14.6)	*6.6*
Adjusted[1] EBTIDA margin	**33.6%**	37.7%	*32.7%*
Assets under management	**57.7bn**	51.2bn	*n/a*
Gross new business inflows	**6.0bn**	3.3bn	*n/a*
Net inflows	**2.5bn**	0.7bn	*n/a*

1 Adjusted items are exceptional costs (note 7), other non-recurring costs and amortisation and depreciation.

2 Alternative Performance Measure calculated based on operating profit of £50.9 million (2020: £11.2 million), adjusted to exclude exceptional costs of £28.7 million (2020: £38.2 million) and amortisation of intangible assets - customer lists, brands and IFA relationships of £84.1 million (2020: £48.6 million).

Explanation of adjusted EBITDA, adjusted operating profit, adjusted items

The Group uses adjusted EBITDA and adjusted EBITDA margin to measure and report on underlying financial performance. These measures adjust for non-cash accounting charges and non-recurring exceptional costs such as those incurred on completing a major transaction.

The executive management and the Board set targets for adjusted EBITDA and adjusted EBITDA margin along with other key performance indicators as performance measures for discretionary incentive plans for senior staff and the annual bonuses for the Executive Directors.

Adjusted EBITDA eliminates the distorting effect of certain items of income and expense reflected in operating profit. Such items include depreciation and amortisation of intangibles, the costs of acquisition of companies, businesses and client relationships, and the costs of subsequent integrations. While the Board recognises that acquisitions and integration projects recur from time to time, the Directors consider that they arise from decisions that are outside the normal course of business. Accordingly, the associated expenses are excluded to reflect the underlying operating expense run rate incurred in the ordinary course of business. Exceptional costs are disclosed in the Consolidated Income Statement and detailed in note 7.

Amortisation of intangible assets – customer lists, brand and IFA relationships, have been excluded from adjusted operating profit as a significant non-cash item. Investors and analysts typically add back this cost when considering operating profits.

Tax

The tax charge for the year was £35.6 million (2020: £6.5 million) which, to determine the effective tax rate, compares to a profit before tax of £52.4 million (2020: loss of £8.1 million). The effective tax rate for the year was impacted primarily by an increase in the rate at which deferred tax, a non-cash cost, is recognised in the financial statements (tax effect of £25.0 million). A full reconciliation is set out in note 14 to the Consolidation Financial Statements.

Dividend distribution

The Company distributed a dividend of £32.9 million (2020: £42.7 million) on 8 December 2021.

Exceptional costs

As detailed above, exceptional costs are excluded from adjusted EBITDA as they primarily relate to corporate actions rather than trading performance of the business.

Total expenses related to acquisitions and integrations amounted to £24.8 million in 2021 (2020: £31.2 million) (note 7). The majority of this related to the merger with Smith & Williamson. These costs are largely integration related, with new departmental structures implemented, costs de-duplicated and systems rationalised. Costs reported here include both the direct costs incurred in integrating the businesses, and the costs involved in running the various projects required to direct and oversee these activities. During the year we also incurred £3.9 million exceptional costs related to our head office relocation (note 19). In 2020, these costs were mainly acquisition related, and included costs incurred in preparation for the acquisition of the Smith & Williamson business, including legal and professional fees. Other acquisition and integration costs included deferred consideration payable in respect of the acquisition of Index Wealth Management group in 2019. Additional expenditure was incurred during 2020 in respect of restructuring of investment funds of a legacy acquisition.

Further costs relating to the integration of Tilney and Smith & Williamson will be incurred in 2022.

Segmental performance

During the year, the Group revised the composition of operating segments based on the revision of information reported to the Group Executive Committee (Chief Operating Decision Maker). For management purposes, the Group is now organised into three operating segments: Financial Services, Professional Services and Fund Administration (previously included within Financial Services).

See note 5 of the Consolidated Financial statement for the definition of each business segment and the segmental performance analysis by division.

Operating income

Financial Services

Our financial performance in the Financial Services segment, where operating income increased by 58.8% to £414.5 million (2020: £261.0 million), is driven by revenue margins earned from AUM and from fees charged for financial planning advice. We also benefitted from a full year contribution from Smith & Williamson. 91.5% of Financial Services operating income is recurring in nature and totalled £379.2 million (2020: £258.1 million) with an average margin of 69.5 bps, down from 79.2 bps in 2020. The decrease in average fee margin was driven partly by the acquired AUM from Smith & Williamson last year, which has a lower margin than the pre-existing legacy Tilney income, and a change in the mix of propositions. Advice fees (non-recurring financial planning fees) increased to £12.6 million (2020: £11.5 million). Other revenues are derived from legacy assets.

Operating income margin

Revenue margins are expressed as basis points and represent the blend of fee rates charged for managing and administering clients' portfolios across the range of services offered by the Group. Basis point return is calculated as the Financial Services revenues earned from annual management charges divided by the average AUM.

	2021	2020
Average AUM (£bn)	54.6	32.6
Annual management charges (£m)	379.2	258.1
Margin (bps)	69.5	79.2

At the balance sheet date. AUM increased by £6.5 billion to £57.7 billion, an increase of 12.7% in year. The net increase is analysed as follows:

	2021 £bn	2020 £bn
At 1 January	51.2	26.3
Inflows:		
Gross new business inflows	6.0	3.3
Acquired	0.3	22.3
Total inflows	6.3	25.6
Outflows	(3.5)	(2.6)
Disposal	(0.5)	-
Market movement	4.2	1.9
At 31 December	57.7	51.2

Gross new business inflows increased by 81.8% to £6.0 billion (2020: £3.3 billion), primarily due to a full year contribution from Smith & Williamson, while net new money was also positive, increasing to £2.5 billion (2020: £0.7 billion). Approximately £3.2 billion of outflows related to expected drawdowns from clients transferring wealth to younger generations, purchasing property or using capital to provide income for living expenses.

In 2020, acquired AUM of £22.3 billion related to the merger with Smith & Williamson.

Professional Services

The Professional Services division created following the acquisition of Smith & Williamson in 2020, generated £134.7 million in operating income in the year to 31 December 2021, ahead by 15.4% compared to prior year on a pro forma basis (2020: £116.7 million).

During the year. we saw strong operating income growth across our key business lines; assurance and business services grew by 16.5%, tax by 12.2% and advisory by 21.8%. The three main factors behind this growth were:

- Significant government reforms in the audit market have benefitted our audit business with an influx of new clients
- Continued investment in people and talent acquisition increased our capacity to support clients, particularly in our specialist areas such as financial services and business turnaround
- An improvement in the market compared to 2020, where the level of corporate transactions and merger and acquisition activity was supressed, due to the uncertainty of Brexit and the impact of COVID-19.

Fund Administration

The Fund Administration segment, created following the acquisition of Smith & Williamson in 2020, generated £11.6 million of operating income, up 0.9% compared to the prior year on a pro forma basis (2020: £11.5 million). During the year, funds under administration decreased by 50.0% to £9.8 billion (2020: £19.6 billion) mainly due to the departure of a large client who is now authorised to operate as an Authorised Fund Manager, offset by an increase in remaining funds mainly as a result of market movements.

During the year, Smith & Williamson Fund Administration Limited was selected to act as authorised corporate director by Brooks Macdonald on seven funds totalling £1.0 billion, which transferred across in December 2021 and early January 2022.

Operating expenses

Under this section, operating expenses by segment are adjusted to exclude exceptional items (note 7).

Operating expenses for the Financial Services segment increased by 60.2% to £353.2 million (2020: £220.5 million), due to the inclusion of a full year contribution from Smith & Williamson and profit related variable compensation, offset by integration synergies.

Operating expenses of £120.3 million were incurred by the Professional Services segment. The majority of this cost related to personnel; headcount (including support staff) having risen in the year by 4.3%. This was offset by reduced discretionary expenditure, mainly in relation to marketing, training and travel as a result of the COVID-19 pandemic.

Financial position

Intangible assets

Goodwill arose from the fair value of the assets acquired through business combinations, the largest of which was from the acquisition of HFS Milbourne (£1.3 million). In 2020, goodwill was recognised on the acquisition of Smith & Williamson (£281.5 million).

Goodwill which arises from business combinations is not amortised but is subject to an annual impairment test. At the balance sheet date, the total carrying value of goodwill from business combinations was £654.1 million (2020: £651.1 million). The assessment of the carrying value of goodwill at the balance sheet date, detailed in note 16 to the Consolidated Financial Statements, determined that no impairment was required.

Other intangible assets with total carrying value of £600.9 million as at the balance sheet date (2020: £640.6 million), arose principally from acquired customer lists, software costs and brand values. During the year, other intangible assets of £55.9 million were capitalised (2020: £287.5 million) (note 16), of which £10.5 million arose on business acquisitions, £11.6 million from earn-out agreements, £24.1 million on computer software expenditure, £7.4 million on development of the digital hybrid platform and £2.3 million on other business development (2020: £271.0 million related to Smith & Williamson) (note 17). The total amortisation charge for other intangible assets for the year was £95.6 million (2020: £55.1 million). The charge for the year mainly related to customer lists of £57.8 million and included accelerated amortisation charge of historical brand intangibles amounting to £22.7 million.

Intangible assets relating to client relationships are amortised over the estimated life of the client relationship, generally a period of 12 to 16 years.

Right-of-use assets

On 7 May 2019, the Group entered into agreements for the leasing of office space at 45 Gresham Street, London for a term of 15 years. The commencement date for the leases was 25 March 2021. In accordance with IFRS 16 'Leases', on commencement date the Group recognised a right-of-use asset and lease liability of £60.8 million, with depreciation and interest costs charged to the income statement over the lease term (£4.5 million for the year ended 31 December 2021 and £6.0 million expected in the first full year ending 31 December 2022). The initial measurement of the right-of-use asset was increased by initial direct costs incurred of £1.3 million and a dilapidation provision of £2.2 million.

Lockup

Lockup is the amount of capital tied-up in accrued income and debtors relating to our Professional Services business. It is calculated as the sum of accrued income and debtors, divided by fees billed in the last 12 months. At the balance sheet date, total lockup had decreased to 3.8 months (2020: 4.3 months), due to an increase in billing and cash collection over the last 12 months.

Defined benefit pension schemes

We operate three defined benefit pension schemes in the UK; The Pension Fund, the NCL Scheme and the S&W Scheme. These schemes are closed to new members.

Implementing guidance on the application of IFRIC 14, the Company recognises as an asset the full amount of the defined benefit pension scheme surplus, with movements in the valuation of that asset being included in the Consolidated Statement of Other Comprehensive Income.

The Pension Fund scheme liabilities decreased by 6.4% to £58.3 million (2020: £62.3 million) due to changes in the actuarial assumptions used, in particular the increase in the discount rate and reduction of life expectancy (note 33). Scheme assets increased by 5.0% to £65.4 million (2020: £62.3 million) due to higher than expected returns. At 31 December 2021, The Pension Fund scheme reported a net surplus position of £7.1 million (2020: £0.1 million surplus).

The NCL scheme liabilities decreased by 3.4% to £22.8 million (2020: £23.6 million). The decrease was driven largely by a fair value adjustment decrease during the year due to changes in valuation assumptions (note 33). Scheme assets increased by 5.7% to £25.8 million (2020: £24.4 million) due to a fair value adjustment increase as a result of improved equity markets. At 31 December 2021, the NCL scheme reported a net surplus position of £2.9 million (2020: £0.8 million surplus).

The S&W Scheme's assets equalled its liabilities, measured on an accounting basis.

Capital

In 2021, as set out in note 34 to the Consolidated Financial Statements, 92,400,000 ordinary shares for a consideration of £60.9 million were issued in connection with the re-organisation of the Group.

In 2020, 9,978,858,600 ordinary shares for a consideration of £997.9 million were issued in connection with the acquisition of Smith & Williamson and re-organisation of the Group. As a result of the re-organisation, share premium was reduced to £nil.

Off-balance sheet

During the year we successfully migrated £3.3 billion of assets held with external custodians to our own high quality integrated in-house Alpha platform. In 2022, we are expecting to migrate a further £10.4 billion of assets on to our Alpha platform. The financial impact of this change is an additional margin contribution of around 6 basis points for UK client assets under management.

Capital expenditure

In addition to intangible assets capitalised as set out above, the Group incurred capital expenditure of £4.6 million (2020: £1.9 million) in relation to computer equipment and systems upgrades (note 18). Investment in new systems reduced in 2020 with implementation of the IRESS XPLAN system largely completed.

Capitalised expenditure for the fit-out of our new London head office was £15.7 million (2020: £1.1 million). Further costs for these premises will be incurred in 2022.

Capital requirements

Own Funds

The Group's regulatory capital is subject to supervision by the Financial Conduct Authority (FCA) and the FCA's rules determine the calculation of the Group's regulatory capital resources and requirements. The basis of consolidation for regulatory purposes differs to that of accounting, as certain Group subsidiaries undertake business activities which are not required to be consolidated under the regulations. The regulatory group is known as the Prudential Consolidated Group (PCG) and the rules require certain adjustments to, and certain deductions from, the accounting capital, the latter principally in respect of intangible assets and investments in Group companies outside the regulatory consolidation.

At the balance sheet date, the PCG had regulatory Own Funds of £225.3 million (2020: £208.3 million).

	2021 £m	2020 £m
Share capital and share premium	1,102.6	1,133.2
Reserves	282.9	262.4
Less:		
Goodwill and intangible assets (net of deferred tax liabilities)	(1,073.3)	(1,105.0)
Qualifying holdings outside the financial sector	(79.4)	(81.7)
Defined benefit pension scheme asset (net of deferred tax liabilities)	(7.5)	(0.6)
Total Common Tier 1 Own Funds	225.3	208.3
Tier 2 Own Funds	-	-
Total Own Funds	225.3	208.3

Own Funds requirements

As required under the FCA rules, the Group performs an Internal Capital Adequacy Assessment Process (ICAAP) annually, which includes a range of stress tests to determine the appropriate level of regulatory capital that the Group needs to hold. The ICAAP was reviewed and approved by the Board in June 2021.

Regulatory capital is monitored monthly by management and the PCG regularly reports its capital position to the FCA. Regulatory capital requirements have been met throughout the year.

The PCG holds capital in respect of:

- Pillar 1 – minimum capital requirement

  Pillar 1 sets out the minimum requirement for capital and is calculated at the higher of credit and market risk, or the Fixed Overhead Requirement.

- Pillar 2 – supervisory review process

  Pillar 2 supplements Pillar 1 and requires firms and their regulatory supervisor to assess the amount of internal capital required to cover all the risks that are not adequately covered under the Pillar 1 requirements. This is implemented through the ICAAP and through the subsequent Supervisory Review and Evaluation Process (SREP) undertaken by the FCA.

Investment Firms Prudential Regime

The Investment Firms Prudential Regime (IFPR) came into force on 1 January 2022, and it introduces a new capital adequacy and risk assessment and supervisory review and evaluation process - the Internal Capital and Risk Assessment (ICARA). ICARA focuses on the potential harms posed to consumers, clients and markets, as well as the firm itself, whilst introducing a basic liquidity requirement for all investment management firms. This is not expected to have a material impact on our capital requirements.

Cash flow and financing arrangements

Cash flow

Extracts from the Consolidated Cash Flow Statement	2021 £m	2020 £m
Net cash generated from operating activities	184.7	53.5
Net cash used in investing activities	(67.2)	(169.4)
Net cash (used in)/generated from financing activities	(69.0)	219.7
Net increase in cash and cash equivalents	48.5	103.8
Cash and cash equivalents at the beginning of the year	168.8	65.0
Cash and cash equivalents at the end of the year	217.3	168.8

The Group's fee income is largely collected directly from client portfolios and expenses are broadly predictable. Consequently, we are able to operate with a modest amount of working capital.

Net cash generated from operating activities increased to £184.7 million (2020: £53.5 million) driven by strong business growth and the inclusion of a full year contribution from Smith & Williamson.

Net cash used in investing activities of £67.2 million (2020: £169.4 million) included capital expenditure of £21.8 million (2020: £2.4 million) (note 18), additions to intangible assets of £45.4 million (2020: £16.5 million) (note 16) and business acquisitions, net of cash acquired, of £8.8 million (2020: £151.0 million) (note 17), offset by proceeds from the sale of equity investments of £8.7 million (2020: £0.3 million).

Net cash used in financing activities was £69.0 million (2020: £219.7 million generated from) primarily due to dividends paid of £32.9 million (2020: £nil) and the repayment of a loan from the parent undertaking of £25.0 million (2020: £nil). In 2020, the Group received £223.2 million from the proceeds on issue of shares.

Financing arrangements

In 2020, following completion of the merger with Smith & Williamson, the Group's debt funding arrangements were novated to Violin Debtco Guernsey Limited, a parent undertaking whose results are not consolidated in these financial statements. Refer to note 27 to the Consolidated Financial Statements for further information.

Viability Statement

The viability assessment period

The Directors have assessed the prospects and viability of the Group over a five-year period. The Directors consider that five years constitute an appropriate period over which to provide its Viability Statement given the uncertainties in predicting the future impact of investment markets, the time horizon used internally for planning and modelling, and the resilience of the business as demonstrated by the stress testing as set out below.

Process and viability scenarios

Forecasting for the five-year period is based on a detailed year-one budget and higher-level forecasts for the subsequent years. Achievement of the one-year budget has a greater level of certainty and is used to set near-term targets across the Group. Achievement of the five-year term is less certain than the budget but provides a longer-term outlook against which strategic decisions can be made.

The forecasting process considers the Group's operating income, costs, and EBITDA over the projected period, based on the annual business plan. The metrics are subject to a sensitivity analysis across a range of potential scenarios such as falls in equity markets, reductions in planned gross new money and AUM outflows, and a combination of scenarios occurring simultaneously. In all cases, the Directors were able to demonstrate the ability of the Group to withstand the current economic downturn.

Given the uncertainties associated with COVID-19 on the macro-economic conditions in which the Group is operating, additional stress-testing, as part of the ICAAP review summarised below, has been carried out on the Group's ability to continue under extremely unfavourable operating conditions, such as a 44% fall in FTSE 100 levels similar to that experienced during the Global Financial Crisis. While the assumptions we have applied in the scenarios are possible, they do not represent our view of the likely outturn. Further to this, the Group has reported strong and improving results throughout the pandemic, with a profit reported for 2021 after charging both significant exceptional costs that are non-recurring in nature and material non-cash amortisation charges relating to previous acquisitions (full details can be found in the Financial Review on page 21). This demonstrates the Group's ability to withstand tough economic conditions including significant shocks to the global equity markets and strict government-imposed lockdowns that have impacted both interactions with clients and staff working patterns. Throughout the pandemic the Group maintained significant levels of liquidity and maintained a material level of capital in excess of its regulatory requirement as detailed in the Financial Review.

Under the ICAAP the Group is required to perform a range of stress tests that assess its ability to withstand a market-wide stress, a Group-specific (idiosyncratic) stress and a combined stress considering both market-wide and Group-specific events to demonstrate that the Group has sufficient capital to meet its prospective requirements. The stress tests are derived through discussions with senior management and challenged by the Risk and Audit Committee and the Board. They are deemed to be severe but plausible, after considering the principal risks and uncertainties faced by the Group. Stress testing undertaken uses a combination of the macro-economic stress (based on the 'Global Financial Crises' stress) and the Group's largest three operational risk scenarios. The impact of these stress tests is considered over a three-year period, as the modelling performed indicates that after this time period, the financial performance of the Group is improving rapidly in terms of profitability and liquidity, with regulatory capital being at a higher level than at the start of the period of stress.

The results of the analysis showed that the Group is resilient to the combined stress testing described above and always remains above the regulatory capital requirements and has adequate financial and regulatory resources to continue in operational existence for the foreseeable future.

Viability statement

Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period ending 31 December 2026.

Principal Risks and Uncertainties

Managing risk to support our strategy

The purpose of risk management is to develop processes and tools that assist the Group to identify, assess, monitor and manage those key risks that are inherent in the Group's business activities, in line with the Board's strategic objectives and risk appetite. At Tilney Smith & Williamson, risk management arrangements form part of a strong governance culture, built upon the Three Lines of Defence governance model under which primary responsibility for identifying and controlling risks rests with the Group's businesses (the first line of defence). Ultimate responsibility for ensuring the adequacy and effectiveness of risk management rests with the Group Board, with oversight provided by the Board's Risk and Audit Committee.

The Group has a Risk and Compliance function which provides the second line of defence. This function is led by the Group Chief Risk Officer who has an independent reporting line to the Chair of the Risk and Audit Committee and a right of access to the Chair of the Board. The Group Chief Risk Officer is a member of the Group Executive Committee and attends the Risk and Audit Committee meetings.

The third line of defence consists of the internal audit function, which provides assurance to senior management that business processes and controls are operating effectively. The internal audit function identifies any processes and control deficiencies and monitors remediation plans.

Over the last year, the Group has focused on consolidating and enhancing its risk management and compliance capabilities to facilitate risk awareness and further enhance the implementation and effectiveness of the risk management framework. The risk management framework is underpinned by policies, procedures, and reporting, all of which have been enhanced over the course of the year and will continue to evolve to produce accurate and timely management information to meet the needs of the Group, as it seeks to deliver its strategic objectives.

Action is taken where risks fall outside of the Group's risk appetites, which are defined at both the operational resilience and business-as-usual threshold levels, or where the need for remedial action is recognised in respect of any weaknesses identified in relation to mitigating controls.

Risk management framework

The objectives of the risk management framework are to:

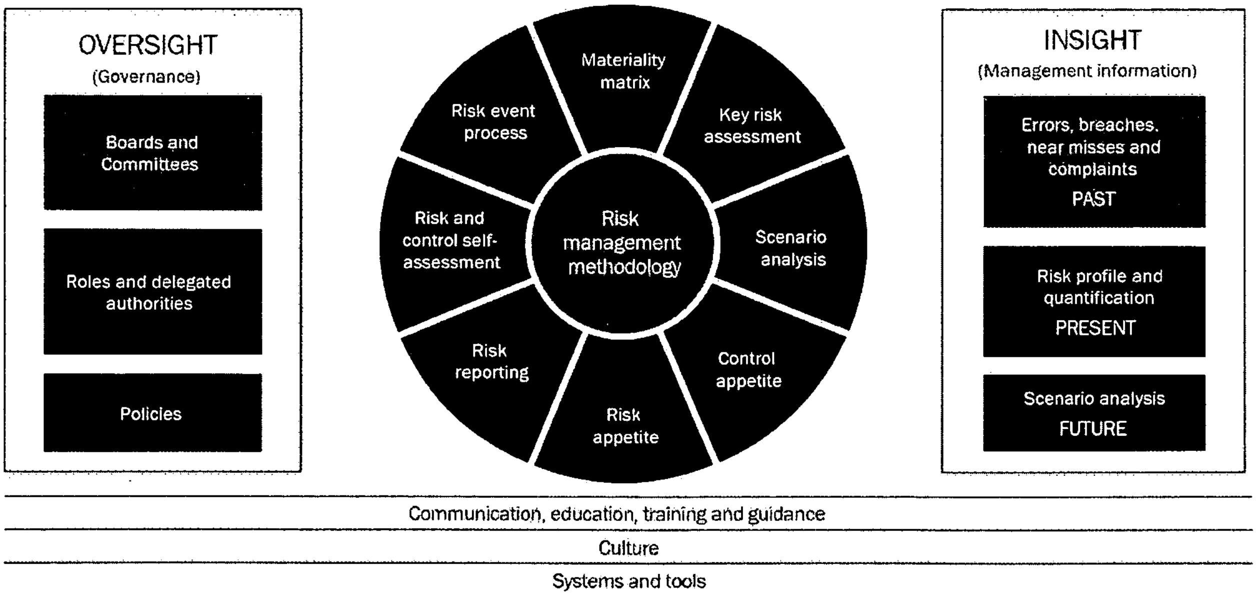
- facilitate risk-awareness across the Group
- facilitate the effective identification, assessment, monitoring and management of risks.

The risk management framework assists the organisation in the resilient provision of high-quality service to our clients and encourages the continuous improvement of the Group's processes and controls.

The risk management framework includes components that:

- establish methods for identifying and assessing risk
- provide an approach for the capture, reporting and monitoring of risk
- provide appropriate mechanisms for managing risk.

Risk management framework



Risk management methodology

The risk management methodology within the risk management framework consists of the following eight complimentary tools:

Materiality Matrix - developed over the last 12 months and central to the Group's ability to assess risk and the understanding of the impacts. The Materiality Matrix provides the ability for the Group to consistently assess and manage risks at both the business-as-usual and operational resilience threshold levels.

Key risk assessment — central to the risk management framework are the key risks. The key risks are identified using scenario analysis, verified by the bottom-up risk assessment. Assessing each key risk and its potential impact in the business is a fundamental part of the risk management methodology and is continually reviewed and developed. The business helps contribute to the assessment through:

- Top-down risk assessments
- Risk and control self-assessments
- Risk events
- Monitoring of the external environment.

Scenario analysis — undertaken at different levels of probability. Generally, multiple scenarios will be assessed for each key risk. The assessment presents an impact analysis on the business, including the financial impact.

Control appetite — the level of control that is in place relevant to the risk. Where the control is not sufficient, the business will put in place a mitigation plan.

Risk appetite — a top-down process that is verified by each division of the business and also by reference to internal and external experience of risk events.

Risk reporting (dashboard) — a mechanism used by the Group to manage risk. The dashboard presents each key risk, its current RAG (Red, Amber or Green) rating, key risk indicator scores, risk events and outstanding remediation actions, where required.

Risk and control self-assessment (RCSA) — undertaken by all business units and then independently reviewed and challenged by the Risk function. The RCSA is a process-focused assessment linked to the key risks.

Risk event process (REV) — designed to capture, report, monitor and remediate process, control and system failures.

Key risks

The Group reviews and refreshes its key risks on an annual basis. The Group identifies 17 key risks at Group and business level to help to ensure that risks are assessed and managed in a consistent way with oversight from the relevant Committees and Boards. The Boards, Group Executive Committee, Risk and Audit Committee, and Group Risk and Compliance Committee all provide regular oversight of the key risks and help mitigate them.

Key risk	Risk definition	Key mitigating controls	Example of metrics	Trend
Business performance	Adverse business and/or client impact resulting from a failure to achieve the desired business performance or a failure to adequately manage the business efficiently through a period of economic turbulence or contraction.	• Board and Group Executive Committee review of business performance • Documented business plans communicated to all staff • Documented policies and procedures	• Operating revenue • Operating expenditure • EBITDA • Management reporting	This year has seen strong financial growth, despite the COVID-19 crisis. **Link to KPIs: See financial performance KPIs on pages 18 and 19.**
Change management	Adverse business and/or client impact resulting from an overload of change for the organisation, and/or the failure of one or more material projects.	• Project steering groups and Change Portfolio Committee review project progress, risks, issues and independencies • Regular project reporting • Key projects or those with a material impact to the Group are reviewed by the Board and Board Committees	• Initiative timelines and adherence • Incident capture and management • Risk Assessments against materiality matrix • Impact assessment of delays	Change management risk has seen improvements over the year with a change of emphasis from big bang delivery and a move to agile delivery. There remains pressure on change due to the ongoing requirements after the merger.
Conduct	Adverse business and/or client impact resulting from providing clients with inadequate, incomplete or unsuitable advice or service, or not acting in the best interest of our clients.	• Staff training, particularly relating to conduct risk • Self-certification by senior staff of actual or potential disputes or claims • Investment process, market and performance monitoring • Investment in staff training and development • Appropriate incentivisation and disciplinary procedures	• Complaint capturing and impact • Conflict of interest breaches • Conduct rule breaches • Whistleblowing numbers • Client Money events • Regular file reviews at all three Lines of Defence	Conduct risk has remained the same with very few instances of the risk occurring over the year. Increasing volume of reviews as business grows.

Key risk	Risk definition	Key mitigating controls	Example of metrics	Trend
Data loss and cyber	Adverse business and/or client impact resulting from a data protection, information security or cyber related breach. The additional risks associated with non-compliance with relevant rules and regulations.	• Dedicated working group • Staff training and development • Penetration testing (both internally and for external service providers) • Cyber risk management framework • Embedded data governance controls within all core change activities • Involvement in cyber industry representative bodies	• Data protection breaches • Cyber incidents • Supplier breaches • Number of phishing attacks • Patching adherence percentages	Data loss issues have stemmed from the transmission of data both internally and externally. There have been a limited number of failures and none that would be considered material. The risk is assessed as static with the improvement of controls against the increasing external threat.
Environmental social and governance (ESG)	Adverse business and/or client impact resulting from the failure to meet stakeholder expectations of ESG.	• Elevated to Group Executive Committee with the formation of the Corporate Responsibility Committee • Group Executives are responsible for overseeing the implementation of the Group's Corporate Responsibility Strategy aligned to the four key ESG Pillars • Coordinated planning • Recruitment of ESG focused colleagues • Guidance and obligations for responsible investment as signatories to the UN PRI and as applicants for UK Stewardship Code, 2020 frame the Group's investment process, policies, and procedures	• As a new Key Risk, the ESG Metrics are currently under development	An area of focus for the Group. The performance and risk indicators, thresholds and targets are being developed and embedded in each business area and support function. These will continue to grow in significance across the Group. Indicators will cover the resources we consume, our corporate planning and strategy, the clients we work with, and the investment decisions made on behalf of clients.
Financial	Adverse business and/or client impact resulting from counterparty failure, market, or credit risk losses.	• Group Risk and Compliance Committee oversight • Segregation of duties • Authorisation limits and management oversight • Dealing limits • Documented policies and procedures	• Counterparty exposure • Entity Liquidity management and reporting • Failed trades • Unsettled trades	Financial risk reduced over the year, aligned to the improved performance of the Group.

Key risk	Risk definition	Key mitigating controls	Example of metrics	Trend
		• Group-wide credit and market risk frameworks in place • Liquidity risk managed through deposits with a maturity of less than 7 days. No reliance is placed on wholesale market funding		
Financial crime and fraud	Adverse business and/or client impact resulting from internal or external fraud. Failure to adhere to relevant regulation: Anti-Money Laundering, Bribery and Sanctions and Market Abuse.	• AML prevention process and controls • Proactive and regular contact with regulators • Active involvement in industry representative bodies • Documented policies and procedures • Mandatory AML training for staff	• Number of Suspicious Activity Reports • Number of Suspicious Transaction and Order Reports • Number of Fraud attempts and impact (both Internal/External)	Overall financial crime residual risk has remained static within the Group. There has been an increase in the number of external fraud attempts, aimed at both our clients and the Group. System controls and staff training have been enhanced to compensate.
Investment performance	Adverse business and/or client impact resulting from poor investment performance of portfolios, including private client, charities, institutional and funds.	• Investment Oversight Committee • Investment process managed by the Front Office • Reports to Group Risk and Compliance Committee through key risk indicators	• Benchmarking internally and externally • Fund performance against benchmarks • Fund tramlines against mandate	Investment performance risk continues to remain positive with a buoyant market providing a positive outlook. **Link to KPIs: See investment financial performance KPIs on page 19.**
Material external change	Adverse business and/or client impact resulting from a material change in the external business environment, for example economic recession, interest rate/inflationary increases, market falls, adverse political developments and Brexit.	• Reported and considered through the Board and Group Executive Committee • Risk, compliance and the investment management teams monitor the external business environment • Impact to business modelled via ICAAP ensuring adequate headroom • Regular communications with clients via investment managers and quarterly valuations	• Number and significance of Material Political; Regulatory or Market events	Material external change risk is assessed to have reduced in the last year, the macro political events causing concern, such as the US elections, Scottish Elections and Brexit have all reduced. Awaiting clarity on a deal for financial services from Brexit and whether equivalence will be granted remains a key focus for the Group. The Group continues to monitor interest rate increases and/or inflation estimates.

Key risk	Risk definition	Key mitigating controls	Example of metrics	Trend
Operational resilience	Adverse business and/or client impact resulting from a failure to continue activities in the event of a major disaster affecting offices or constraints in the off-site recovery of critical business systems. Incorporates Disaster Recover, Business Continuity and Outsourcing.	• Group Risk and Compliance Committee, Group Executive Committee, Risk and Audit Committee and Board oversight • Regular disaster recovery testing • Off-site backup of data • Business continuity agreements in place together with documented disaster recovery plans • Ongoing monitoring of outsourced service providers • Project steering groups and working groups established • Documented policies and procedures	• Assessed UK Terrorism Threat level • Number of business continuity incidents • Review outsourcing arrangements • Service availability of third party providers. • Disaster recovery testing	Operational resilience risk has remained static over the last 12 months with the Group having no material issues with outsourced services and third party providers. The Core Wealth system has been embedded and is stable.
People	Adverse business and/or client impact resulting from insufficient human capital in terms of numbers, focus, culture and skill set.	• Remuneration Committee and Nomination Committee oversight • Competitive and transparent remuneration schemes • Succession and contingency planning • Staff training and development	• Rates of staff turnover • Open headcount rates • Number of disciplinaries and grievances • Training and competence adherence	People risk has increased over the last year due to the challenging nature of the recruitment market coming out of the pandemic.
Process failure	Adverse business and/or client impact resulting from failure of process and/or control.	• Risk event reporting and analysis • Review of management information • Segregation of duty and responsibility • Increased automation • Oversight by all Boards and Committees • Staff training and development	• Number, severity and, impact of risk events • Financial impacts • Areas the losses are occurring • Time to identify events • Timeliness of reporting	Process failure risk has remained static over the last year; with the merger and the deployment of Core Wealth being well managed.
Product and service	Adverse business and/or client impact resulting from failure of a product or service.	• Product and Service Oversight Committee • Senior management led service to clients	• Client survey responses • Client retention • Client satisfactory rating	Product and service risk has improved over the year with an increasingly positive outlook, strong

Key risk	Risk definition	Key mitigating controls	Example of metrics	Trend
		• Independent quality assurance • Investment process, market and performance monitoring		retention and increase in clients. **Link to KPIs: See number of clients on page 19.**
Prudential	Adverse business and/or client impact resulting from breaching regulatory capital or liquidity requirements.	• Group Risk and Compliance Committee oversight • Segregation of duties • Documented policies and procedures • Capital at Group and legal entity levels monitored • Loan covenants monitored and reported	• Regulatory returns on time • Amount of surplus capital • Measure of loan covenant metrics	Prudential risk has improved over the year with increases in the surplus capital. Regulatory returns have all been submitted on time and the Group remains prudentially well balanced. See 'capital requirements' section in the Financial Review on page 24.
Regulation and legal	Adverse business and/or client impact resulting from breach of regulation or relevant laws.	• Proactive and regular contact with regulators • Policies and procedures • Impact assessment for upcoming regulatory changes • Oversight by all Boards and Committees	• Client Money breaches • Regulatory fines and censure • Internal Audit actions • Best execution breaches • Timely execution breaches	Regulatory and legal risk remains a focus for the Group. The merger has provided an opportune moment for a root and branch review of compliance requirements, and these are now being worked through.
Strategic	Adverse business and/or client impact resulting from failures in strategic risk taking, decision-making and planning. This includes due diligence, integration of acquisition targets or badly managed divestitures.	• Board and Group Executive Committee review • Detailed assessment of all merger and acquisition activity (including business, client and employee impact)	• Strategic Risk Assessment • Pre and post-merger/divestment reporting	Strategically, the outlook for the Group has improved with the delivery and embedding of one major system and a strong performance in the 12 months since the merger completed.
Technology	Adverse business and/or client impact resulting from sub-optimal technology (including capacity), and capability.	• Technology requirements assessment and planning • Documented policies and procedures • Incident management	• Internal major incidents • Third party major incidents • System availability	Technology risk is traditionally a significant risk for firms and Tilney Smith & Williamson is no different. As the Group consolidates and improves its technology estate, the risk profile is improving.

Change in the previous 12 months

Over the last 12 months, the Group's risk profile continued to be impacted by the COVID-19 pandemic, although a good level of business-as-usual was achieved through the use of systems and updated processes. Staff are now beginning to return to offices with a cautious approach and there is an increased emphasis on team planning to attend on the same days.

The Group has remained well-capitalised and liquid, with significant and increasing buffers above all regulatory requirements.

The Core Wealth platform, designed to deliver major improvements in modernising the front, middle and back-office processes supporting the Financial Services business, launched in September 2020 and has been embedded in 2021, with incremental improvements throughout the year. It is now considered to be operating within a business-as-usual risk appetite. We are currently underway with a programme to streamline and consolidate the Group's technology solutions and front office processes with Risk involved in the project management and steering groups.

Change management and cyber risk continue to be key areas of focus. Work on integrating and streamlining processes post-merger continues across the Group with the close involvement of Compliance.

There have been a number of developments in reporting with the Group now having a Top Risk Report to compliment the Emerging Risk Report. This has also been rolled out at Business Unit level and is proving an effective way to escalate and assess risk across the Group.

The Group's risk management framework continues to be developed and refined with the Materiality Matrix taking on significant emphasis with the addition of both a business-as-usual and Operational Resilience threshold.

2022 will see focus on improving management information and reporting to sub-businesses and facilitating risk management by the businesses.

Emerging risks

The emerging risk radar is presented at Tilney Smith & Williamson executive and board risk committees. It is now firmly embedded and continues to be developed, helping the firm identify developing risks at Group and business levels.

During 2021, risks shown on the emerging risk radar included:

- The risk of a material external change driven by politics has been on the radar but is now assessed as decreasing and a number of politically linked risks have been removed. Scottish independence remains on the radar but has reduced in velocity and likelihood
- With the Brexit financial regime yet to be bedded in, this risk remains on the radar. The changing outlook of the economy is also being tracked through interest rate and inflation emerging risk.

Environmental and Social Governance (ESG)

- ESG is a risk which has received increased focus over the course of 2021, with an increasing emphasis on understanding the implications for the Group from a corporate perspective, how can we add value to society, through to understanding the needs of our clients. To aid this understanding a number of risk assessments have been conducted and peer assessments carried out
- The CRC has identified four pillars, and each focuses on different elements of the Group's ESG plan, as follows:
  - Environment
  - Responsible investment
  - People
  - Charities and Communities

  The objectives of the four pillars can be found in the Corporate Responsibility Report on pages 37 to 39
- ESG moved from being recognised as an emerging risk to being added to the Top Risk Report. This required the Group to appoint an executive lead and bring together and coordinate all the workstreams related to ESG. The outcome of the appointment led to the establishment of the Corporate Responsibility Committee (CRC) led and attended by members of the Group Executive Committee and the Board Chair
- All risk assessments conducted will be required to evaluate the potential ESG impacts of the four pillars within the assessment. This will help to build an awareness and understanding of the consequences that decisions taken may have on ESG
- The Group will ensure that management is kept informed of the growing requirements of responsible and sustainable investing, enabling the Group to provide clients with the information they expect. This will require continual development to ensure that the Group delivers on expectations and meets the requirements of regulatory agencies and government.

Section 172 Statement

Section 172 of the UK Companies Act 2006 requires our Directors to act in a way they consider, in good faith, would most likely promote the success of the Company for the benefit of our members as a whole. In doing this our Directors are required to have regard to the interests of our employees and other stakeholders, including the impact of our activities on the community, environment and the Company's reputation, when making decisions.

Set out below and elsewhere in this report are details on how our Board operates, the way our Directors reach decisions including matters discussed during the year, key stakeholder considerations central to those discussions as well as the impact of the Company's operations on the community and environment.

Key decisions taken by the Board in 2021 include:

- Agreeing our new purpose: *'to place the power of good advice into more hands'*, and values: Personal, Partnership and Performance (see pages 12 and 13)
- Approval of the rebranding of the firm
- Approval of the consolidation of custody arrangements
- Consideration of the Financial Services pricing and proposition
- Approval of the acquisition of HFS Milbourne
- Approval of the digital hybrid proposition relaunch for Bestinvest
- Approval of the 2022 budget and five-year financial plan.

How the Company has engaged with Stakeholders throughout the year is outlined below:

Stakeholders	How we engage	Outcomes	Further detail
Clients Supporting our clients with the management of financial affairs is core to what we do.	Through a variety of channels including face to face meetings, seminars and webinars and digital portals. By seeking to build valued, long-term partnerships with financial advisers, accountants, lawyers and professional bodies to help achieve positive outcomes for clients. By running an ongoing client care programme which obtains feedback from clients. Reviewing the Financial Services pricing and proposition. Responding to market trends.	We have expanded our business development team to nurture our professional relationships and augment direct client contact with conferences, seminars and the provision of expert content. Workshops are held with colleagues to discuss the feedback from the Client Care programme and how to improve services to clients. The review of our proposition will ensure services are aligned across the group and clients have access to the right proposition and are treated fairly in line with our values. Developed the client portal and mobile app.	Strategic Report – market trends, see pages 5 to 7 The Corporate Governance report contains further detail on client outcomes, see Board activities, pages 74 to 77
Colleagues The Board believes that our people and culture are central to the Company's unique client proposition and are our greatest asset. We aspire to be the employer of choice in our sector and are committed to developing a culture which is personal, where everyone is treated as an individual, and is	Investing in training and skills development and having an active staff engagement and communication programme including Pulse surveys to assess engagement with colleagues. Promoting remuneration policies to attract and retain high performing colleagues. Overseeing the communication with clients and colleagues during the pandemic. Forming a Diversity and Inclusion Committee and encouraging the set-up of the Race, Religion and Ethnicity	The results of the Pulse surveys are discussed with departmental heads on how to put the feedback into positive actions. They are also tracked against previous results. Regular communications from the Group Chief Executive Officer to keep staff informed. Raised awareness of a range of diversity and inclusion topics and initiatives. Bi-monthly updates are sent out to colleagues on the work of the Committee, including a series of videos from colleagues marking	Corporate Responsibility Report, People, see pages 49 to 52

Stakeholders	How we engage	Outcomes	Further detail
both welcoming and inclusive.	(RRaE) Network and the LGBTQ+ Network, PROUD TS&W. Colleagues have been asked to provide Equality and Diversity information which will enable Key Performance Indictors to be produced and regularly reviewed by the Board. Increasing the visibility of the Board with site visits being conducted by the Chair, Chris Grigg.	religious and cultural celebrations important to them.	
Shareholders Whilst we are a private business, we have many current and former employees as beneficial shareholders.	Our largest institutional shareholders are represented on our Board. Individual beneficial shareholders are kept up-to-date with the progress of the business through written communications and briefing meetings from the leadership team.	The institutional shareholders are involved in key Board decisions. We currently hold an annual shareholder presentation where the senior leadership team provide a presentation on the results and are available to answer any questions from individual beneficial shareholders.	Corporate Governance report, Board activities, **see pages 74 to 77**
Suppliers and counterparties Across our breadth of services and locations we work with multiple counterparties and suppliers, both large and small.	We recognise the importance of these relationships in delivering a high quality service for our clients and staff and so regularly engage with our suppliers and counterparties to build good relationships, address any challenges and mitigate potential risks. This is reflected through our purpose and supporting values, particularly Partnership.	The modern slavery statement is reviewed and approved each year and due diligence is undertaken on suppliers.	Corporate Responsibility Report, **see page 55**
Society and community Our purpose is *'to place the power of good advice into more hands'*: we believe that society as a whole benefits, when more people are supported with making sound financial decisions	As an investment manager, we recognise that our decisions can have a wider impact and therefore we seek to invest responsibly, taking into account environmental, social and governance factors when selecting funds and stocks. We are an active shareholder, committed to the good stewardship of our clients' wealth. With an extensive office network, we are part of the communities in which we work and live and contribute through community activities, volunteering and charity initiatives. Oversees policies for continued commitment to ensure our business and supply chains are free from any slavery and human trafficking.	We committed to a three-year partnership with Impetus, an organisation that is transforming the lives of young people from disadvantaged backgrounds and pledged to donate £100,000 to Impetus. For our colleague charitable giving, we focused on three key areas: • Employee volunteering • Give-as-you-earn • Matched fundraising. The Community Investment Programme funded by Tilney Charitable Trust donated £99,000 during year.	Corporate Responsibility Report, Charities and Communities, **see pages 53 to 55**

Stakeholders	How we engage	Outcomes	Further detail
	The Group reviews its approach to responsible investing and through training and awareness initiatives ensures that our investment professionals and clients have a better understanding of ESG. As an active member of the Investor Forum and Climate Action 100+, we have been able to combine our active engagement voice with many other leading asset management groups to great effect. Board and Committees receive reports on the Company's community investment programme. The Board ensures an effective governance structure to protect the Company's reputation, brand and relationship with regulators as well as partners. Board and committees receive ESG reports and there has been consistent emphasis on the required focus on this topic. The Corporate Responsibility Committee (CRC) reports directly into the Board on ESG, and the progress being made.	Signatories to UN Principle of Responsible Investment.	
Regulators We proactively engage with our regulators as we seek to foster a transparent and cooperative relationship and help them to understand our culture, business model and strategy.	The Board and the Risk and Audit Committee receive updates on the Company's engagement with the regulators alongside regular reports on compliance with regulatory requirements, consideration of forthcoming regulatory developments and the Company's participation in consultations.	Submission of regulatory returns to the regulators including the ICAAP, Tax Strategy, CASS reports and periodic submissions of Group entity structure changes (close links reporting). Membership of industry bodies including the Personal Investment Management & Financial Advice Association (PIMFA). Periodic meetings between individuals, directors and the supervisory team from the FCA. Contributions to regulatory policy through public consultations, industry discussions and also bilaterally with regulators.	Corporate Governance report, Board activities, see pages 74 to 77

Corporate Responsibility Report

Tilney Smith & Williamson has a strong commitment to corporate responsibility. It is core to our purpose, our culture and business strategy, and environmental, social and governance (ESG) considerations are being embedded into our corporate operational processes.

For wealth managers and financial advisors, such as ourselves, who are entrusted with the stewardship of our clients' capital, it is also important to ensure that ESG considerations are embedded within our responsible investment processes.

The Group is committed to being a responsible corporate citizen in managing the impact of our business activities on the environment and on key stakeholders including clients, colleagues, investors and the wider community. We seek to minimise our environmental footprint, provide a professional and supportive workplace for colleagues and attract and retain people from diverse backgrounds to deliver the best possible service to all our clients. Ultimately, we are working towards a sustainable future.

As announced in December 2021, the Group is seeking to achieve Net Zero carbon emissions on our corporate operational footprint, as soon as possible. It is working towards expanding its assessment of Scope 3 emissions, including assets under management (the 'financed emissions' from the investment portfolios it manages) and will report on these in due course.

Governance

The Board has delegated the day-to-day management of its corporate responsibility to the Group Executive Committee (GEC), which has appointed the Corporate Responsibility Committee (CRC) to oversee these activities.

The CRC was formed during the year and replaced the Corporate Responsibility and Charities Committee. It is a sub-committee of the GEC. To fulfil our commitments, the CRC is responsible for setting and monitoring the Group's approach to the Corporate Responsibility strategy. This includes leading the Group's work on ESG, making recommendations to the Board and measuring the success of those policies.

The CRC activities are coordinated by the Chair and divided into four pillars to ensure that all the objectives of each pillar are considered across the entire business.

Susan Shaw, Chief Professional Services Director, is Chair of the CRC. The Board and GEC member with ultimate responsibility for our corporate responsibility is our Group Chief Executive Officer, Chris Woodhouse. The Committee sponsors of each pillar are:

Pillar	Sponsor
Environment	Andrew Baddeley, Group Chief Financial Officer
Responsible Investment	John Erskine, Chief Investment Management Director
People	Benne Peto, Group Chief People Officer
Charities and Communities	Nicola Mitford-Slade, Group Legal Counsel

The other members on the committee are:

Simonetta Rigo, our Group Chief Marketing Officer, works with all four pillars to support and communicate the CRC's strategy.

Philip Best, Group Chief Risk Officer, who has responsibility for climate-risk, attends meetings periodically.

As the CRC is a sub-Committee of the GEC, the committee members are all GEC members.

The members meet monthly to discuss and coordinate the activities being undertaken across all four pillars and consider overall corporate responsibility themes and activities. The Chair reports to the GEC monthly and to the Board on a quarterly basis. Chris Grigg, following his appointment as Chair, will be attending the monthly meetings as an observer, reflecting the Board's assessment of ESG as a key risk.

Our risk management framework encapsulates and supports our Corporate Responsibility strategy. Importantly, we recognise that corporate responsibility brings its own significant risks and opportunities, addressed under our risk management framework.

Key highlights and looking forward

Pillar	Objectives	Key highlights and looking forward
Environment	We are committed to managing our business in a sustainable way to minimise our impact on the environment. Our environmental considerations include waste (paper, recycling, plastics), water, biodiversity and deforestation, energy	• We are working towards Net Zero in our corporate operations and are pleased to include a Climate-Related Financial Disclosure Report **See pages 56 to 64** • We are fitting-out our buildings to make them more sustainable, where possible. For new offices, we will consider the environmental impact of the building, fit-out and the moving process in our selection. Our newly refurbished office buildings in London and Birmingham both achieved a BREEAM 'Excellent' rating **See page 42** • Environmental considerations are embedded within our Responsible Investment processes, policies and procedures **See pages 44 to 48**

Pillar	Objectives	Key highlights and looking forward
	efficiency and carbon emissions. We are striving to achieve the relevant UN goals on meeting environmental targets.	• We are reducing energy requirements and moving to green energy. Greenhouse Gases report (GHG) and energy efficiencies are measured **See pages 40 and 41** • In 2022, we will complete the CDP (formerly the 'Climate Disclosure Project') questionnaire to become a CDP supporter • We have implemented 'Smart Working' which reduces travel and office space requirements for colleagues **See page 40** • Initiatives to reduce paper, printing and storage were introduced. These, plus digital technology improvements, have significantly reduced our paper storage requirement from 3,682 linear metres in 2018 to 387 linear metres in 2021, a reduction of 89% **See page 40** • In 2022, we will work with our climate consultants to include further Scope 3 emission categories in our assessment and develop our initial roadmap of data improvements required as we work towards our goal of Net Zero **See page 43**
Responsible investment	Responsible investment is a strategy and practice of incorporating ESG factors alongside purely financial considerations in investment decisions and the practice of active ownership/stewardship. We are engaged in stewardship (active ownership) in investment management to improve investees' ESG practices.	• UN PRI and UK Stewardship Code 2020 obligations frame the Group's investment process, policies, and procedures **See page 45** • We practice stewardship and active ownership through regular engagement with the companies in which our clients invest. This takes the form of informal discussions, as well as more formal voting, with the aim of improving ESG performance of those companies **See page 46** • We engage with collaborative engagement platforms (The Investor Forum and Climate Action 100+). Through collaborative engagements, the Group can influence and address various ESG topics **See page 46** • Systems, third-party research tools and databases, screening and sector specialists are used to measure and consider ESG factors relevant to each sector and investment. We will look to further understand our measures and risks related to the 'Scope 3 financed emissions' of the investments we manage for our clients **See page 46** • We offer a range of ESG and sustainable product and services solutions to clients, a bespoke discretionary investment management service, and a range of sustainable investment products. This includes Tilney's Managed Portfolio Service (MPS) range of strategies and the Tilney Active Portfolios (TAP) which include two Sustainable TAP funds. Our Sustainable TAP fund was crowned the Best ESG Investment Strategy in 2021 in the City of London Wealth Management Awards **See page 45** • Learning and development around ESG is a key priority for the Group. We have an ongoing multi-phase training programme aimed at our investment managers and financial planners to keep them up to date with the latest developments. We encourage our investment managers to undertake the UK CFA ESG exam and other relevant training related to sustainability and responsible investment, including the CFA's 'Certificate in ESG Investing', endorsed by the UN PRI **See page 47** • We aim to improve the knowledge base of our clients, through the production and communication of responsible investing articles and thought leadership pieces, as well as regular conferences, webinars and publications. We held our second Annual Responsible Investment Conference in December 2021 **See page 47**
People	Our people and our culture are central to our successful and unique client proposition. The quality of our people, their skill and	• Following the merger, we are committed to developing a culture which is the 'best of both', building on the existing cultural strengths of client focus and doing the right thing, where colleagues feel able to have a voice **See page 49**

Pillar	Objectives	Key highlights and looking forward
	expertise and the trusted long-term relationships they build with clients, underpins and sustains our success. Our ability to attract and retain a diverse pool of talent is central to our success. A competitive reward model and colleague training and developments is key, as is diversity and inclusion and wellness, to ensure we attract and retain the best talent.	• We implemented our 'Smart Working' approach and have invested in digital technology which allows our colleagues to communicate and work together more effectively, wherever they are based with better planning of use of facilities See page 50 • We have a Diversity and Inclusion Committee. Our diversity and inclusion agenda aims are to ensure that colleagues of all backgrounds, life experiences, preferences and beliefs, are respected and valued as individuals. We wish to embed a culture that values and celebrates diversity. We participate in programmes which support our diversity and inclusion strategy See page 50 • We have signed up to the Women in Finance Charter pledge for gender balance in financial services and have sought to improve gender diversity in both our Financial Services and Professional Services businesses • Our wellness agenda aims to ensure that we improve our colleagues' wellbeing and organisational resilience. We have made available resources which supports our colleagues' wellbeing. We have developed the skills to support organisational resilience and wellbeing by providing training to colleagues. We have encouraged conversations around wellbeing including mental health See page 51 • We aim to ensure that we educate, recruit and retain a diverse workforce that reflects wider society and our client base. We invest in our people and our colleagues regularly attend professional development courses, including ESG training, and technical updates See page 51 • Our remuneration strategy aims to reward outstanding client outcomes and experiences and attract and retain high performing colleagues. This year, we outsourced recruitment to increase efficiency and eliminate bias in the hiring process See page 52
Charities and communities	As a Group, we enable our clients to invest responsibly, and we adopt the same approach to supporting our local communities. We have a wealth of talent and experience within our business and are keen to share this by enabling our employees to gain further personal and professional development by getting involved in community projects and activities.	• The Group's corporate charitable objective is to improve diversity and inclusion in financial and professional services. This aligns with the Group's diversity and inclusion policies See page 53 • This year, we committed to a three-year corporate charitable giving partnership with Impetus, an organisation which is transforming the lives of young people from disadvantaged backgrounds. We donated £100,000 to Impetus and have pledged to donate £100,000 annually for three years. We will also support Impetus through pro-bono work and volunteering See page 53 • Our colleague charitable support focuses on three key areas: a) Employee volunteering; b) Give-As-You-Earn (GAYE) through a payroll giving scheme and c) Matched fundraising where we match our employees' fundraising efforts with donations of up to £250 for an individual and up to £1,000 for each team fundraising event See page 54 • To support our colleagues' charitable endeavours by offering generous donation matching, the Group donates £50,000 a year to the Tilney Charitable Trust to supplement the annual spend of the Trust. This year, the Trust donated £99,000 See page 54 • We participate in several programmes which support our diversity and inclusion strategy, including the 'Girls Network', 'She Can Be' and the '100 Black Interns Programme' See page 54

Environment

We are committed to managing our business in a sustainable way to minimise our impact on the environment. Our environmental impacts include waste (paper, recycling, plastics), water, biodiversity and deforestation, energy efficiency and carbon emissions. We are striving to achieve the relevant UN goals on meeting environmental targets. In December 2021, we set ourselves the goal of achieving Net Zero on our corporate operational emissions as soon as possible. We are supporters of the TCFD reporting framework and its recommendations.

We are pleased to include a Climate-Related Financial Disclosure Report on pages 56 to 64 and will further develop our governance, strategy, risk management, metrics and targets, as we work towards aligning with the TCFD requirements. We intend to report under the TCFD reporting framework for the year ended 31 December 2022.

Where we can, we are equipping our buildings to meet stringent environmental standards. When considering new offices, our selection processes consider the environmental impact of the building, the fit-out, as well as social and community aspects. As an example, please refer to 'Our buildings' on pages 42 to 43.

Environmental considerations are also embedded within our investment processes as well as our business operations. Further details on this can be found in the Responsible Investment section on pages 44 to 48.

Why it's important

The impact of climate change has contributed to extreme floods, wildfires, droughts and storms in various parts of the world. Temperature records continued to be broken. Following the 26th UN Climate Change Conference of the Parties (COP26), further pledges were made by leaders around the world, to reaffirm the goal of limiting the increase in global temperature to well below 2°C (and if possible, under 1.5°C) above pre-industrial levels.

Organisations have recognised the part they play, and the impact climate change will have on their businesses and investments.

Governance

The Environment pillar is headed by Andrew Baddeley, our Group Chief Financial Officer. Andrew is also a Board member and member of the GEC. Within the CRC, Andrew's role is to ensure that the environment is considered throughout the business in respect of its corporate operations, to lead and oversee the activities being undertaken to reduce our carbon footprint and to meet the Group's strategy of achieving operational Net Zero. He is supported in these activities by the CRC and the three other pillar heads, the Committee members and by senior management throughout the business.

Activities during the year

As noted in last year's Annual Report, the operation of our offices and business travel are the primary sources of our corporate operational emissions.

This year, to reduce our carbon footprint, we have implemented many initiatives across the business, as follows:

- Fit-outs - We commenced the sustainable fit-out of our new London head office and our new Birmingham office. Both buildings are rated BREEAM 'excellent' and there are 150 bike spaces, and no car park spaces at our new London offices. Further details about our sustainable fit-outs can be found on pages 42 to 43
- Green energy - where we procure energy directly, we aim to ensure that all energy is from renewable sources supported by Renewable Energy Guarantees of Origin (REGO). Where energy is supplied by our lessors, we will work with them to influence their sustainable selection of energy suppliers
- Sensor and LED lighting - our new offices will be fitted with sensors and LED lighting
- 'Smart Working' - this enables colleagues to partially work from home and partially in the office, reduces travel and has allowed us to reduce our office space utilisation. Over time, this will help us to reduce our overall space requirement. At the end of 2021, across offices in 27 towns and cities, we occupied 327,665 square feet (2020: 355,561 square feet), a reduction of 7.8% office space
- Paper usage, printing and paper storage - this year we successfully implemented our new Document Management Scheme (DMS) for Professional Services in our Guildford office and are rolling this out to our other offices. This, plus digital technology improvements, have significantly reduced our paper storage requirement from 3,682 linear metres in 2018 to 387 linear metres in 2021, a reduction of 89%
- Paper usage and clients - we supported and enabled more clients to adopt paperless reporting and enhanced the content available on our secure online client portals 'MyTilney' and the Smith & Williamson client portal. Where we have obtained their permission, we communicate with clients electronically
- Corporate travel – we continue to promote and support sustainable transport policies such as cycle-to-work and season ticket loans. Our Smart Working approach, video conferencing and online team working solutions have also served to reduce the requirement to travel and optimise our office space utilisation.

Greenhouse Gas (GHG) Emissions

As a UK incorporated, large organisation, Tilney Smith & Williamson is required to report its UK energy and greenhouse gas (GHG) emissions information.

The table below summaries the energy consumption and GHG emissions for the Group for the year ended 31 December 2021, measured in metric tonnes of carbon dioxide equivalent (tCO2e), along with the combined data for the previous year. Please see note 50 for a list of the companies included in the Tilney Smith & Williamson Group.

	tCO_2e 2021	tCO_2e 2020
Energy consumption used to calculate emissions, kWh	7,699,130	9,194,866
Scope 1		
Emissions from combustion of gas	287	523
Emissions from combustion of fuel for transport purposes	-	5
	287	528
Scope 2		
Emissions from purchased electricity (location-based)	1,218	1,280
Scope 3		
Emissions from business travel in rental cars or employee-owned vehicles, where company is responsible for purchasing the fuel	97	115
Total gross (Scope 1, 2 and 3, as above)	1,602	1,923
Intensity ratio: tCO2e / FTE	0.58	0.60

As a result of the pandemic, we have seen continued reductions in electricity (down 5%) and business travel (down 16% since last year and 71% since before the pandemic) which has resulted in a decrease in our emissions intensity ratio. The Group no longer provides company cars to colleagues. When comparing metrics to non-pandemic years, the decrease in business travel, along with reductions in office electricity consumption and gas use, are common trends across most organisations.

We have used the main requirements of the Greenhouse Gas Protocol to calculate our emissions. We have reported on all the emission sources required under the regulations. These sources fall within the Group, with an operational control approach being followed when defining our organisational boundary. We do not have responsibility for any emission sources that are not included in our consolidated statement. Where necessary due to the unavailability of meter readings, some energy consumption has been estimated using direct comparisons and pro-rata extrapolation. We have used the HM Government Environmental Reporting Guidelines (March 2019) and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2021 to calculate our emissions. The intensity ratio has been calculated based on the Scope 1 and 2 emissions compared to full-time equivalent heads. This is comparable to the measure used in prior years and is considered to be the most relevant for a people-based business such as ours.

Scope 1 emissions are direct emissions from fuel used in company-owned vehicles and from gas used for heating in our offices. Scope 2 emissions are associated with our consumption of purchased electricity, heat, steam and cooling. The only Scope 3 emissions included above relate to the consumption of fuel used for company transport.

In the coming year, we will work with our climate consultants to evaluate and include further Scope 3 emission categories in our assessment (excluding financed emissions). The responsible investment team will also be undertaking work on understanding and setting a strategy to measure 'financed emissions' of the investments we manage on behalf of our clients.

Energy Efficiency

In addition to our partnership with our climate consultants, our Mechanical Electrical Plumbing (MEP) service partner for the Group provides an additional layer of energy use monitoring and reporting by providing the following:

- A year-by-year comparison of our monthly energy consumption and cost
- Reporting on building operation approach, controls of central plant identifying notable variance from the commissioned performance of equipment or systems
- Benchmarking of each office energy performance against CIBSE's TM46 published benchmarks
- Identifying energy saving opportunities by each office location.

Our buildings

New head office - Gresham Street

As disclosed in last year's Annual Report, we entered into a lease agreement for our new headquarters at 45 Gresham Street in the City of London and look forward to moving there between spring and summer of 2022. This is a great opportunity to further integrate the two legacy businesses into one as we relocate into a new head office location.

We are proud to announce that the Gresham Street development achieved a BREEAM 'Excellent' rating, awarded in July 2021.

BREEAM is the world's leading sustainability assessment method for master-planning projects, infrastructure and buildings. The BREEAM certification process looks at the project or buildings asset's environmental, social and economic sustainability performance, using standards developed by the Building Research Establishment (BRE). This means that BREEAM rated developments are more sustainable environments that enhance the wellbeing of the people who live and work in them and help protect natural resources.

Sustainable fit-out of refurbished building - Gresham Street

Refurbished office buildings cut the carbon footprints of everyone who occupies them. The refurbished office will save 6,660 tonnes of CO_2 over its lifetime, compared with a new building. That's equivalent to the carbon footprint of over 1,200 people in the UK.

The Gresham Street building has many features which will help to reduce our emissions. Some of these features include:

- The air handling units for the building benefit from thermal wheel heat recovery which improves energy efficiency by 70%
- A high efficiency cooling tower which utilises 78% less fan power compared to a traditional cooling tower
- A 735 square metres sedum (green) roof for biodiversity
- Sensor LED lighting throughout the building to minimise lighting energy requirements
- An accessible bike storage area for 150 bicycles in the basement and no car parking spaces.

Environmental impact of fit-out of our office space - Gresham Street

When considering the fit-out, we wanted to ensure that environmental considerations were built into the contract for our new head office. Three supply phases of a fit-out project were identified by our facilities management team. These were:

- the design and build of the fit-out works
- the supply of furniture for the new office
- the move and waste management before, during and after the move.

Our procurement evaluation criteria for Gresham Street were matched to our high sustainability requirements.

Fit-out contractor (Tier1 Contractor)

The overarching requirement was for a commitment to Net Zero carbon emissions for all construction activity on completion, covering both operational energy and water use. An online data capture system is in use to record every element of the environmental impact of the project. Waste removals are also tracked to calculate waste diversion. This data captured is updated and verified.

A summary of the key initiatives and targets agreed with the contractor to meet the Net Zero emissions for the refurbishment target, and being measured throughout the project, are:

- Carbon - the contractor is using renewable energy supply on site and no diesel and will offset any remaining carbon emissions with Gold Standard offsets
- Waste - contractors attend waste minimisation workshops to discuss best practice for waste reduction and waste is being audited to ensure compliance
- Waste diversion from landfill - waste segregation is ensured at the waste destination. Currently the project is achieving 98% diversion from landfill
- Training - compulsory courses held include sustainability courses with an over 90% completion rate to date
- Biodiversity - there are targets to create green space equal to 10% of the offsite floor area. The contractor is offsetting our carbon, through tree planting and other sequestering projects, and has planted 30 trees through the Trees for Life organisation
- Ethical Sourcing - materials are 100% responsibly sourced and all contractors on site have signed up to the Supplier Ethical Data Exchange (SEDEX)
- Social value and volunteering - all the contractor's staff were required to complete a volunteering day in 2021, to support the local community, in the name of the Group.

The fit-out is now well on the way to completion. Progress is monitored monthly, including the sustainable aspects of the project.

New office furniture

The furniture for our new offices is being sourced from a specialist ISO 14001 accredited furniture supplier with a strong commitment to sustainability and environmental management.

Move and waste generated by move

For our office move and clearance of existing offices in 2022, we have partnered with a commercial relocation company, located within 10 miles of our offices, to minimise the environmental impact of transportation.

The supplier re-uses move equipment (skates, trolleys, crates, etc) to reduce packaging and waste. The company also specialises in re-using furniture, wherever possible, by providing a remanufacturing and refurbishment service. Additionally, the company provides a technology clearance service and will clear and reconfigure items, some of which will be donated to schools, charities and social enterprises.

The selected supplier for the move operates a waste management system and will ensure that waste generated by the move will be sorted and sustainably re-used, where possible.

New office - Birmingham

As we seek to reduce our footprint by reducing our occupied space, we will also be combining our two Birmingham offices into one new location.

We are progressing with the sustainable fit-out of this office.

Our new Birmingham office building has a BREEAM 'Excellent' rating. Additionally, we have also recently been informed that this building has achieved an Energy Performance Certificate (EPC) rating of 'A' and is the only building in Birmingham City Centre to have done so.

Looking forward

We look forward to moving into our new sustainable offices in 2022. This will help to further reduce our operational carbon footprint.

Other activities planned for the coming years, following our announcement in December 2021 on our commitment to Net Zero, are summarised below.

- We will continue to make environmental improvements in our existing offices by opting for green energy suppliers, rolling out LED and sensor fit-outs and auditing our high consumption hardware to develop a strategy to address this
- We will review our policies to ensure that ESG and sustainability is embedded in our approach and will develop our over-arching environmental policy
- We are developing and will roll out supplier questionnaires relating to ESG, initially to our main suppliers, to evaluate their ESG considerations and emissions. We will evaluate our findings before extending to all our suppliers in due course
- We continue to work with our climate consultants to evaluate and include further Scope 3 emission categories in our assessment and work on our initial roadmap of data improvements required, as we work towards our goal of Net Zero
- To demonstrate our commitment to reducing our GHG emissions, we will be completing the CDP questionnaire to become a CDP supporter
- We will continue to keep abreast of the many developments and guidance around achieving Net Zero, Science based Target initiatives (SBTi), new Sustainability Disclosure Requirements (SDR) regime, the continuing progress on UK Green Taxonomy and further guidance on aligning with the TCFD
- We will further develop our strategy, risk management and metrics as we further align with the TCFD in the year ahead
- We will keep our colleagues updated via our intranet and other communication channels and offer training and updates on Corporate Responsibility and ESG
- We will support further training in ESG and sustainability issues and expand the knowledge base across the Group as ESG is embedded within our approach.

Responsible Investment

Responsible investment is about incorporating consideration of environmental, social and governance (ESG) factors into the way we invest our clients' assets, alongside purely financial considerations, combined with the practice of active ownership/stewardship.

As responsible investors, we are engaged in the stewardship of the businesses we invest in on behalf of our clients. We use our influence as shareholders to improve investee companies' own ESG practices and performance. We do this by engaging (directly and collaboratively) with companies where we have material shareholdings and by voting at shareholder meetings. As good stewards of our clients' capital, we seek to encourage better business practices which will both enhance value and reduce potential risks as well as increasing the impact of holding those investments on the both the environment and wider society.

The Group exercises its fiduciary duties for all clients as a responsible investor. Although we do not impose our own ESG views, all clients benefit from our integrated approach to responsible investment and our stewardship of their capital.

Why it is important

Responsible investment is an important principle for the Group and will play an increasing part in setting an agenda which considers ESG impact, policies, measures and metrics.

We are at the forefront of responsible investment within the UK wealth management industry and are deeply committed to being a good steward of our clients' capital. ESG factors can have a significant impact on the long-term financial performance and risk profile of investments, both positively and negatively, therefore we have integrated consideration of these factors as a core component of our investment approach.

We believe that companies with high standards of governance and corporate behaviours, sustainable business models and which make a positive contribution to the communities they serve and operate within are less risky long-term investments.

Our investment process has traditionally had a bias towards well-managed companies with sustainable business models.

Governance

Please refer to our Responsible investment Governance Chart on page 57.

The Board has delegated authority to the Financial Services Executive Committee (FSEC) for the oversight of the Group's investment process and client outcomes.

John Erskine, the Chief Investment Management Director, leads the Responsible Investment pillar within the CRC. He is also a member of the GEC, a member of FSEC as well as Chair of the Financial Services Risk, Oversight and Operations Committee (FS ROOC) and he reports to the Board on a quarterly basis.

FSEC has delegated authority to the Investment Process Committee (IPC) to manage and develop the investment process, including investment risk. FSEC receives monthly reports and recommendations from FS ROOC, to which it has delegated the oversight of client outcomes and operational matters for the investment management and financial planning business units.

The IPC has appointed the Stewardship and Responsible Investment Group (SRIG) to oversee the Group's approach to responsible investment. Governance of the Group's investment process, and SRIG's role within it, is shown in the Responsible investment Governance Chart.

SRIG comprises a range of investment managers from across the business and includes representatives of the Stewardship and Responsible Investment team (SRI), Compliance, Investment Risk and Regulatory Developments. The SRI team provides operational support to SRIG.

SRIG normally meets monthly and reports to the IPC. The IPC reports to the FSEC which reports to GEC and CRC monthly.

Activities during the year

Governance

During the year, changes in governance were made to fit in with the new group structure and the integration of activities. The structure on page 57 was adopted as a result.

SRIG is an important part of the Group's responsible investment approach. SRIG's primary objective is to ensure that ESG and regulatory requirements are fully embedded throughout the investment process. To manage active stewardship, SRIG works closely with the other committees including asset allocation, fixed interest, equity and the collectives' committees. SRIGs' activities include managing voting and engagement, training colleagues and ensuring that the Group remains at the forefront for responsible investment in our sector. SRIG is also responsible for identifying investment risks related to ESG.

The SRI team provides operational support to SRIG. They are responsible for the day-to-day management of responsible investment and for maintenance of our internal responsible investment hub. They are part of the front office where they provide advice and assistance to investment managers as the first point of contact for anything relating to responsible investment.

UN PRI & UK Stewardship code 2020

UN PRI

Tilney and Smith & Williamson are signatories of the UN PRI.

Smith & Williamson became a signatory to the UN PRI in October 2018, and Tilney become a signatory in July 2020.

UK Stewardship Code 2020

Smith & Williamson made an application for the new 2020 Stewardship Code in October 2021, having been a signatory of the 2012 Stewardship Code. We are awaiting the outcome of that application, which we expect to receive by March 2022.

Following the merger in 2020, great strides have been made in integrating the investment hierarchy, policies and combining the custody and investments systems onto one platform. We expect to be in position to submit a combined Stewardship Code application for the whole Group shortly.

These obligations frame the Group's investment process, policies, and procedures to help manage conflicts of interest, pursue an active voting policy and monitor the companies in which we invest.

Our Sustainable Investment Products and Services

We offer our clients a broad range of ESG and sustainable product and services solutions. Our discretionary portfolio management service applies a responsible investment approach to all our client portfolios based on our standard investment strategy, which integrates ESG factors into our investment decisions and stewardship actions.

We also offer clients a bespoke investment management service, upon request. Portfolio solutions are tailored according to individual client needs and preferences, including screening for positive and negative ESG attributes and restrictions, best in class investments for securities with higher ESG ratings, investments with sustainable themes, and responsible collective investments.

Client preferences and regulatory requirements are evolving quickly, and we continue to expand the resources available to meet these emerging challenges.

Tilney Active Portfolios & Sustainable Managed Portfolio Services

Our range of sustainable investment products and services is outlined below:

We offer a Sustainable Managed Portfolio Service (SMPS). This is a UK-based range of strategies, which celebrated its' tenth anniversary since its inception in September 2011. The SMPS range provides financial advisers with access to a suite of sustainable discretionary investment management strategies to cater for different client risk and return objectives. The Group also launched a separate Sustainable MPS strategy in October 2021.

We also manage the Tilney Active Portfolios (TAP) range. TAP is a series of unitised fund-of-funds, which includes the Tilney Sustainable Portfolios. The original Sustainable TAP fund is classified as an Article 8 product under the EU Securities Finance Disclosure Regulation (SFDR), as the fund "promotes environmental and social characteristics". It was crowned the Best ESG Investment Strategy in 2021 in the City of London Wealth Management Awards. During the year, this fund was renamed as the Tilney Sustainable Cautious Portfolio.

In December 2021, we also launched the Tilney Sustainable Adventurous Portfolio, a further addition to the TAP range. This fund is managed on a similar basis to the Sustainable Cautious fund but is aimed at retail investors seeking a long-term growth focused portfolio of investments which demonstrate strong ESG and sustainability credentials, with a marginally higher risk profile than the Sustainable Cautious fund.

The TAP Sustainable Portfolios and SMPS use both positive and negative screening, with ethical and sustainable objectives as part of their core investment thesis and fund selection criteria. Their investment approach focuses on funds with sustainability themes which actively engage and invest in companies that operate in those areas. These sustainable portfolios also aim to avoid investing in companies with products or services that have a negative environmental or social impact.

Stewardship and engagement

As defined by the UK Stewardship Code 2020, stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and sustainable benefits for the economy, the environment and society. Stewardship is therefore a term closely linked with the practice of engagement or active ownership.

We practice stewardship and active ownership through regular engagement with companies. This takes the form of informal discussions, as well as more formal voting and collaborative engagement, with the aim of improving ESG performance of companies.

Our sector specialists, a cohort of approximately 80 in-house research analysts covering multiple sectors, regularly interact with brokers, company management teams, and investor relations representatives.

Voting policy

Smith & Williamson's voting policy can be found on the stewardship and responsible investment section of its external website. This is built from the firm's experience of engagement with companies, as well as the expertise of sector specialists and investment managers, which allows more nuanced judgements than the rules-based approach provided by proxy voting advisers. Additionally, every team has access to a database of voting recommendations and can provide clients with personalised voting records on demand.

Following the merger, our investment management and Digital Technology and Systems (DTS) teams are working to integrate the Tilney Smith & Williamson custody and investment systems to ensure that our voting and stewardship policies are applied consistently across the Group. In November 2021, the first tranche of the legacy Tilney assets under management were migrated on to the in-house custody platform with plans for a further tranche to be transferred by spring 2022 and most of the remaining assets to move by autumn 2022.

All voting activity is made publicly available each quarter and the Group's voting and engagement activity is published in the Annual Stewardship and Responsible Investment Report.

Since we began voting in November 2018, we have voted in over 2,419 company meetings and actively engaged with over 444 companies on their resolutions, up to 31 December 2021.

2021 has been a record year in terms of the number of company meetings voted in and engagement letters sent on resolutions since we started voting; we voted at 845 meetings (2020: 765) and sent 163 engagement letters (2020: 141).

Collaborative engagement

The Group is a member of collaborative engagement platforms to amplify the impact it can make by working with other investors. Through collaborative engagements, the Group can influence and address various ESG topics, wider themes and work with industry peers. We are members of:

- *The Investor Forum*: a community interest company set up by institutional investors in UK equities. The forum helps investors to work collectively to escalate material issues with the Boards of UK-listed companies
- *Climate Action 100+:* an investor-led initiative to ensure the world's largest corporate greenhouse gas (GHG) emitters take necessary action on climate change. We are part of a working group engaging with one of the world's 100 largest GHG emitters. This UN-supported engagement group has been hugely important in encouraging disclosure of GHG emissions and commitments to reach Net Zero.

Systems and ESG research tools

Last year, Tilney Smith & Williamson introduced a new investment management, custody and settlement technology system. This will be a key building block on which the responsible investment process and client sustainability preferences are fully integrated within portfolios in the years to come.

We use third-party research tools and databases to provide our investment managers with core ESG data to assist in measuring ESG factors and sustainability risks.

This is now available to all Group investment managers via the ESG champions in each investment team, which will enable us to capture third-party ESG data required to measure and manage our ESG risks in portfolios and meet pending EU SFDR and UK TCFD regulatory reporting requirements.

Our third-party research tools enable investments and portfolios to be mapped to the 17 Sustainable Development Goals (SDGs) and provide useful analysis regarding the rating for each element of the environmental, social or governance rating.

Where clients have ethical or other criteria, we have access to a product which allow portfolios to be screened for exposures. It allows for positive screening towards companies with a high or improving ESG scores and includes best-in-class portfolios and low carbon portfolios. This reporting tool may also be used to provide clients with the carbon footprint of their portfolios, upon request.

Sector specialists

Our sector specialists play a fundamental role in enabling us to exercise our duty as responsible investors, ensuring that the highest standards of governance are met and that ESG factors are given due consideration. They conduct in-depth research into UK and overseas equities and collective funds and use third-party research (including research analyst and research tools), some primary research and have many company meetings each year. They identify the most important ESG factors (typically the most significant 3 to 5) for the sector in which the company or fund operates and evaluate the short, medium, and long-term impact of ESG factors on performance.

Our Collectives funds fall into three categories: Green Tick funds, Responsible/Sustainable funds, and all other funds. All collective funds are subject to ESG-related due diligence regardless of their category.

Asset allocation, Investment Risk, and ESG integration

The Asset Allocation Committee (AAC) considers the growth of ESG investing to be a strong long-term theme that will have capital allocation impacts across different sectors and industries. This consideration is integrated into the advice provided to sector teams and into the coverage lists of securities and funds, alongside traditional financial metrics.

ESG factors are well integrated into the assessments of risks by sector specialists and consideration in portfolio construction for our equity and collective portfolios. We continue to enhance our capability to integrate ESG considerations for other asset classes, e.g., fixed income, alterative assets (such as real estate and infrastructure assets) and structured products.

Training and Education

Responsible investment and the growth in ESG products and services is rapidly evolving.

All members of the Board, senior executives and department heads receive induction and ongoing training on stewardship and responsible investment each year.

As part of our ESG integration roll-out, we provide training to investment managers and sector specialists on ESG topics.

Learning and development around ESG is a key priority for the Group. There is a three-stage mandatory training programme for all client facing investment professionals, plus sector by sector training each year. We encourage our investment managers to undertake the CFA's Certificate in ESG Investing exam endorsed by the UN PRI, and other relevant training related to sustainability and responsible investment.

Client ESG Knowledge Sharing

Additionally, we aim to improve the knowledge base of our clients, through the production and communication of responsible investing articles and thought leadership pieces, as well as regular conferences and webinars. Our responsible investment publications can be found on the external facing Stewardship and Responsible Investment section of our website and are regularly communicated to our clients.

We held our second annual Responsible Investment Conference in December 2021. Topics covered in conferences, seminars, and articles ranged from 'Navigating the Green Maze', Sustainable Investments, UN Sustainability Development Goals (SDG), Climate change, and COP26, through to forthcoming global accounting changes and impact measurement. We look forward to hosting further events in the years ahead for our clients, colleagues and financial intermediaries.

Policies

We maintain a series of policies under the overarching structure of our responsible investment policy statement, supported by our Investment Process Manual (an internal document). The policies which support responsible investment and stewardship activities are disclosed on the responsible investment section of our website. These relate to our:

- Responsible Investment Policy
- Voting Policy
- SRD II Engagement Policy
- Conflicts of Interest Policy
- Sustainability Disclosure Policy.

The policies are reviewed annually unless there is a regulatory change requiring an earlier update.

Memberships and awards

We are signatories of the UN PRI and Smith & Williamson made an application for the new 2020 Stewardship Code (see page 45). In 2021, we submitted our data to the UN PRI on behalf of both legacy businesses. Due to issues with their new reporting tool, the UN PRI are still working on our Assessment Reports which they aim to do publish by the end of June 2022.

We expect to be in a position to submit a combined stewardship code application for the whole Group shortly.

In addition, the Group is an active participant in industry working groups for sustainability-related initiatives and is a member of the following bodies:

- The Investment Association
- Personal Investment Management and Financial Advice Association (PIMFA)
- The Investing and Saving Alliance (TISA).

Over the year, we contributed to some of the above industry associations responses to the UK FCA's consultation process. These included proposals for the mandatory adoption of TCFD for asset managers and the FCA's discussion paper on the development of Sustainability Disclosure Requirements for sustainability labels and classification of UK financial services products and services.

As noted above, the Group is a member of the following collaborative engagement platforms:

- The Investor Forum
- Climate Action 100+.

The Tilney Sustainable Cautious Portfolio was awarded the Best ESG Investment Strategy at the 2021 City of London Wealth Management Awards.

Looking forward

We recognise that ESG factors matter and are important to all our stakeholders. We will continue to embed ESG into our processes, policies, strategy and decisions making.

Further activities planned for the coming years are summarised below.

- The integration of the legacy Tilney and legacy Smith & Williamson custody and investment systems followed by completion of the alignment of all legacy investment policies to Group policies. This is expected to be completed in 2022
- Following completion of the above, a combined UK Stewardship Code application for the Group will be submitted, together with a combined submission for the UN PRI's next reporting cycle
- We are working towards compliance with the FCA's mandatory TCFD reporting requirements and are updating our client portfolio level and fund reporting to meet these new obligations
- We will continue to develop our understanding of the impact of ESG themes, risks and opportunities into our investment process at an aggregate and individual portfolio level. This includes ongoing investment in tools to understand our underlying data needed to manage clients' portfolios. This also includes further work to understand and measure our 'Scope 3 financed emissions' of the investments we manage on behalf of our clients to support our TCFD disclosures
- To review and update the responsible investment controls supported by risk management and our internal auditors
- We continue to look for collaborative opportunities to join appropriate initiatives, as part of our ongoing stewardship activities
- We will build on our understanding of Principal Adverse Impact (PAI) measurement and reporting of our investments and other Level 2 SFDR reporting disclosures required for our EU based operations
- We will encourage further take up of the CFA ESG exams and other relevant internal and external training related to sustainability and responsible investment, including the CFA's 'Certificate in ESG Investing' and the 'Certificate in Climate', endorsed by the UN PRI
- As further guidance emerges regarding ESG and the consideration of sustainability issues and preferences, the Group will provide greater information to our clients, particularly on the impact of their portfolios on climate-related matters and all ESG factors
- We will integrate individual client sustainability preferences with appropriate systems.

Transparency is of utmost importance to us. We will remain transparent and share our progress with announcements and updates on our website.

People

Our people and our culture are central to our successful and unique client proposition. It is the quality of our people, their skill and expertise, and the trusted long-term relationships they establish with their clients which underpins and sustains our success.

Our ability to attract, develop and retain a diverse pool of talent is a central strategy. Key areas of focus are maintaining a competitive reward model and ensuring we have the appropriate knowledge and expertise that supports excellent client engagement.

Governance

The People pillar is headed by the Benne Peto, our Group Chief People Officer. Benne is also a member of the GEC. Benne has responsibility for implementing the People strategy of the Group which includes culture, smart working and communication, diversity and inclusion, wellbeing, talent management and people development and remuneration. This year, on formation of the CRC and to fulfil the commitments of the Corporate Responsibility strategy, the focus areas identified for the People pillar were:

- Culture - to focus on developing a business wide culture where colleagues have a shared purpose and values, which acts as our organisational compass to define the way in which we work and support the achievement of our organisational goals
- Diversity & Inclusion — to focus on improving the diversity of our organisation, ensuring that all colleagues are respected and valued as individuals, and that everyone has an equal opportunity to contribute to business success and to succeed
- Wellbeing — to focus on improving wellbeing and organisational resilience by developing colleagues' awareness and ability to improve their own wellbeing, as well as developing leadership ability to spot the signs of stress and provide support.

Activities during the year

In 2021 we have built on our cultural strengths by launching our new purpose and values, bringing the whole organisation together with a shared vision, and a defined way in which we work together and do business. We also undertook our first employee engagement pulse surveys to help us manage change and obtain colleague feedback to inform our People strategy going forward.

Following the impact of COVID-19, we introduced new ways of working across the business, optimising our organisational effectiveness, considering the health and wellness of colleagues whilst also reducing our carbon footprint and meeting our clients' needs. Communication continues to be improved through the investment in new tools for collaboration. Our diversity and inclusion agenda is being embedded into our culture, our recruitment and our development processes.

In 2021 we launched our colleague wellbeing strategy, with the objective of improving our colleague's engagement, organisational resilience and performance.

Culture

We recognise that our culture is a critical enabler to us achieving our organisational goals, underpinning the way in which we work, and connecting both our colleagues and clients to our purpose and values. Following the merger of Tilney and Smith & Williamson, we are developing a culture which is the 'best of both' businesses. We are building on the existing cultural strengths of client focus and doing the right thing, where colleagues feel able to have a voice, be involved in and contribute to the success of the business.

In 2021 we launched our new purpose and values, which were developed following contributions from colleagues in business-wide workshops and culture surveys.

Our purpose is *'to place the power of good advice into more hands'* reflecting our commitment to our clients, the quality of our colleagues and our proposition, and the ambitions of the business.

Our values reflect what is unique about our culture and our shared ways of working. They are:

- Personal - we treat you as an individual
- Partnership - we go further together
- Performance - we strive for more.

We have specific activities within our colleague engagement programme as we seek to embed our purpose and values across the business.

During the year, we undertook two short employee engagement pulse surveys in May and September 2021, covering colleague engagement, client focus, communication, leadership, management, enablement and career development. The second survey included two additional questions on our purpose and values, following their launch in July 2021. The insight provided by the surveys, has helped to manage change and to respond to colleague engagement levels and feedback through the post-merger period. We intend to continue with colleague pulse surveys every year.

Smart working and communication

As we transitioned out of lockdown in 2021, we implemented a new approach to our ways of working which we called 'Smart Working'. This put a framework in place which defined every role's working style, for example, whether home or office based, or a mix of both. We consulted with all our colleagues on the appropriate working style for their role, so everyone had clear expectations of the ways of working going forward. The Smart Working framework has provided clear guidance to colleagues and management and has enabled better facilities planning.

Communication is key to our business, particularly now that our Smart Working framework is in place, with more colleagues being non-office based for at least some of the working week. We have invested in digital technology which allows our colleagues to communicate and work together more effectively from multiple locations.

There is frequent communication from the leadership team, ensuring that colleagues understand our shared organisational goals and the progress we are making in achieving them, and this was particularly important as we integrated and merged our teams. We leveraged virtual team meetings to improve the effectiveness of communication and minimise unnecessary emails. In the last quarter of 2021, we upgraded our intranet which combined the two legacy intranets, easing access to information and systems for all our colleagues.

Diversity and inclusion

We recognise our responsibility to be an inclusive employer as well as the value that diversity brings in strengthening our ability to achieve our goals.

To ensure the development and delivery of the Group's Diversity and Inclusion agenda, the Diversity and Inclusion Committee (DIC) was formed with membership selected to reflect its diversity and inclusive aims. The committee reports to the Group Chief People Officer monthly and to the GEC and CRC on a quarterly basis.

Our diversity and inclusion agenda aims to ensure that colleagues of all backgrounds, life experiences, preferences and beliefs, are respected and valued as individuals, that all colleagues are given equal opportunity to contribute to business success and to be their true selves. We wish to improve all forms of diversity within the organisation and at all levels across the business.

Our Group Diversity and Inclusion Committee supports the development of our diversity and inclusion strategy. Firstly, we seek to embed a culture that values diversity, giving colleagues a voice, and the safety to speak and be themselves. This includes establishing and promoting diverse support networks within the business. We recognise and engage colleagues in religious and cultural celebrations and participate in national recognition days such as International Women's and Men's days and Gay Pride. Through such events, we showcase diverse role models both internally and externally, and tell their stories to reinforce positive role models.

Another area of focus for our diversity and inclusion strategy, is to ensure that we educate, recruit and retain a diverse workforce that reflects wider society and our client base. Following the merger, we reviewed our flexible working and maternity leave policy and enhanced both to ensure they support the achievement of our goals. Our new outsourced recruitment provider has, by removing unconscious bias, allowed us to apply a more consistent criteria to a diverse candidate pool and to highlight our diverse credentials on our recruitment website. We are also developing the diversity and inclusion skills and understanding of our colleagues by providing training on business wide sub-conscious bias and hiring manager recruitment training. So far 30% of our managers have completed this training,

We participate in programmes which support the under-represented and under-privileged groups in society. These include: the Girls Network, where some of our colleagues dedicate their time to mentor young women; the 100 Black Interns Programme which provides summer internships; and 'She Can Be' by participating in workshops and events that help young women see the City as a viable career option.

We have signed up to the Women in Finance Charter pledge for gender balance in financial services and have sought to improve gender diversity in both our Financial Services and Professional Services businesses. We will be communicating our first targets under the Charter in 2022.

In the formation of the Board and the Group Executive Committee, we have sought to improve gender diversity and are committed to doing this within all levels of the organisation. The following table shows the gender mix of the Group:

Organisation level	Female		Male		Total
31 December 2021	Number	%	Number	%	Number
Board of Directors	2	18%	9	82%	11
Group Executive Committee	4	36%	7	64%	11
Senior management	33	24%	105	76%	138
All colleagues (including Group Executive Committee and Senior management)	1,520	46%	1,766	54%	3,286

Organisation level 31 December 2020	Female Number	Female %	Male Number	Male %	Total Number
Board of Directors	2	18%	9	82%	11
Group Executive Committee	4	31%	9	69%	13
Senior management	31	24%	100	76%	131
All colleagues (including Group Executive Committee and Senior management)	1,474	47%	1,658	53%	3,132

The 2020 Gender Pay Gap Report for Tilney Smith & Williamson is available on our websites. As an employer, we are committed to reducing our gender pay gap and we continue to focus on ways to encourage and support the progression of women into senior roles through recruitment, promotions and mentoring.

Wellbeing

Our employees are our most valuable resource, and as such we wish to support and improve their wellbeing and organisational resilience.

In 2021, we launched our colleague wellbeing strategy, which seeks to improve colleague wellbeing across several areas including emotional, physical and financial wellbeing. This has a positive impact on our colleague's engagement and improves organisational resilience and performance.

Firstly, we have made available resources and information which supports colleagues, such as online wellbeing guides. We have launched an improved employee assistance programme and family friendly policies and have increased the use of occupational health for return-to-work support. We have also enhanced benefits such as additional holidays and private medical cover.

We have been developing the leadership skills which support organisational resilience and wellbeing. We provided management training in leading change, leading remote teams and in how to identify the signs of stress and how to support colleagues. We have undertaken colleague training in adapting to change and working remotely.

Another area of focus for our wellbeing strategy has been to encourage conversations around wellbeing including mental health and we have shared experiences.

A colleague survey on wellbeing provided valuable insight on how well colleagues feel supported, on emotional, physical and mental resilience and work life balance. This will inform our wellbeing strategy going forward.

Talent management and people development

Our clients rely on the expertise and judgement of our people. As such, the maintenance and development of the expert level of skills required is an important aspect of our business.

We invest in our people. All our colleagues attend regular external and internal professional development courses and technical updates, relevant to their areas of specialism, to ensure their knowledge is kept fresh. In 2021, most of our training and development was provided online, reflecting colleagues' new ways of working.

Recruiting the best talent continues to be a key area of focus for the business. In 2021, we outsourced recruitment to improve candidate and hiring manager experience, to increase the candidate quality and candidate selection pool and to increase efficiency in the hiring process. With practitioner/advisor recruitment, we continue to use psychometric profiling of potential candidates to assess their match to our benchmark high performing profile.

All new colleagues across the business experience a consistent online core induction which focuses on both what they need to know to be successful but also how we expect them to behave. Our new purpose and values play an important part in this induction.

We value development of professional skills and achievement of qualifications, participation in apprentice schemes, and we provide employee incentives, study leave and financial support for the achievement of technical examinations and professional body membership.

Within Financial Planning we have 250 practitioners (those authorised to give financial advice), all of whom hold a level 4 qualification as a minimum, predominantly with the Chartered Insurance Institute (CII).

Within Investment Management we have 308 practitioners of which the majority are qualified to a minimum of level 6, predominately with the Chartered Institute for Securities and Investment (CISI). In addition, 247 of the Investment Management practitioners hold chartered status with the CISI. All graduate trainees within Investment Management are required to pass the Chartered Wealth Manager qualification, which is level 7, before they can progress to the practitioner role.

Within Professional Services we have over 449 qualified accountants and Certified Tax Advisers with an extensive range of expertise advising private clients, family-owned businesses and entrepreneurs.

Client engagement skills continued to be an area of focus in 2021 and we have invested in programmes of soft skills, underpinned by the principles of behavioural science.

We set clear expectations through our performance management, with objective setting, coaching, and formal and informal feedback central to our approach. Our new values are incorporated into the behavioural assessment.

We have leadership programmes for developing new leaders as well as more sophisticated programmes for more experienced leaders. Given the business growth and change agenda, we particularly focused on strengthening leaders change management, adaptability and resilience skills during the year.

Remuneration

Our remuneration strategy aims to reward outstanding client outcomes and experiences, aid high performing colleague attraction and retention, and support the wider business objectives, within a robust risk, compliance and regulatory framework. The principles which underpin our remuneration strategy and support the achievement of our aims are to:

- enable colleagues to benefit from a competitive base salary, pensions and benefits package, and participate in a bonus plan
- consider total compensation against competitor and market benchmarks
- ensure that we recruit and retain key talent
- ensure that our approach is compliant with regulations and aligned with sound risk management, and in accordance with applicable requirements including the management of sustainability risk
- enable key senior staff to participate in the equity value created.

Policies

We maintain a series of people policies. The policies listed below support our Corporate Responsibility Strategy:

- Equality, Diversity and Inclusion Policy
- Health and wellbeing policy
- Dignity at work policy
- Living Wage policy
- Flexible working policy
- Recruitment policy

Looking forward

As we embed our culture and our values, some of the activities planned are summarised below.

- We intend to continue undertaking colleague pulse surveys every year and will respond to the feedback to maximise our engagement with our colleagues
- We are committed to improving diversity within our organisation and industry and will continue to develop the skills and understanding of our colleagues by extending training to cover sub-conscious bias and recruitment
- We will continue to develop our diversity and Inclusion strategy
- We will be communicating our first targets under the Women in Finance Charter in 2022
- We are committed to reducing our Gender Pay Gap and will continue to focus on ways to encourage and support the progression of women into senior roles through recruitment, promotions and mentoring
- We will continue to further develop our wellness strategy by incorporating physical and mental health
- We will continue to monitor and evolve our remuneration strategy to ensure it delivers against our remuneration principles and wider business objectives
- We will promote sustainable transport policies (season ticket loans and cycle to work), implement further policies, metrics and measures and reduce our corporate travel
- We will develop our metrics and targets related to diversity, inclusion and wellness.

Charities and Communities

As a Group, we enable our clients to invest responsibly, and we adopt the same approach in supporting our local communities. We have a wealth of talent and experience within our business and are keen to share this with the community and enable our employees to gain further personal and professional development by being involved in community projects and activities.

Governance

The Group's Charities and Community work forms one of the four pillars of the Group's Corporate Responsibility Committee (CRC).

The Charities and Community pillar is headed by the Group General Counsel, Nicola Mitford-Slade, who is both a GEC and CRC member. As Chair of the Charities and Community Committee (CCC), Nicola's role is to ensure that both the corporate and colleague charitable objectives are met in line with the Group Corporate Strategy, whilst ensuring that the Group's charitable policies are adhered to.

CRC have delegated responsibility for applying the policies to the CCC. The CCC operate under an effective governance structure to protect our reputation, brand and our relationships with regulators and legislators, as well as our stakeholders.

Our strategy for Charities and Communities comprises of two strands:

- Corporate charitable giving, and
- Colleague charitable giving.

The objective of both is to support charitable activities through volunteering, charitable giving and by supporting local communities.

We recently launched our Tilney Smith & Williamson purpose *'to place the power of good advice into more hands'* and our values of Personal, Partnership and Performance.

In line with statement of purpose, our charity aims are also to:

- replicate values of personal, partnership and performance
- partner with charities which have a similar geographical footprint (with UK reach)
- be sustainable.

Activities during the year

Corporate charitable giving

The Group's corporate charitable objective is to improve diversity in financial and professional services. This aligns with the Group's diversity and inclusion policies.

Following the excellent support that legacy Smith & Williamson gave to 'FareShare', a national network of charitable food redistributors, and that legacy Tilney gave to Critical NHS in 2020, it was important to us to continue supporting those most impacted by the COVID-19 pandemic, whilst also meeting the corporate charitable objective. This led us to look for a charity partner that was focussed on young people who have been disproportionately impacted by the pandemic.

During the year, we searched for a charity we could support that would benefit from our wealth of technical expertise through pro-bono and volunteering work. Impetus was selected as our charity partner and meets the charity aims as set out above.

Our new corporate partner – Impetus

We are delighted to have committed to a three-year partnership with Impetus.

Impetus is an organisation that is transforming the lives of young people from disadvantaged backgrounds by ensuring that they get support to succeed in school, in work and in life.

Their approach is to find, fund and help build charities that have:

- A focus on improving education and employment for economically disadvantaged young people
- A leadership team and board which is committed to improving and growing their impact
- The potential for longer term sustainability and scale to reach more young people.

Impetus currently fund and support a portfolio of 17 charities working hard to narrow the gaps in education or employment for young people from disadvantaged backgrounds.

In our selection criteria, it was important to us that our charity partner had a similar geographical footprint to us. Impetus's charities are spread across the UK and most of our colleagues live and work within a short distance of an Impetus project. This makes it easy for all our colleagues to get involved and make a difference.

Impetus will have the opportunity to benefit from our wealth of technical advice and expertise through our provision of pro-bono and volunteering work, from specialist tax advisers to human resources and marketing professionals, to mentors to encourage disadvantaged young people to consider roles in both the financial service sector and professional services sector. Through this collaboration, our people can actively be engaged and make a significant difference to Impetus' charities and to the young people that they support.

To give a flavour of the type of charities which Impetus nurtures and develops, three examples are listed below:

- Action Tutoring - supports thousands of young people each year by making tutoring available to those who cannot otherwise afford it
- Dallagio Rugby Works – an intensive programme of long-term skills development based around rugby. The charity supports 14- to 17-year-olds who have been excluded, or have been at risk of being excluded, to help them to progress into further education, training, or employment
- Resurgo – a charity which specifically targets young people who have been out of work, education or training for a year or more. It helps to prepare disengaged young people for work and into a job.

We have kicked off the partnership by donating £100,000 and pledge to donate the same amount annually for the three years.

Through Impetus, we had an opportunity to work with IntoUniversity, a charity that supports young people from disadvantage backgrounds to go to university by giving them support to raise their attainment and aspirations. We hosted a Business in Focus volunteering day in January 2022. The workshop was an opportunity for up to 12 Tilney Smith & Williamson volunteers to support a group of 30 secondary students through an employability-focused business simulation. Such events have a demonstrable impact in developing young people's key skills such as teamwork, communication and leadership.

We also have a team working pro bono to support a charity to develop their strategy,

Participation in other support programmes

As part of our diversity and inclusion strategy, we also participate in several programmes which support the under-represented and under-privileged groups in society. These include:

- the 'Girls Network', where some of our colleagues dedicate their time to mentoring young women
- the '100 Black Interns Programme' which provides summer internships
- 'She Can Be' by hosting workshops and events to help young women see the City as a viable career option.

Colleague charitable giving

Our colleague charitable giving objective is to support our colleagues' charitable endeavours by offering generous donation matching and employee volunteering opportunities.

Colleague matched fundraising is funded by the Tilney Charitable Trust (TCT). TCT was established in 1979 and has since donated over £3 million to local and national charities. The Trust has a strong heritage of providing funding to the charitable causes supported by our colleagues.

The Group donates £50,000 a year to the TCT to supplement the annual spend of the Trust to support Colleague charitable giving.

Colleague charitable support focusses on three key areas:

- Employee volunteering – as well as opportunities to volunteer with Impetus, this year we have also aligned with an organisation called Employee Volunteering to help organise team volunteering days which support our wider ESG plans. We continue to encourage and support our people to get involved and give all our employees paid time off to volunteer
- Give-As-You-Earn (GAYE) – during the year, we introduced a GAYE payroll giving scheme to replacing a previous payroll giving scheme. We encourage colleagues to donate through payroll and match every employee donation of up to £20 per colleague, per month. Regular donations in this way gives charities a reliable income stream
- Matched fundraising – we continue to match our employees' fundraising efforts with donations of up to £250 for an individual and up to £1,000 for each team fundraising event. Additional matched funds are available for local office and national Tilney Smith & Williamson events through a donation from the TCT.

Additionally, in the run-up to Christmas, we encouraged our colleagues to nominate local charities for an award of £2,000 for each charity selected. Local charities rather than national charities were selected as the trustee's opinion was that the award would have a greater impact on those local charities. The trustees of TCT had the unenviable decision of selecting thirty charities whose stated aims aligned with the Group's charitable aims. Total funds awarded in this way were £60,000.

Through our colleague charitable giving donations, Tilney Smith & Williamson contributed £99,000 to 170 charities during the year.

Anti-bribery policy

Tilney Smith & Williamson values its reputation and is committed to maintaining the highest level of ethical standards in the conduct of its business affairs. The actions and conduct of the Group's people as well as others acting on the firm's behalf are key to maintaining these standards. The Group does not tolerate bribery or corruption in any form.

The firm prohibits the offering, giving, solicitation or the acceptance of any bribe or corrupt inducement, whether in cash or in any other form:

- to or from any person or company wherever located, whether a public official or public body, or a private person or company
- by any individual employee, Director, agent, consultant, contractor or other person or body acting on the firm's behalf
- to gain any commercial, contractual, or regulatory advantage for the firm in any way which is unethical or to gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected to the individual.

Our policies cover reporting requirements, restrictions on gifts and hospitality and facilitation payments, our approach to politically exposed persons, information security, our procurement approach and charitable gifts and donations.

The Group will investigate thoroughly any actual or suspected breach of our anti-bribery policies.

Modern slavery and Human Trafficking

We are committed to ensuring our business and supply chain are free from any slavery or human trafficking. Due to the nature of our operations, the group is at low risk of exposure to these issues and our supply chain is not complex, predominately with UK based entities and/or providers who are also regulated.

Due diligence procedures are carried out with our major suppliers and contractual arrangements with our material suppliers are reviewed to ensure we can have confidence that they have sufficient procedures to protect against any slavery or human trafficking taking place in their business or supply chain.

Our tender and due diligence processes for contracts for our outsourced office services includes confirmation of the steps the potential suppliers take to ensure their businesses are free from modern slavery and human trafficking and to ensure they have sufficient policies and procedures in place to ensure workers have fair treatment and pay, access to adequate whistleblowing procedures, and have the necessary documentation to legally work in the UK. Contractors working in our premises also have the right to protection under Tilney Smith & Williamson's whistleblowing policies.

Our policy and statement will be updated in June 2022 and will implement suggestions from the new guidance for the financial sector in relation to modern slavery prevention and awareness, including implementing considerations into our ESG measures.

Whistleblowing Policy

This Whistleblowing policy sets out how colleagues may report any wrongdoings, malpractice, inappropriate behaviour or any concerns or situations they experience, about which they feel uncomfortable.

The policy provides that colleagues who act in good faith have a right not to be victimised, subjected to detriment or dismissed for raising concerns. Concerns can be reported to line managers, or to Risk and Compliance and may be raised verbally or in writing and anonymously. In exceptional circumstances, the incident may be raised with the Group Chair or to Regulators directly. All concerns raised are fully investigated in line with the internal Whistleblowing Investigation Procedure. A Whistleblowing Champion, appointed by the Board, oversees the effectiveness of the Group's Whistleblowing procedures.

The Group provides access to an independent Whistleblowing Advice Line available to any colleague seeking independent and confidential advice at any stage of the process.

Tax Strategy

The Group's Tax Strategy has been made publicly available on our website www.tsandw.com, in accordance with the Finance Act 2016. Both the Risk and Audit Committee and the Board have reviewed and approved the strategy. The strategy sets out the Group's governance in relation to tax compliance, tax risk management, approach to arranging our tax affairs, and our relationship with the tax authorities. The Group's tax risk appetite is low.

Looking forward

We look forward to working with and supporting Impetus in the years ahead. We will encourage our colleagues and stakeholders to take up opportunities to volunteer by undertaking pro bono work and attending or running knowledge sharing events.

Activities planned for the coming year are as follows:

- We have pledged to donate £100,000 annually to Impetus for three years
- We will also continue to support local and national charities both financially and by engaging with 'Employee Volunteering'
- We will continue to support TCT with an annual donation of £50,000
- We will further develop our internal communication and share information about such opportunities via our dedicated Charity and Community intranet page and update the business periodically on our endeavours and achievements
- To support and encourage us all to be good citizens, we are seeking volunteers from our local offices to be local representatives. They will identify local charitable opportunities, help coordinate activities and encourage involvement of colleagues throughout the organisation
- We will continue to integrate and review all our policies to ensure that these are aligned with our corporate objectives, corporate strategy and corporate responsibility objectives.

Climate-Related Financial Disclosure

Our purpose is *'to place the power of good advice into more hands'*. It is at the heart of everything we do.

The long-term threat to humanity from climate change is continuing to accelerate the importance of our corporate responsibility on climate. We recognise that what we do matters and impacts our stakeholders, our communities, and our world. As wealth managers, investment managers and professional service providers, we are responsible both for the stewardship of our clients' capital and for ensuring that our financial advisory services are of the highest standards and enable our clients to build sustainable values and futures.

We seek to enhance the environmental footprint of our operational business as part of our wider corporate responsibility agenda and have set ourselves a target to achieve Net Zero on our corporate operational footprint, as soon as possible. In the year ahead, we will be developing our roadmap to Net Zero.

As responsible investors, we are embedding ESG measures throughout our investment processes. Climate is one of the key environmental measures. As business advisors, we seek to lead and advise our clients as they also assess their own climate impact and embark on their journeys to reduce their environmental footprints. We are supporters of the TCFD reporting framework and its recommendations.

We will embrace transparent and enhanced reporting so that our stakeholders can measure our progress on this important journey. As part of that journey, we have provided our Climate-Related Financial Disclosure.

Governance

The Board recognises the importance of good corporate governance and works to ensure that the Group's governance arrangements are robust, adaptable and able to deliver a well-run business which has at its heart its clients and which recognises its responsibilities towards shareholders, together with other stakeholders in the business and the wider markets and society in which it operates.

The Board has a commitment to develop and promote the purpose of the Group and ensure that its values, strategy and culture align with that purpose. It has developed a strategy and business model to generate long-term sustainable value. The Board believes that a strong culture, based on shared values and a sense of purpose, is vital to the success of a business and underpins the way in which we work, connecting both our colleagues and our clients to our higher purpose. The Group's governance framework supports decision-making and independent challenge. The Group is committed to creating and sustaining long-term value for its shareholders and other stakeholders (see page 69 to 80 for Corporate Governance Report).

At Tilney Smith & Williamson, risk management arrangements form part of a strong governance culture. This culture is built upon the Three Lines of Defence governance model under which primary responsibility for identifying and controlling risks rests with the Group's businesses (the first line of defence). Ultimate responsibility for ensuring the adequacy and effectiveness of risk management rests with the Board, with oversight provided by the Board's Risk and Audit Committee (see page 26 to 27 for details of our risk management processes).

Key personnel and committees

The Board has overall responsibility for the business strategy, setting out and meeting its corporate responsibility objectives. The Board Director with ultimate responsibility is Chris Woodhouse, our Group Chief Executive Officer.

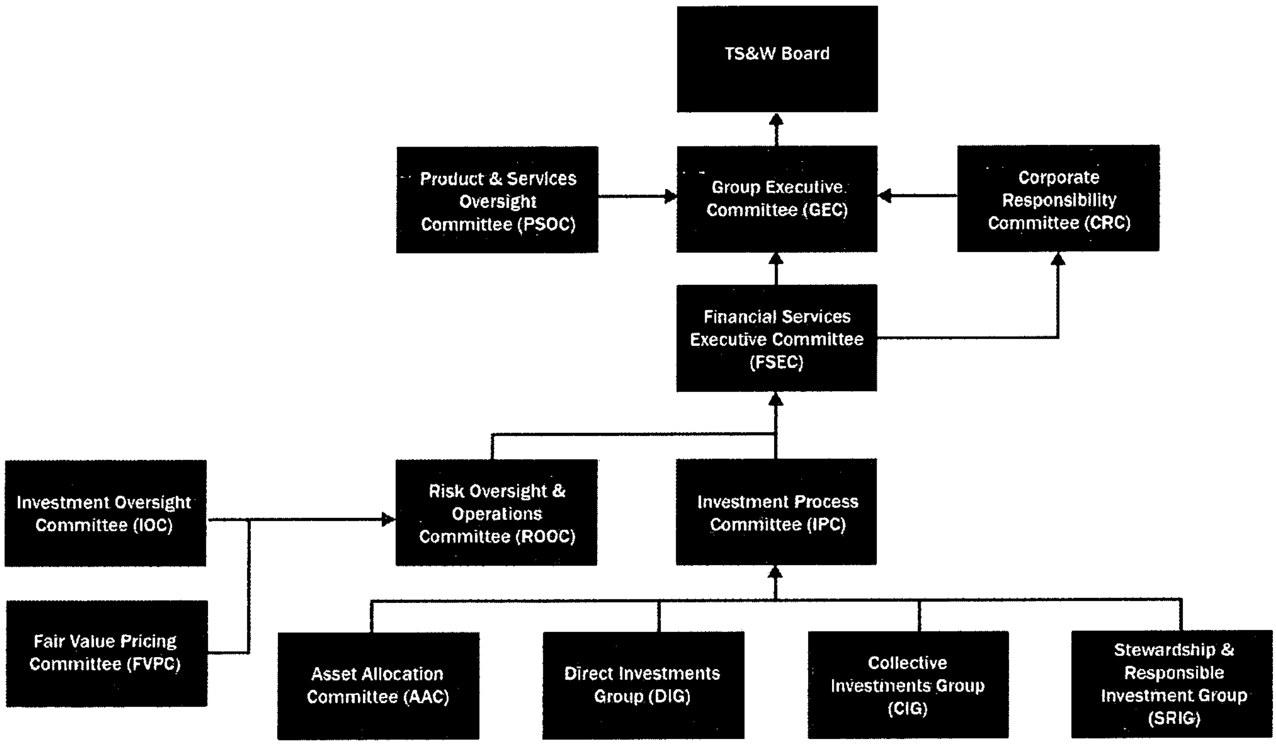
The Board has delegated the day-to-day management of its corporate responsibility to the Group Executive Committee (GEC), which has appointed the Corporate Responsibility Committee (CRC). This includes leading the Group's work on ESG, making recommendations to the Board and measuring the success of the policies.

The CRC was formed during the year and replaced the Corporate Responsibility and Charities Committee. The CRC is a sub-Committee of the GEC. The Group is committed to being a responsible corporate citizen and to act responsibly in managing the impact of business activities for stakeholders, colleagues, investors, the community and the environment. The CRC is responsible for developing the Group's approach to the Corporate Responsibility Strategy (CRS) and monitoring progress. To achieve this, the four pillars of Environment, Responsible Investment, People and Charities and Communities (see Corporate Responsibility Report pages 37 to 64) were identified. Each pillar is headed by a GEC member.

Our Group Chief Financial Officer, Andrew Baddeley, leads the Environment pillar which considers climate-risk, helping the Group deliver on its overarching climate responsibility.

The CRC meet on a monthly basis where the agenda of each of the four pillars is discussed and activities are reviewed, including environmental and climate-related activities. The Chair of the CRC updates the CEO and GEC monthly and reports to the Board on a quarterly basis to consider its recommendations, including recommendations regarding climate-related matters.

Responsible investment structure



Our Responsible Investment pillar is led by John Erskine, Chief Investment Managing Director, and member of the Financial Services Committee (FSEC). He manages and develops our investment processes, oversees and evaluates the investment risk and the impact of climate-change on our portfolios. FSEC has delegated authority to the Investment Process Committee (IPC). The IPC has appointed the Stewardship and Responsible Investment Group (SRIG) to oversee the Group's approach to responsible investment. This includes the data, research and tools required to integrate climate change into our investment decisions.

SRIG report to the IPC monthly on the activities being undertaken, and the IPC report on these monthly to FSEC. John Erskine updates the CRC and GEC monthly on the responsible investment activities and progress.

Group Internal Audit have responsibility for reporting, internal assurance and controls. The Board sub-Committee, the Risk and Audit Committee is supported by the Group Risk and Compliance Committee (GRCC) which is chaired by Andrew Baddeley, Group Chief Financial Officer. This sub-Committee monitors the risk management framework to ensure that adequate systems and controls are in place and that the businesses operate in accordance with all relevant legal and regulatory requirements. It also ensures the management of key risks against appetite group-wide and reports on deviations and material issues across the Group.

The GRCC plays an important role in supporting the CRC in identifying and understanding risks and opportunities, and in formulating management actions to monitor and mitigate any identified risks. The GRCC is informed of the activities of the CRC as several of its' members sit on both committees, including the Chair. The Group Chief Risk Officer (CRO) and/or a member of the GRCC attends the monthly CRC meetings. The environment, including climate risks, is discussed at each meeting.

We recognise how important sustainability and the need to work towards Net Zero is for our business, our colleagues and clients, our communities and other stakeholders. It is on the radar for the Board, the GEC, RAC and the CRC and supporting committees throughout the organisation as they seek to ensure that targets and progress in achieving ESG considerations are embedded into our operations, responsible investment processes and decisions.

Our strategy

We are deeply committed to managing our business in a sustainable way to minimise our impact on the environment. Our environmental considerations include waste (paper, recycling, plastics), water, biodiversity and deforestation, energy efficiency and carbon emissions. We are striving to achieve the relevant UN goals on meeting environmental targets. We are working towards reducing our corporate organisational carbon footprint to meet the group strategy of achieving operational Net Zero as soon as possible.

We believe that the most significant climate impacts for our business are in the form of 'financed emissions'. ESG factors including climate considerations, impact the long-term financial performance of investments, both positively and negatively, and our understanding of these factors will inform our clients. This may affect our organisation and stakeholders in the short-term (less than one year), medium-term (one to five years) and long-term (over five years).

The GRCC identified ESG as an emerging risk in 2020 and the Group have been monitoring regulatory and other announcements throughout the year. The GRCC moved this from an emerging risk to a top risk in 2021. In the latter part of 2021, this was further reclassified as a key risk for the Group.

Having identified ESG as a key risk, the main risks and opportunities were analysed. Our understanding of climate risks and opportunities and the potential impacts of those risks frame our strategy, as we seek to minimise exposure to those risks, both at a corporate organisational level and as a responsible investor.

Key physical and transitional risks to our business

The risks associated with ESG and climate-risk were analysed and have been split into two elements:

- Physical – the risk of climate change affecting the Group's operations and assets, including assets under management, in relation to more frequent or more extreme weather events and chronic changes in climate
- Transitional – the risks to the Group as it transitions to embed ESG and climate-risk across the organisation, are related to policy and legal risk, market risk, technology and reputation risks.

The main risks identified and related to climate change are:

Risk type	Climate-related risk	Potential financial impact
Physical risk	Acute Increased severity of extreme weather events such as extreme storms and flooding. National infrastructure (electricity, internet) may affect the ability of the Group to run the business.	• Increased capital costs to our buildings (e.g., damage to facilities), potentially leading to a change in location strategy • Write-offs and early retirement of existing assets (e.g., damage to property and assets in "high-risk" locations) • Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations • Reduced revenue and higher costs because of negative impacts on workforce (e.g., health, safety, absenteeism) • Increased risks to our digital products and services and additional cost of investment in digital channels, platforms and storage. • Extreme weather, rising temperatures and sea levels may affect our colleagues, and our third-party suppliers and may lead to disruption of supplies at additional costs and loss of business. It may also affect our location strategy and ability to provide services • Increased costs of fuel and water. Potential increased capital spend on equipment to facilitate renewable sources • Potential for conflict which impacts geographical security affecting global markets • Potential for chronic weather impacting our customers and their service requirements • Climate-related issues may impact investment values and investment outcomes
	Chronic Extreme variability of weather patterns and reduced predictability of weather leading to unplanned short-term outages and disruption. Rising mean temperatures and rising sea levels. Energy and water security.	

Risk type	Climate-related risk	Potential financial impact
Transitional Risk	Policy and Legal Enhanced emissions reporting obligations. Failure to keep up to date with changing requirements from multiple and overlapping regulators both in the investment and wealth management arena and in the business advisory services sector.	• Increased operating costs due to higher cost of compliance including costs of dedicated specialist ESG staff and dedicated Responsible Investment staff to ensure we stay ahead of changing regulatory and best-practice requirements from multiple and overlapping regulators and consultancy costs • Non-compliance with regulatory requirements, may lead to regulatory censure, financial and reputational impact leading to loss of clients and revenues • Potential costs of fines and penalties
	Technology Costs of investing or adapting digital technology, particularly investment in the custody and investment systems to provide the building blocks for Responsible Investment to be embedded within our investment processes and policies. Increased requirement to recycle outdated technology. Risk of underestimating the costs and resources of the technology and its implementation.	• Additional costs of technology, both capital and operational costs, including new technologies • There may be a requirement to recycle equipment or even repair rather than the disposal of assets and this may increase technology costs • Under (or over) estimation of costs that may therefore not be adequately captured in financial planning
	Market Changing client awareness and behaviours. Information overload of clients with the number of variables they are required to specify, particularly our Financial Services clients.	• Failure to capture clients' expectations and choices leading to loss in revenues • Failure to adapt the investment process to adequately reflect client ESG and climate requirements may lead to poorer client outcomes • Loss of market share if do not adapt to change quickly enough and meet market expectations
	Reputation Changes in consumer preferences. Increased stakeholder concern or negative stakeholder feedback.	• Potential loss of new and existing clients if our ESG credentials impact the reputation of the Group, particularly risk the loss of the younger demographic • Loss of revenues from Financial Services and Professional Services business or loss of margins • Negative impacts on workforce management and planning (e.g., employee attraction and retention)

The main opportunities identified and related to climate change are:

Opportunity type	Climate-related opportunity	Potential financial impact
Resource Efficiency	Reduced water usage and consumption. Relocation to more efficient buildings. Reduced paper and storage requirements.	• Reduced operating costs (e.g., through efficiency gains) • Benefits to workforce of working in more efficient building • Better workforce planning leading to greater employee satisfaction
Energy Source	Use of lower emission sources of energy. Use of newer digital technologies. Use of more energy efficient offices.	• Reduced exposure to future increase in costs of fossil-fuelled energy • Reduced exposure to GHG emissions and therefore less sensitivity to potential carbon taxes • Reputational benefits of being more environmentally friendly • Opportunity to gain competitive advantage as invest in newer technologies • Greater availability of capital from investors for companies working to reduce climate impact and who recognise their corporate responsibility
Products and services	Expansion of sustainable investment services and products. Potential to attract new clients with the introduction of new products and services. Opportunity to offer new Professional Services to support clients through their journeys to Net Zero climate emissions.	• Increase in revenue through expansion of product and services • Potential to increase market share and offer a niche product or service • Availability of training and development opportunities for colleagues and creation of new roles. This may increase engagement and retention of workforce
Markets	More frequent engagements with our investment and financial planning clients as we assess their ESG preferences. This may further strengthen our client relationships. The availability of further sustainable products and services in Financial Services, Professional Services and Fund Administration. Opportunity to raise profile of our brand.	• Increased communication may lead to greater awareness of our diverse range of products in the wealth management and in financial planning sector • Increased diversification of financial assets thereby reducing the long-term risk
Resilience	Adoption of energy efficient measures. Resource substitutes / diversification.	• Increased market valuation through resilience planning (e.g., technology, land, buildings) • Increased reliability of supply chain and ability to operate under various conditions • Increased revenue through new products and services related to ensuring resiliency • The availability sustainable products and services should positively influence the attraction and retention of staff • Increased availability of capital resources to the business

As we work towards controlling and reducing our carbon footprint, we have implemented many initiatives across the business. A summary of these is set out below.

Physical risk

We have considered the environmental impact of new offices and the sustainable fit-outs of those offices, and the office moves are planned for sustainability. See 'Our buildings' pages 42 to 43.

We have invested in our digital collaboration platform and introduced 'Smart Working' to allow our colleagues to work from home. This was thoroughly tested during COVID-19 lockdowns. We also increased investment in digital storage back-up ensuring that there are backup options and locations for cloud-based services.

We consider long-term planning of potential changes when considering location strategy. The geographical spread of our offices, colleagues and customer base limits the physical risk.

ESG, including climate, is embedded within our Responsible Investment strategy to reduce risk and maximise opportunities related to our investments. Details of our Responsible Investment strategy and how this reduces our risk are discussed in the Corporate Responsibility Report on pages 44 to 48.

The Group is a member of two collaborative engagement platforms; The Investor Forum and Climate Action 100+. Through collaborative engagement with other investors, the Group can influence and address various ESG topics, including climate and wider themes.

In addition, we are also actively looking to reduce our operational impact on the environment by:

- We look forward to moving into our new sustainable, refurbished offices in 2022. This will help to further reduce our operational carbon footprint. The newly refurbished London office will save 6,660 tonnes of CO2 over its lifetime, compared with a new building, the equivalent to the carbon footprint of over 1,200 people in the UK
- Green energy - where we procure energy directly, we aim to ensure that all energy is from renewable sources supported by Renewable Energy Guarantees of Origin (REGO). Where energy is supplied by our lessors, we will work with them to influence their sustainable selection of energy suppliers
- Reducing energy usage by switching to LED lighting and adopting sensor technology
- Reducing paper usage, printing and storage by implementing a Document Management Scheme (DMS).

We promote and support sustainable transport policies such as cycle-to-work and season ticket loans and through our 'Smart Working' policy. Our new head office has an accessible bike storage area for 150 bicycles and there are no car parking spaces.

Transition risk

Policy and legal

The CRC are supported by colleagues with responsibility to keep abreast of developments related to climate and ESG through training and development, engagement on panel discussions and research. As part of our ESG integration roll out, we continue to ensure all investment managers, sector specialists and research analysts are trained on all ESG areas, and this will be extended to all colleagues in the years ahead. SRIG and the SRI team in particular monitor the responsible investment regulatory changes and update training requirements.

SRIG and SRI, supported by Sector specialists, are fundamental for fulfilling our duty as responsible investors to ensure that ESG objectives are given due consideration. Sector specialists conduct in-depth research and consider the most important ESG factors (typically the most significant 3 to 5) for the sector in which the company operates. The specialists also evaluate the short- (0-1 year), medium- (2-5 years) and long-term (5-10 years) impact of ESG factors on performance.

Technology

Last year, Tilney, Smith & Williamson introduced a new investment management and custody and settlement technology system. This will be a key building block on which the responsible investment process and client sustainability preferences are fully integrated within portfolios in the years to come.

We used third-party research tools and databases to provide our investment managers with core ESG data and tools to assist it in measuring ESG factors and sustainability risks for the investments we manage for our clients. These tools are now available to all Group investment managers via the sector specialist teams. This will also enable us to capture third-party ESG data required to measure and manage our ESG risks in portfolios and meet pending EU SFDR and UK TCFD regulatory reporting requirements in the years to come.

Our third-party research tools allow us to map investments and portfolios against the 17 sustainable development goals (SDGs) and provide useful analysis regarding the rating for each element of the ESG.

Market

Where clients have ethical or other criteria, our investment teams have access to a client reporting tool which allow portfolios to be screened for exposures. It allows for positive screening towards companies with high or improving ESG scores and includes best-in-class portfolios and low carbon portfolios. This reporting tool can also be used to provide clients with the carbon footprint of their portfolios, upon request.

We offer Sustainable Managed Portfolio Services and Tilney Sustainable TAP funds, as detailed on page 45. The Sustainable TAP fund is classified as an Article 8 product under the EU Securities Finance Disclosure Regulation (SDFR). It was crowned the Best ESG Investment Strategy in 2021 in the City of London Wealth Management Awards.

We have supported and enabled clients to adapt to paperless reporting and enhanced the content available on our secure online client portals. Where we have obtained client permission, we communicate electronically.

Our Responsible Investment publications can be found on our external facing Stewardship and Responsible Investment section of Smith & Williamson's website and are regularly communicated to our clients. Additionally, we aim to improve the knowledge base of our clients, through the production and communication of responsible investing articles and thought pieces, as well as hosting regular conferences and webinars.

Reputation

As signatories to the UN PRI and supporters of the UK Stewardship code, the Group have incorporated ESG factors alongside traditional financial metrics into our responsible investment processes. Our obligations as signatories and supporters frame the Group's investment process, policies, and procedures to help manage conflicts of interest, pursue an active voting policy and monitor companies in which we invest. Our Responsible Investment policy is reviewed on an annual basis and can be found on our website. ESG factors and active ownership are now integrated in the Group's investment process.

Scenario analysis

It is important that we are aware of the climate impacts associated with our corporate operations and that consideration of ESG, including carbon-emissions and climate, is embedded within our corporate operations and investment processes.

The risk from transitional developments was explored in the ESG Scenario Analysis which was carried out during the year.

Two scenarios were considered that centred on the failure to accurately deliver regulatory requirements:

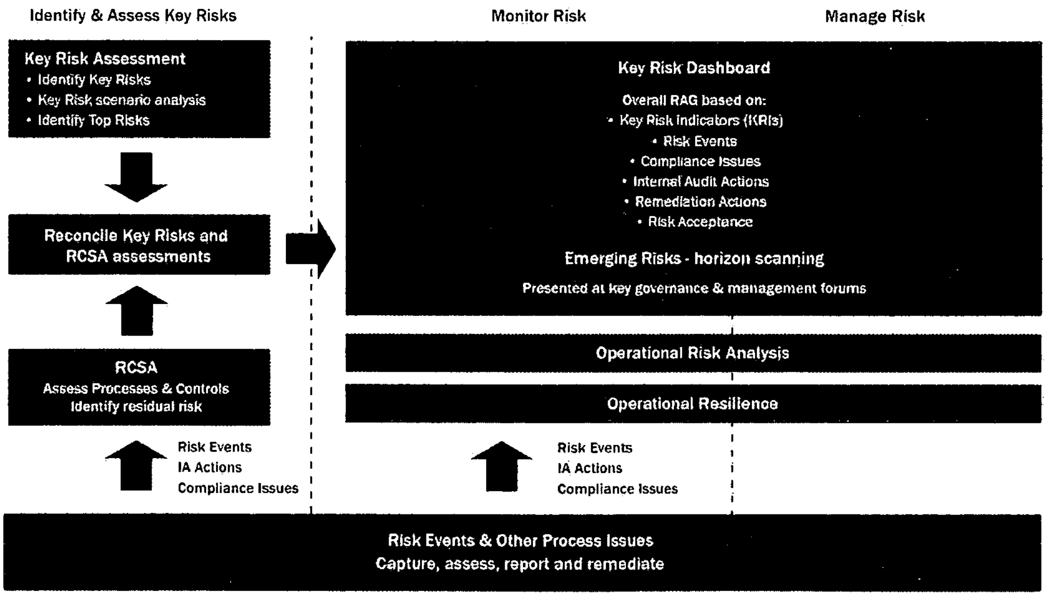
- a failure in trust and tools of the Group to correctly monitor and manage a client's portfolio in line with their ESG requirements. This leads to litigation and a single issue at the Financial Ombudsman Service (FOS)
- a stressed version of scenario 1 where the Group is assessed as being in breach of all three themes; transparency, trust and tools, with a systemic failure of ESG requirements. FCA fine due to the failings.

A further scenario was considered that was based upon a significant change in climate (a 2-4% rise in temperature leading to a market drop of 40%; this is a BOE stress testing scenario.

We plan to further enhance our stress testing to assess climate-related risks to the business over the coming year.

Risk

Our risk management framework encapsulates and supports our Corporate Responsibility strategy. Importantly, we recognise that corporate responsibility brings with it its own significant risks and opportunities, addressed under our risk management framework. The following shows how we assess, monitor and mitigate risks.



We identify and assess market-wide and systemic risks from many different angles. From a top-down point of view both the GRCC and the RAC are responsible for identifying both systemic and market-wide risk.

The Board are ultimately responsible for ensuring that adequate systems and controls are in place and that the Group operates in accordance with all relevant legal and regulatory requirements. Group Risk monitors the management of key risks against risk appetite group-wide, and reports on deviations and material issues to the GRCC. The Group Boards have delegated risk management to the GRCC with oversight by the RAC.

GRCC recommends the risk management policy and framework to the RAC. It reviews and recommend the Group's key risks, associated scenario analyses, risk appetite and key risk indicators to the RAC. The GRCC identifies, monitors and considers the key risks facing the Group, including ESG and climate-risk. The GRCC also assesses known or emerging risks and correlations across the business and adequacy of actions to avoid or mitigate the impact of identified risks.

The RAC advise the Board on the Group's risk profile and overall risk appetite in setting its future strategy, by considering the recommendations from the GRCC and the current and prospective macroeconomic and financial environments. In addition, the RAC also draws on reviews and areas of concern, guided by publications by the FCA and other regulators and authoritative sources. The GRCC also ensures that a suitable and effective risk management framework and strategy is in place and advise the Group Board and sub-committees in that regard. They review, challenge and report to the Group boards on the internal financial controls and the adequacy of the associated management information, both qualitative and quantitative, including ESG and climate-related information.

The Group Risk team maintain detailed risk registers, including climate-risk scenarios and the impact of both physical and transition risk, over different time frames. Every committee is responsible for identifying risks relating to their business area and for escalating those risks through the Governance structure of the Group.

Investment process – integration of ESG risks

Our central investment strategy identifies short (0-1 year), medium (1-5 years) and long-term risks (5-10 years), including those posed by structural trends, such as climate change and digital conversion, together with the concerns about interest rates, inflation, growth and geo-political risks. This informs the asset allocation process and top-down sectoral recommendations to investment managers.

From a bottom-up perspective, our analysts identify the top 3-5 material ESG impacts for each sector and use this to inform the investment decision making. Where this reflects market-wide or systemic risks to certain sectors, this is considered and impacts investment recommendations. Performance of all recommendations is regularly monitored and reviewed over multiple time periods through the IPC governance structures (see page 57).

The Group receives ESG data from research tools. Climate-related data included within this analysis includes electronic waste, financing environmental impact, packaging materials and waste, product carbon footprint, raw material sourcing, toxic emissions and waste, water stress, opportunities in clean technology, opportunities in green building and opportunities in renewable energy. ESG data scoring is used by our sector specialists in their assessments as well as their own analysis. In this way, they identify the ESG risk of each company and evaluate the short, medium, and long-term impact of ESG factors on performance.

Our investment managers and investment analysts have regular engagements with the companies in which our clients invest. Regular informal communication and more formal discussions, including discussions about ESG factors relevant to each company, plus use of research tools, helps us to manage and reduce risk.

Our proxy voting advisors provides us with third-party research that complements our in-house function. The issues that our advisors provide are shared with investment teams. We are transparent in our voting and attempt to engage with the company before voting against a resolution so that we may understand the background to the resolution. Research, engagement and transparency help to reduce risk.

Our policies and controls are designed to reduce risk and are regularly reviewed.

We continue to develop our colleagues' understanding of ESG factors and climate-risk. Our colleagues are key to help us identify, manage and monitor the risks and opportunities that face the companies in which we invest and within our own corporate operations.

Given the significant impact that climate change represents, we are committed to playing a positive role in the transition to a Net Zero economy. This will involve increasing our exposure to businesses aiding or benefiting from the transition to a Net Zero economy, while also decreasing our exposure to high-carbon businesses with no transition plans in place to align with the Paris Agreement.

Metrics and targets

As a UK incorporated, large organisation, Tilney Smith & Williamson is required to report its UK energy and Greenhouse Gas (GHG) emissions information. We have used the main requirements of the Greenhouse Gas Protocol to calculate our emissions. We have reported on all the emission sources required under the regulations.

The table below summaries the energy consumption and global greenhouse gas (GHG) emissions for the Tilney Smith & Williamson Group for the year ended 31 December 2021, measured in metric tonnes of carbon dioxide equivalent (tCO2e), along with the combined data of Tilney and Smith & Williamson for the previous year.

	tCO_2e 2021	tCO_2e 2020
Energy consumption used to calculate emissions, kWh	7,699,130	9,194,866
Scope 1		
Emissions from combustion of gas	287	523
Emissions from combustion of fuel for transport purposes		5
	287	528
Scope 2		
Emissions from purchased electricity (location-based)	1,218	1,280
Scope 3		
Emissions from business travel in rental cars or employee-owned vehicles, where company is responsible for purchasing the fuel	97	115
Total gross (Scope 1, 2 and 3, as above)	1,602	**1,923**
Intensity ratio: tCO2e / FTE	0.58	0.60

Further details regarding our emissions can be found on page 41.

Further work to establish key risk indicators, thresholds and KPIs will be developed and disclosed next year.

Looking forward

Tilney Smith & Williamson supports the Paris Agreement goals and the UK Government's aim for a Net Zero economy by 2050. We are committed to Net Zero carbon emissions for our operational activities in line with the Group's Corporate Responsibility strategy. We are supporters of the TCFD reporting framework and its recommendations.

Our key workstreams for the coming years to reduce our GHG emissions and to work towards alignment with the requirements of the TCFD are summarised below.

- We will be completing the CDP (formerly the 'Climate Disclosure Project') questionnaire in 2022 to become a CDP supporter
- We will continue to develop our understanding of the impact of ESG themes into our investment process and ESG risks at an aggregate and individual portfolio level. This includes ongoing investment in tools to understand our underlying data needed to manage clients' portfolios. This also includes further work to understand and measure our 'Scope 3 financed emissions' of the investments we manage on behalf of our clients
- We have engaged climate consultants to aid us in the development of our science-based targets (SBTi) and we will further develop our strategy, metrics including SBTI's and our initial road map to Net Zero emissions
- We are formulating supplier questionnaires to evaluate their approach to ESG. We are also undertaking work to understand our Scope 3 full value chain emissions and will develop a roadmap of our data requirements and improvements to develop our Scope 3 emissions strategy relating to third-party suppliers required to reach Net Zero
- Our move to our newly refurbished sustainable offices in London and Birmingham (see 'Our buildings' - pages 42 and 43) will further reduce our operational carbon footprint.
- We will continue to make environmental improvements in our existing offices by opting for 'green' energy suppliers, where possible, rolling out sensor LED fit-out and auditing our high consumption hardware to inform our energy reduction strategy
- We will ensure that ESG including climate considerations are embedded within our policies, procedures and are part of our decision making. We will implement sustainable policies to reduce paper, plastic, waste, energy emissions and consider other environmental policies
- We continue to keep abreast of the many developments and guidance around achieving Net Zero, SBTi's, new Sustainability Disclosure Requirements (SDR) regime, the continuing progress on UK Green Taxonomy and further guidance on aligning with the TCFD
- We will encourage further take up of the CFA ESG exams and other relevant internal and external training related to sustainability and responsible investment, including the CFA's 'Certificate in ESG Investing' and the 'Certificate in Climate', endorsed by the UN PRI and we will extend ESG and responsible investment knowledge across the business
- As further guidance emerges regarding ESG and provision of information to clients, we will provide greater information to clients, particularly on the impact of their portfolios due to climate-related matters and ESG factors.

Non-Financial Information Statement

The Group has developed a non-financial information statement reflecting elements of the Non-Financial Reporting requirements contained in section 414CA and 414CB of the Companies Act 2016. The table below is intended to help stakeholders understand our position on non-financial matters. Further information regarding these matters can be found as indicated in the table.

Reporting requirement	Some of our relevant policies	Additional information in this report	Page
Environment	• Tilney Smith & Williamson's Responsible Investment Policy[1] • Smith & Williamson's Voting Policy[1] • Smith & Williamson's SRD II Engagement Policy[2] • Tilney Smith & Williamson Sustainability Disclosures[2]	• Climate-Related Financial Disclosures • Our Sustainable Buildings • Corporate Responsible Report (CRR) - Environment • CRR – Responsible Investment	56 42 40 44
Colleagues	• Group compliance handbook[1] • Health and safety policy[1] • Equality, diversion and inclusion policy[1] • Health and wellbeing policy[1] • Living wage policy[1]	• CRR – People • Gender mix tables • Gender Pay Gap Report (on our website)	49 50
Human rights	• Data Protection policy[1] • Dignity at work policy[1]	• Annual statement on Modern slavery and human trafficking[2]	55
Social impact	• Matched Fundraising policy[1] • Give-as-you-earn policy[1]	• CRR – Charities and Communities	53
Anti-bribery and anti-corruption	• Anti-bribery policy[1] • Gifts and entertainment policy[1] • Financial crime manual[1] • Whistleblowing policy[1]	• Anti-bribery policy • Group Tax strategy	54 55
Business model	• Conduct Risk Framework and policy[1] • Group risk management policy[1]	• Our Client Focused Business Model • Our Core Services • Our Market	8 10 4
Non-financial KPIs		• GHG Emissions Table • Corporate Responsibility Report	41 37

1. Available to all employees through the Tilney Smith & Williamson intranet. Not published externally.
2. Available on our website www.tsandw.com and available to employees through the Tilney Smith & Williamson intranet.

Approval

Approved by the Board on 2 March 2022 and signed on its behalf by:

Chris Woodhouse
Group Chief Executive Officer

Tilney Smith & Williamson Limited
Registered Number: 08741768
Registered Office: 6 Chesterfield Gardens, London, W1J 5BQ

Board of Directors

Chris Grigg

Chair

Chris joined the Board as a Non-Executive Director on 2 August 2021 and became Chair of the Board with effect from 18 February 2022. He became Chair of the Nominations Committee at the same time. Chris is also Chair of the newly formed UK Infrastructure Bank and is Senior Independent Director at BAE Systems plc, where he has served on the Board for the last 8 years. From 2009 until November 2020, he was Chief Executive Officer of British Land plc, the FTSE 100 real estate company. Prior to that, he was Chief Executive Officer of Barclays' Commercial Bank and previously Group Treasurer. He also spent almost 20 years at Goldman Sachs, latterly as a Partner.

Chris Woodhouse

Group Chief Executive Officer

Chris Woodhouse joined Tilney in 2017 and is the Group's Chief Executive Officer. He joined Tilney from the UK motoring and Financial Services Group RAC, where he was Chief Executive Officer for five years.

Chris has previously held senior management roles at a number of national retail brands. He is a Fellow of the Institute of Chartered Accountants and an Associate of the Association of Corporate Treasurers.

Andrew Baddeley

Group Chief Financial Officer

Andrew Baddeley is the Group Chief Financial Officer of the Tilney Smith & Williamson group. He joined Tilney in 2018 from TP ICAP plc, an inter-dealer broker listed on the London Stock Exchange, where he was Group Chief Financial Officer.

Prior to this he spent 18 years in the insurance industry, with positions including Group Chief Financial Officer of Brit Insurance. He has also spent 10 years with leading firms PwC and Ernst & Young. Andrew is a Fellow of the Institute of Chartered Accountants and is a Chartered Tax Adviser.

Elizabeth Chambers

Independent Non-Executive Director

Elizabeth Chambers is a Non-Executive Director at Provident Financial Group plc and TSB Bank plc and has previous board experience in the UK and globally including Western Union International Bank, Hastings Group plc, Dollar Financial Group, Hibu plc and The Home and Savings Bank.

She is an Operating Partner at global PE firm Searchlight Capital Partners and serves on the non-profit board of the University of Colorado Anschutz Medical Campus. Her executive experience included Chief Marketing Officer roles at Barclays, Barclaycard and Freshfields Bruckhaus Deringer LLP. Her last executive role was with Western Union, serving as Chief Strategy, Product and Marketing Officer. Earlier in her career she was a partner in the financial services practice of McKinsey & Company. She is an Economics and Political Science graduate of Stanford University and holds an MBA from the Harvard Business School.

Keith Jones

Independent Non-Executive Director

Keith Jones was appointed as the Independent Non-Executive Director at Smith & Williamson in January 2017. Keith has extensive experience in the financial services sector. He was Chief Executive Officer of Aviva Global Investors, an Executive Director and Partner of James Capel & Co and Lazards. He was also a Board director of NPI and Chief Executive Officer of NPI Asset Management and, more recently, an adviser to Lloyds Bank plc.

Keith is an experienced Non-Executive Director, having acted as chairman for Execution Noble and as a Non-Executive Director of F&C Asset Management PLC, Just Retirement Holdings, Chairman of Haitong Securities and a senior adviser to Permira. Presently he is Chairman of Pemberton Asset Management Holdings and a Non-Executive Director within Aon. He has an MA in PPE from the University of Oxford and an MSc (Econ) in Econometrics and Economics from London University.

Bill McNabb

Independent Non-Executive Director

Bill McNabb joined as a Non-Executive Director in January 2021. He is the former Chairman and Chief Executive Officer of The Vanguard Group, Inc., the world's largest mutual fund manager. He served as Chief Executive Officer for nine years, retiring in 2017 and continued as Chairman of Vanguard until 2018. Bill is also a board member of IBM, UnitedHealth Group and Axiom. He is a board member of CECP: The Chief Executive Officer of Force for Good, a US corporate sustainability initiative, and the Philadelphia School Partnership, a non-profit organisation focused on creating educational opportunities for students from low-income families. He is also Chairman of the board of the Zoological Society of Philadelphia.

Bill is a graduate of Dartmouth College and has an MBA from the Wharton School of the University of Pennsylvania.

Carla Stent

Independent Non-Executive Director

Carla Stent joined the Board of Smith & Williamson Holdings Limited in October 2019 and is now the Chair of the Tilney Smith & Williamson Risk and Audit Committee.

Carla has extensive experience as an Executive and Non-Executive Director, both in the financial services sector and in other industries. She is currently chair of Marex Group, one of the world's leading commodities brokers, a Non-Executive Director of Post Office Limited, where she also chairs the Audit and Risk Committee and is on the Boards of JP Morgan Elect plc. She is also the Chair of several early stage businesses and has served on the Boards of several charities. Her executive career has included Chief Financial Officer, Chief Operating Officer or Managing Director roles at Virgin Group and Barclays Bank. She is a Chartered Accountant registered with the ICAEW.

David Cobb

Non-Executive Director

David Cobb was previously Co-Chief Executive Officer of Smith & Williamson Group and Chief Executive Officer of its regulated entities – Smith & Williamson Investment Management LLP, Smith & Williamson Investment Services Limited and Smith & Williamson Financial Services Limited.

David joined Smith & Williamson in 1985 and rose to become Head of the Investment Management and Banking division in 2007 before becoming Co-Chief Executive Officer in 2013. He is a Chartered Fellow of the Chartered Institute for Securities & Investments (Chartered FCSI).

Peter Deming

Non-Executive Director

Peter Deming joined as a Non-Executive Director in September 2020 when Warburg Pincus invested in the merger of Tilney Smith & Williamson. Peter is a Managing Director at Warburg Pincus and heads the Financial Services team in Europe. Peter joined the firm in 2007 and has led a number of flagship transactions in financial services and fintech companies. Peter is currently a Board member of Aion, Singular Bank and Personetics.

Prior to joining Warburg Pincus, Peter worked at Goldman Sachs in the Fixed Income Currency and Commodities Advisory Group. Peter has a B.S. in Management Science and Engineering from Stanford University.

Chris Pell

Non-Executive Director

Chris Pell has been a Non-Executive Director of the Group since the merger with Smith & Williamson in September 2020. Chris is a Principal at Permira which he joined in 2010 and focuses on investment opportunities in the Services sector. He has worked on a number of transactions including Saga and The AA (Acromas), Alter Domus, Lowell and Tilney.

Prior to joining Permira, Chris worked for Barclays in the Group COO office and then Corporate Strategy and prior to that, he was with LEK Consulting in London and Shanghai. Chris has a degree in Philosophy, Politics and Economics (PPE) from Oxford University, England, and an MBA from INSEAD, France.

Philip Muelder

Non-Executive Director

Philip Muelder serves on the board of Tilney Smith & Williamson and has been a Tilney Non-Executive Director since the original acquisition of Bestinvest by the Permira Funds in 2014. Philip is Global Head of Permira's Services Sector and besides Tilney Smith & Williamson currently serves on the boards of Alter Domus, Lowell and Clearwater Analytics (as observer). Prior transactions include JUST, Provimi, Saga, The AA, Acromas, Lowell, Tricor, Alter Domus, Duff & Phelps, Clearwater Analytics and Carta.

Prior to joining Permira in 2004, Philip was a strategy consultant at Bain & Company in London and Hong Kong. He has a Master's degree in Accounting and Finance from the London School of Economics and an MBA from Harvard Business School.

Gavin White

Group Company Secretary

Gavin joined Tilney Smith & Williamson as Group Company Secretary in August 2021. He is a Fellow of the Chartered Governance Institute (previously the Institute of Chartered Secretaries and Administrators) and has over 20 years' corporate governance experience. Former appointments include senior governance roles at Centrica plc, Santander UK plc, HSBC Holdings plc, Lloyds Banking Group plc and Royal Dutch Shell plc.

Corporate Governance Report

Governance framework

A considerable amount of work was undertaken following the merger in September 2020 to shape the Group's governance framework. Board effectiveness is regularly reviewed and is subject to robust evaluation process. Improvements to strengthen the governance framework were embedded in 2021 and continue to develop.

The Board recognises the importance of good corporate governance and works to ensure that the Group's governance arrangements deliver a well-run business which has at its heart its clients and which recognises its responsibilities not only towards shareholders but also other stakeholders such as employees, the wider market and society.

Our approach to governance

As an unquoted company, we are not required to comply with the Financial Reporting Council's (FRC) 2018 UK Corporate Governance Code.

We therefore follow the Wates Corporate Governance Principles (published by the FRC in December 2018) (the 'Wates Principles'), which provide a framework to help large unlisted private companies meet legal requirements while promoting long term success. In 2021, under the Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Principles as the standard against which we measure ourselves.

The Board believes that the Company already complies with best practice and with the spirit of the Wates Principles and has applied them throughout the year. The table in the next section sets out how this has been achieved with an explanation where any principle has not been adopted and why.

The Group's website contains further supporting information on the Wates Principles and Section 172.

Reporting on the application of Wates Principles:

Principles and meaning	How do we engage
1. Purpose and leadership An effective board develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose.	The Board has a commitment to develop and promote the purpose of the Company and ensure that its values, strategy and culture align with that purpose. Risk management arrangements form part of a strong governance culture. The Board has developed a strategy and business model to generate long-term sustainable value. Strategic Report, Our Purpose and Value, page 2 and People, Culture and Values, page 8 • The Board also believes that a strong culture, based on shared values and sense of purpose, is vital to the success of a business and underpins the way in which we work, connecting both our colleagues and our clients to our higher purpose Section 172 Statement, pages 34 to 36 • Various decisions have been made by the Board demonstrating its commitment to generating long-term sustainable value for the Company including the merger, enhancing the governance framework and digital transformation • The strategy is clearly articulated and approved by the Board and implemented by management Corporate Responsibility Report, People, pages 49 to 52 • Following the merger of Tilney and Smith & Williamson, we wish to develop a culture which is the 'best of both' businesses. We have already started this process through engagement with our colleagues Corporate Governance Report, Board activities, pages 74 and 77 • The Board has oversight of the Group's conflicts of interest policy and considers changes to it • The Board approves and monitors performance against the Group's whistleblowing policy

Principles and meaning	How do we engage
2. Board composition Effective board composition requires an effective chair and a balance of backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.	The Board reviews its composition, structure and effectiveness on a regular basis. Corporate Governance Report, Board role and Board activities, pages 72, 73 and 76, Nominations Committee Report, pages 84 and 85. • Board composition, succession planning, induction, training and effectiveness are reviewed by the Board and recommendations are considered by it from the Nominations Committee. The roles of the Chair and the Chief Executive Officer are clearly articulated and held by separate individuals • The Nominations Committee, which has oversight of the Board appointment process, reviews the size of the Board and the balance of expertise, diversity and objectivity in recommending appointments to the Board. It also considers succession planning and makes recommendations to the Board • The Board effectiveness evaluation is considered annually Corporate Responsibility Report: diversity and inclusion on page 50 • In the formation of the Board and Executive Committee, the Board has sought to improve gender diversity. The Board will consider a Board diversity policy for approval setting out the aspirational targets for gender and ethnic diversity on the Board as well as in senior management. The Diversity and Inclusion Committee is responsible for ensuring the development and delivery of the Group's diversity and inclusion agenda
3. Director responsibilities The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge.	The Company has a well-established governance framework which supports decision making and independent challenge. Corporate Governance Report, pages 73 to 83 • The Board has a list of matters reserved for its consideration and its Committees' terms of reference clarify their roles within the governance framework. Approval of key risk policies for the Group is considered by the Board and/or its Committees as per their own terms of reference • The governance framework has been refreshed following the merger and its appropriateness is kept under review. Non-Executive Directors provide independent challenge in the decision making process of the Board and its Committees • Decisions on strategy, risk and control, regulatory and tax, finance and audit, governance, people and operations are considered by the Board and its Committees based on forward agenda planners which have been developed by the Chair, Company Secretary and management to fulfil the requirements within the matters reserved for the Board and the terms of references of its Committees • Internal controls and processes are regularly reviewed and monitored with gaps reported to the Risk and Audit Committee through the second and third lines of defence
4. Opportunity and risk A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight to identify and mitigate risks.	Strategic opportunities are assessed by the Board against the Company's risk appetite and its long-term strategy and prospects. Strategic Report, Risk Management section, pages 26 to 27 • A risk management framework was adopted for the combined business following the merger and efforts are underway to enhance its risk management and compliance capabilities to facilitate risk awareness and further enhance the implementation and effectiveness of the framework • The Board approves the risk appetite and has oversight over the performance of the business against the appetite and agreed controls • Assessment of risk appetite is a key consideration when a new opportunity is being reviewed and forms part of the approval process. New products pass through the Product and Services Oversight Committee for review

Principles and meaning	How do we engage
	Corporate Governance: The Board's role is on page 73, risk management and internal controls on pages 81 to 83. • The Group operates under the Three Lines of Defence model with reports produced for consideration by the Risk and Audit Committee • The Board has overall responsibility for the Group's system of internal control with oversight of controls delegated to the Risk and Audit Committee • The Board considers the merits of each acquisition to determine if it would be within the Group's risk appetite, enhances the business prospects and is in the interest of all stakeholders
5. Remuneration A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.	The Company has a Board approved remuneration policy and structure which is aligned to its long-term sustainable success. Corporate Responsibility Report, Remuneration section on page 52 • The remuneration strategy is reviewed by the Remuneration Committee and is aimed at ensuring that it delivers against our remuneration principles and business objectives Corporate Governance Report, Remuneration Committee on page 79 • The Remuneration Committee is a Board committee comprising Non-Executive Directors only and is responsible for oversight of remuneration and incentive packages for senior staff within the Group and the overall remuneration framework for employees including fixed and variable pay reviews
6. Stakeholder relationships and engagement Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.	The Company is committed to creating and sustaining long-term value for its shareholders and other stakeholders. Section 172 Statement, pages 34 to 36, sets out the interaction and engagement with stakeholders. Strategic Report, pages 1 to 9. The Board: • believes in a strong culture, based on shared values and sense of purpose • has oversight of the Group's response to COVID-19 • oversees client requirements, market practice and trends and the Company's response to it Corporate Responsibility Report, pages 37 to 55. The Board: • considers how we engage with colleagues in developing culture • has oversight of communication with clients and staff during the pandemic • considers talent management and development • promotes remuneration policies to attract and retain high performing colleagues • ensures commitment towards promoting diversity and inclusion • receives reports on the client care programme, seeking ethical and sustainable portfolios for clients • has oversight of the anti-bribery policy • has commitment towards ensuring that our business and supply chain are free from any slavery or human trafficking • oversees the Company's investment in local communities • receives ESG reports and ensures that there has been consistent emphasis on the required focus on the topic

The Board

The Group has structured its governance arrangements such that the members of the Board of Tilney Smith & Williamson Limited are also directors of the majority of the main UK trading or regulated subsidiaries listed below (which together forms the 'Group Boards'). The Group Boards are supported by a number of Board Committees as explained in the following sections of the report.

The Group Boards and their Board Committees conduct their respective meetings on a concurrent basis.

Due to the size, complexity and scale of our business, some subsidiaries have their own Boards and Committees comprising Executive Directors and in the case of some, Non-Executive Directors as appropriate.

Group Boards

Each Director of Tilney Smith & Williamson Limited is also a Director of:

- Bestinvest (Consultants) Limited
- HFS Milbourne Financial Services Limited
- HW Financial Services Limited
- Index Fund Advisors Limited
- Smith & Williamson Corporate Finance Limited
- Smith & Williamson Financial Services Limited
- Smith & Williamson Investment Services Limited
- Tilney Asset Management Limited
- Tilney Asset Management Services Limited
- Tilney Discretionary Investment Management Limited
- Tilney Discretionary Portfolio Management Limited
- Tilney Financial Planning Limited
- Tilney Investment Management
- Tilney Investment Management Services Limited

The Directors are also members of the management Boards of:

- Smith & Williamson Investment Management LLP
- Smith & Williamson LLP

Board Composition

As at the balance sheet date, the Board of the Company consisted of five Independent Non-Executive Directors including the Board Chair, four Group appointed Non-Executive Directors and two Executive Directors.

During the year, Will Samuel led the Board effectively as the Chair and has succeeded in delivering his responsibilities as the Chair. He stepped down from the Board on 18 February 2022 having served as Chair since 27 January 2017.

Chris Grigg joined the Board on 2 August 2021 and succeeded Will Samuel as Chair on 18 February 2022.

The roles of the Chair and the Chief Executive Officer are clearly articulated and held by separate individuals. Will Samuel, when Chair, and Chris Woodhouse, Group Chief Executive Officer, demonstrated a successful partnership in striking the right balance of power and effective decision-making. A good working relationship has already been established between the Group Chief Executive Officer and Chris Grigg since he joined the Board. The Board firmly believes that this relationship will continue to strengthen.

Through the Nominations Committee, we ensure that we have the right composition of individuals on the Board, giving an appropriate balance of knowledge, skills, experience and perspectives. Our aim of ensuring orderly succession for Board positions is supported by continuous and proactive processes. We take into account our strategic priorities and the main trends and factors affecting the sustainability and success of the business. We oversee and regularly review the development of a diverse pipeline for succession.

Changes to Board membership are set out in the Directors' report on page 80.

Board's role and responsibilities

The role of the Board is to establish a clear strategy for the Group, to determine a risk appetite to support that strategy and to oversee an effective risk control framework. The Board manages the affairs of the Company for the benefit of all stakeholders. We understand our stakeholders to be:

- Our clients
- Our regulators and the governments of the countries in which it operates
- Our shareholders and investors
- Our colleagues
- Our suppliers and counterparties
- The society and communities in which we operate.

This is best achieved by:

- Developing a business model and practices that are designed to maintain and enhance market integrity
- Encouraging a culture whereby long-term relationships are fostered with clients, suppliers and staff, who are treated fairly and are content with the service that they receive/provide
- Developing services and products designed for positive client outcomes that are attractive and provide fair treatment for both existing and new clients
- Establishing relevant and supportive relationships with our local communities (see Corporate Responsibility Report on pages 53 to 55)
- Developing practices which promote the interests of clients and mitigate the risk of reputational damage or financial loss in respect of the Group's assets or the assets that it manages or controls on behalf of clients
- Maintaining policies such as those relating to conflicts of interest and tax avoidance
- Developing policies in relation to its employees and staff, including diversity and inclusion matters, remuneration and modern slavery that demonstrate that the Group deals fairly with its stakeholders.

The Board has a list of matters that are reserved for its decision, which cover the following areas:

- Strategy and business development
- Risk and control
- Regulatory and tax
- Finance and audit
- Legal and governance
- People
- Operations and IT.

Board activities

The Chair, together with the Group Chief Executive Officer and Company Secretary, ensures that the Board has an appropriate schedule of matters for consideration, focused on the core areas listed above. This ensures the future success of the business and that the Company's culture is aligned with its purpose, values and strategy. In 2021, the Board received in-depth presentations on areas of focus and undertook a review of the overall strategy, including developing thoughts about the business priorities and new areas of growth. Meeting papers were distributed in a timely fashion ahead of meetings, allowing Board members sufficient time to read and constructively participate in meetings.

During the year, the majority of Board meetings were held virtually due to COVID-19. From August 2021 onwards, following the ease of COVID-19 restrictions, hybrid meetings started with flexibility for members to attend in person or virtually.

To ensure the most effective use of the time during Board meetings, Board Committees consider certain matters in more detail and make recommendations to the Board. Furthermore, the Chair holds informal preparatory discussions with Board members prior to each Board meeting. During the course of the year, separate sessions are also held with the Independent Non-Executive Directors.

Specialist insight from external advisers is sought when the Board considers certain important topics. The Board ensures regular contact with management and colleagues through several means. These include inviting relevant business and function heads to present to the Board or its Committees, permitting observers as part of individual senior managers' development plans and scheduling regular meetings for Committee Chairs to meet with relevant senior managers. During the year, an induction plan for Chris Grigg was produced which included extensive site visits across the network of office to meet with front line and back office colleagues. Senior leaders were also available to the NEDs throughout the year.

Throughout the year, Board members continued to have the opportunity to participate in training and development initiatives.

Further details of the Board activities in 2021 are set out in the next section.

Summary of Board activities in 2021

The Board, as part of its decision-making process, considered the views of any impacted stakeholders, whilst acting in the best interests of the Company and its members as a whole. More detail is set out in the Section 172 Statement in the Strategic Report section of this Annual Report. The Board's activities in 2021 included the following themes:

Theme	Action taken by the Board
Client outcomes	• Reviewed, challenged and remained apprised of the performance of the business divisions and functions, strategic business opportunities, developments with client experience and the Company's integration programme • Considered independent external reviews carried out to determine client journeys and approved any remediation plans • Approved client care programmes to obtain their valuable insights for us to continue to deliver exceptional client experience • Approved new fund propositions to promote sustainable and responsible investing by clients as part of our ESG initiative • Considered propositions to provide tailored services and bespoke portfolios to clients to best suit their needs • Ongoing consideration to transforming Bestinvest, our online business, into a market-leading digital hybrid platform to support self-directed investors and serve them better
Strategy and business development	Overall strategy review: • Received regular updates from Group Chief Executive Officer including overall strategy update • As part of consideration of the overall strategy, considered the UK economic outlook, including financial impacts of COVID-19, possible interest rate and inflation increases and possible future operating models, together with an in-depth review of Financial Crime • Received regular marketing updates, client segmentation reports and performance of each of the Group's operating divisions • Held the Board Strategy Day on 2 November 2021 at which both management and external advisers supported the review of the existing business strategy by providing market insights complemented by strengths, weaknesses, opportunities and threats (SWOT) analysis undertaken by the Group Executive Committee. Inputs from the review are embedded in management's strategy plans and actions for 2022 Commercial strategies: • Considered the launch of the digital hybrid strategy in early 2022 • Considered developing leading digital transformation propositions and differentiated services in line with our organic growth Merger and acquisition activity: • Received regular updates on various initiatives related to the Group's strategic growth plans and supporting initiatives • Considered opportunities to acquire businesses within professional services, investment management and financial planning, notably HFS Milbourne. Each acquisition was considered carefully on its merits, to determine whether it would enhance the Group's business and thus benefit its investors and staff and whether it would maintain or enhance the service provided to clients while being within the Group's risk appetite Brexit: • Reviewed and challenged the progress of implementation of Brexit strategy and international custody transfer programmes. The Board discussed the impact of Brexit on clients at several of

Theme	Action taken by the Board
	its meetings. The Group's strategy for clients based in Europe has been agreed and is being implemented Rebranding: • Considered and approved the proposal including investment spend to rebrand the Company
	• Received regular updates on the rebranding exercise in the lead up to its announcement Integration: • Following on from 2021, the Board has oversight of the rollout of the integration plan and how risks arising from the integration are being managed • The programme includes plans to obtain synergies from the merger, technology integration, and develop the purpose, values and culture for the combined business. Progress achieved is set out in the Chief Executive Officer's Review • Regular updates are provided to the Board on progress being made against each initiative
COVID-19	• Received regular reports on COVID-19 throughout the pandemic • Received regular reports on the well-being of staff during the pandemic and introduced new ways of working across the business, ensuring we are optimising our organisational effectiveness, whilst still meeting our clients' needs • Reviewed, challenged and remained apprised of the support being given to clients and their changing needs
Risk and compliance	• Regularly considered Financial and Cyber Crime, suitability and integration risks including approval of risk appetite and oversight of programmes to accelerate controls enhancement and regulatory engagement • Over the last year, the Group has focused on consolidating and enhancing its risk management and compliance capabilities to facilitate risk awareness and further enhance the implementation and effectiveness of the risk management framework. The risk management framework is underpinned by policies, procedures, and reporting, all of which have been enhanced over the course of the year and will continue to evolve to produce accurate and timely management information to meet the needs of the Group, as it seeks to deliver its strategic objectives • Action was taken where needed if risks fell outside of the Group's risk appetites, which are defined at both the operational resilience and business-as-usual threshold levels, or where the need for remedial action was recognised in respect of any weaknesses identified in relation to mitigating controls
Regulatory and tax	• Approved the Group Tax Strategy • Received reports on the Group's compliance with Client Assets Sourcebook (CASS) regulations from the CASS officer, together with his annual attestation
Finance and audit	• Received regular updates from Group Chief Financial Officer on financial performance, management accounts, segmental performance, internal controls and regulatory capital requirements • Reviewed the Group's regulatory capital resources and requirements, and approved increase in the capital of the Company • Received regular updates in respect of CASS audits and related matters • Received regular updates on performance against the 2021 budget and five-year business plan • Approved the budget for 2022, Taxation Policy and auditor appointment and fees

Theme	Action taken by the Board
	• Approved the Annual Report and Financial Statements 2020 and other year-end related matters. The Board also agreed the going concern and viability statements included within the Annual Report and Financial Statements 2020 • Reviewed, challenged and approved ICAAP, adequacy and effectiveness of stress-testing and capital management • Reviewed and approved the distribution of an interim dividend of £32.9 million to shareholders. The payment was made from the Company's distributable reserves based on the unaudited balance sheet of the Company as at 31 October 2021. The Company has not declared a final dividend
Corporate social responsibility	• Received regular updates from the Corporate Responsibility Committee on the corporate social responsibility activities undertaken by the Group, including its stance on environmental social governance, which continues to be an area of increasing importance not only to the Board but society as a whole, see pages 37 to 55 of the Corporate Responsibility Report • Approved the statement on slavery and human trafficking for the financial year ended 31 December 2020 in compliance with the Modern Slavery Act 2015. It is available on the Group's website
Legal and Governance	• Received regular updates from the Group General Counsel on legal matters as well as developments in law and from the Company Secretary regarding corporate governance that affect the business and recommended best practices as appropriate. Directors are periodically reminded of their responsibilities both in law and from a regulatory perspective • Received regular updates on revisions to senior management function (SMF) responsibilities, including relevant training and approved new SMF appointments as appropriate • Approved restructuring and liquidation of several group entities as part of the legal entity rationalisation programme • Received regular updates on the Chair's succession, subsequently approving the appointment of the new Chair • Approved the appointment of two new Independent Non-Executive Directors and the Company Secretary • Approved the roll out of a tailored Board induction programme to new incoming directors including site visits as appropriate. Induction sessions were arranged for Chris Grigg and Bill McNabb providing opportunities to familiarise themselves with the Tilney and Smith & Williamson businesses and governance structure • Approved the revised governance model for financial services business, resulting in the restructuring of various sub-Committees under the Group Executive Committee and of financial services senior management under John Bunch, the Chief Financial Services Director • The Board has an oversight of the Group policies framework and approved policies which are not delegated elsewhere • Approved any changes to directors' conflicts of interest • In December 2021, the Board approved an internal board evaluation exercise facilitated by Lintstock. The Board was apprised of the launch of the exercise at the end of January 2022 and findings will be delivered to the Board in March 2022
People and culture	• Received regular updates from the Group's Chief People Officer on human resources matters • Approved a new recruitment operating model to transform the Group's recruitment process. Resource Solutions, an outsourcing provider has been engaged to support Board efforts to promote the Company's aspirations for diversity and inclusiveness as well as ESG • Considered Succession Planning across all key control and support functions • Kept apprised of employee well-being during COVID-19 and integration post-merger

Theme	Action taken by the Board
	• Supported management in its engagement with employees through colleague pulse surveys and establishing Smart Working framework during the pandemic • Considered the adequacy of Gender Pay Gap policy and other remuneration policies with oversight from Remuneration Committee • Received regular reports on whistleblowing instances and recommendations from Risk and Oversight Committee • Supported the move to 45 Gresham Street, London providing 'Smart Working' facilities to our colleagues and designed to the highest standards of environmental sustainability • Received regular updates on the new senior management hires
Operations and IT	• Received regular updates on change portfolio initiatives including update on integration programmes, client advisor and digitisation and custody migration • Agreed IT and cyber security resilience testing • Received regular updates on the implementation of the Core Wealth system since its launch and ways to effectively implement it

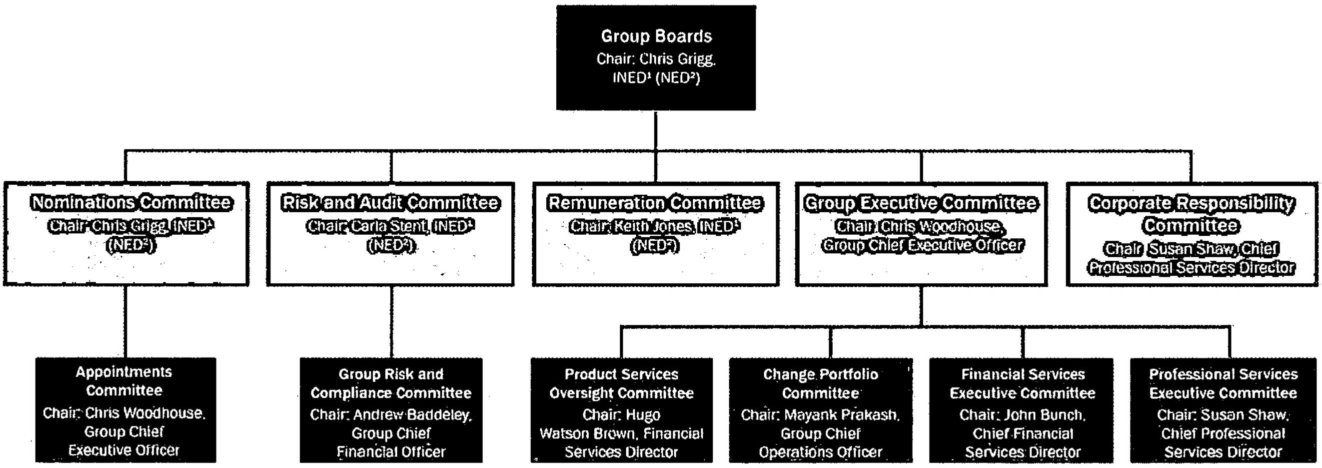
The Board Committees

The Board delegates certain responsibilities to Board Committees to help discharge its duties. The Board Committees play an essential role in supporting the Board, giving focused oversight of key areas and aspects of the business. The Board Committees are in turn supported by various executive and management committees as set out in the diagram below. While the Board retains overall responsibility, a sub-Committee structure allows more time for closer scrutiny by Board Committees prior to any consideration required by the Board.

The role and responsibilities of the Board and Board Committees, including sub-Committees, are set out in formal Terms of Reference to ensure there are clear lines of accountability and responsibility to support effective decision-making across the organisation. These are reviewed at least annually as part of the review of the corporate governance framework.

Except for the Group Executive Committee and Corporate Responsibility Committee, all Committees are composed of Independent Non-Executive Directors only. The Board Chair is also the Chair of the Nomination Committee and the Corporate Responsibility Committee; all other principal Board Committees, except the Group Executive Committee, are chaired by Independent Non-executive Directors who have particular skills or interests in the activities of those Committees. The Chairs of each of the Board Committees provide a report to the Board on their activities.

The governance structure encompassing the Board, its principal Board Committees and the sub-Committees is set out in the diagram below.



1. Independent Non-Executive Director (INED).
2. Represents Non-Executive Directors' (NED) participation on the Board and respective Board Committees.

Nomination Committee and its sub-Committee:

Details are set out in the Nominations Committee Report on pages 84 to 85.

Risk and Audit Committee and its sub-Committee

Details are set out in the Risk and Audit Committee Report on pages 81 to 83.

Remuneration Committee

The Committee comprises Non-Executive Directors and its Chair is an independent Non-Executive Director. The responsibilities delegated by the Board to the Committee include oversight of remuneration and incentive packages for senior staff within the Group. It also ensures that the remuneration policies and practices comply with the appropriate regulatory guidelines and codes of practice and are designed to foster and support the Group's strategy, prudent risk management, culture and behaviours and take into account the long-term interests of all stakeholders. It considers changes to the Group's remuneration policy, any significant widening of the gender pay gap, any proposal to introduce a new equity incentive plan and significant changes to the equity incentive arrangements of Board members. The Committee approves the remuneration and incentive packages for the Executive Directors and the members of the Group Executive Committee. It has oversight of the controls in place to ensure that risk and compliance concerns are reflected in the remuneration of individuals.

Group Executive Committee

The Group Executive Committee, the membership of which is drawn from senior colleagues across the Group, is responsible for managing the business and delivering the execution of our strategy. This Committee is chaired by the Group Chief Executive Officer. It meets weekly to consider ad hoc matters and monthly to consider a more scheduled range of topics.

The Group Executive Committee, in its oversight of the businesses within the Group, has the following executive and management sub-Committees which report into it. These sub-Committees comprise key senior managers and colleagues from various business functions who are responsible for the day-to-day running of the business and other operational and compliance matters and implementing the strategies that the Board has set.

- Product and Services Oversight Committee: oversees the product governance requirements of MiFID II
- Change Portfolio Committee: monitors large change projects across the Group. It provides challenge and oversight of change activity. This includes the prioritisation, planning, execution and governance of in-scope projects and change activity
- Financial Services Executive Committee: a newly formed sub-Committee of Group Executive Committee which consolidates the following three legacy committees: the Investment Management Executive Committee, the Financial Planning Executive Committee and the Commercial Executive Committee to provide unified focus to the Financial Services business. It is responsible for overseeing the overall functioning and governance of the core Financial Services business in order to enhance client outcomes and ongoing business development. This Committee is further supported by several other sub-Committees such as the Risk Operational and Oversight Committee, Investment Process Committee, the Investment Oversight Committee, the Financial Planning Process Committee and the Financial Planning Oversight Committee and various working groups
- Professional Services Executive Committee: oversees the overall functioning and governance of the core Professional Services business to enhance client outcomes and ongoing business development.

Corporate Responsibilities Committee

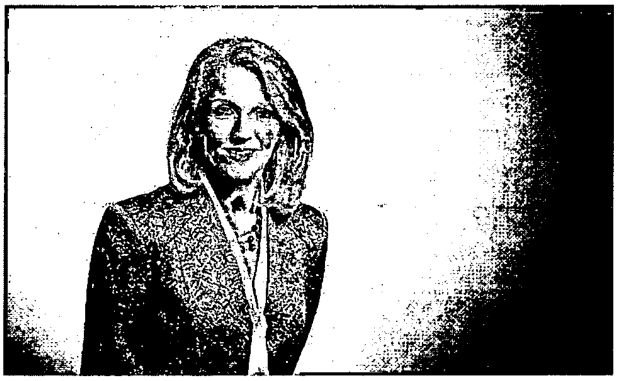
Details are set out in the Corporate Responsibility Report on page 37.

Board and Committee membership and attendance record[1]

Position	Member	Group Boards	Nominations Committee	Risk and Audit Committee	Remuneration Committee
Chair	Chris Grigg[2]	4/4	N/A	N/A	N/A
	Will Samuel	11/12	4/4	8/8	8/8
Executive Directors	Andrew Baddeley	12/12	N/A	N/A	N/A
	Chris Woodhouse	11/12	N/A	N/A	N/A
Independent Non-Executive Directors	Elizabeth Chambers	8/12	4/4	6/8	8/8
	Keith Jones[3]	11/12	4/4	8/8	8/8
	Bill McNabb[4]	10/12	N/A	N/A	N/A
	Carla Stent[5]	12/12	4/4	8/8	8/8
Non-Executive Directors	David Cobb	11/12	N/A	N/A	N/A
	Peter Deming	11/12	4/4	6/8	8/8
	Philip Muelder	9/12	2/4	N/A	7/8
	Chris Pell	12/12	4/4	8/8	8/8
	Kevin Stopps[6]	7/9	N/A	N/A	N/A

1. The table shows attendance at the meetings, held during the year, of the Group Boards and those Committees which comprises NEDs.
2. Chris Grigg was appointed to the Board on 2 August 2021 and is also Chair of the Nominations Committee.
3. Keith Jones is the Chair of the Remuneration Committee.
4. Bill McNabb was appointed to the Board on 15 January 2021.
5. Carla Stent is the Chair of the Risk and Audit Committee.
6. Kevin Stopps resigned from the Board on 1 October 2021.

Risk and Audit Committee Report



Carla Stent - Chair of the Risk and Audit Committee

The Chair's statement

This is my second year reporting to you as the Chair of the Risk and Audit Committee. This remains an exciting time for the Company as we continue to build on the achievements following the merger. It is my pleasure to report on the Committee's deliberations during the 2021 financial year, which have included risks relating to the integration following the merger, the COVID-19 pandemic and the digital technology platform upgrades that the Group has undertaken through the Core Wealth programme and the assessment of the appropriateness of internal controls and reporting. We also reviewed the appropriateness of the financial crime, cyber, investment suitability and change programme processes. We counselled management on the need for a dynamic assessment of emerging risks facing the business including COVID-19 and ESG.

Membership and attendance

Details of Committee membership and their attendance is set out on page 80.

The Group Chief Financial Officer, the Group General Counsel, the Group Chief Risk and Compliance Officer, the Group Financial Controller, the Chief Operating Officer and the Group Chief Executive Officer were all in attendance at the Committee meetings, as were representatives from the Group's external and internal auditors, who also met with the Committee members before some meetings without management present.

Role and responsibilities of the Committee

The Committee has responsibility for oversight of a number of audit and risk matters, which are set out in its terms of reference and include:

- Review the enterprise wide risk profile through Three Lines of Defence governance model
- Provide advice, oversight and challenge to embed and maintain a supportive risk culture
- Review the Risk Framework and recommend it to the Board for approval
- Review and approve the key risk type and risk activity frameworks identified in the Risk Framework
- Review the capability to identify and manage new risks and risk types
- Oversee and challenge the day-to-day risk management actions and oversight arrangements and adherence to risk frameworks and policies
- Review the integrity of the financial statements of the Company and any formal announcements relating to its financial performance, including significant financial reporting judgements
- Ensure the effectiveness of internal financial controls
- Evaluate the external auditors including their independence and objectivity, as well as agreeing the audit scope and effectiveness of the audit process in respect of the statutory audit of the annual financial statements
- Ensure the effectiveness of the internal audit function
- Review the whistleblowing arrangements.

Governance

The Risk and Audit Committee is supported by an executive and management committee called the 'Group Risk and Compliance Committee' which is chaired by Andrew Baddeley, Group Chief Financial Officer and attended by key colleagues from various business functions including risk, compliance and CASS. This sub-Committee monitors the risk management framework to ensure that adequate systems and controls are in place and that the businesses operate in accordance with all relevant legal and regulatory requirements. It also ensures the management of key risks against appetite group-wide and reports on deviations and material issues across the Group.

Overview of the year

Risk management framework

The Group operates a Three Lines of Defence model to support the risk management framework which is detailed on page 26 of the Strategic Report.

Group level key risks, together with associated key risk indicators and risk appetites for each, have been agreed within the risk management policy and framework, reflecting the risk to the Group's business and delivery of its strategy. Key risks are agreed by the Board and monitored by the Group Risk and Compliance Committee, which reports to the Risk and Audit Committee on any key risk that sits outside of risk appetite and recommends actions to bring them back within tolerance.

Internal control and financial reporting

The Board has overall responsibility for the Group's system of internal control. The Chair of the Risk and Audit Committee is responsible for the internal audit function and is supported by the Head of Internal Audit and the Group Chief Risk Officer.

Services of the co-source internal audit partner, BDO LLP, are utilised alongside those of the in-house team. Audit reports from a rolling programme of work are received and reviewed by the Group Risk and Compliance Committee, the Risk and Audit Committee and any other relevant Committees as appropriate.

The Group's system of internal financial control includes restrictions on payment authorisations and execution and, where appropriate and possible, duties are segregated. The annual budgeting, forecasting and monthly management reporting system, which applies throughout the Group, enables trends to be evaluated and variances to be acted upon. The Group's Executive Committee received monthly financial information on results and other performance data and the Board reviewed financial and performance data at each of its formal meetings.

Any system of internal control, however, is designed to manage, rather than eliminate the risk of failure to achieve business objectives and client outcomes. In establishing and reviewing the system of internal controls, the Directors consider the nature and extent of relevant risks, the likelihood of a loss being incurred and costs of control.

Summary of key Committee activities in 2021:

Theme	Action taken by the Committee
Risk Oversight	• Received regular updates from Group Chief Risk Compliance Officer and Group General Counsel to consider key risk, compliance and financial crime matters including emerging risks and recommending appropriate actions to the Board and downstream functions • Received updates from the Chief Investment Management Director on Investment Suitability and Oversight and the Risk Budget • Considered regular updates from the Group Chief Financial Officer regarding the retirement benefit assumptions, and from the Group Chief Risk Officer regarding compliance monitoring plan, KRIs and risk environment • Monitored the adequacy of the Group's whistleblowing policy and investigated any whistleblowing cases during the year
Regulatory and tax	• Received regular updates from the CASS auditors and the Group's CASS officer on CASS matters including regular engagement with the FCA • Considered the Group's taxation status report and its tax strategy. The Group's Tax Strategy has been made publicly available on our website. The strategy sets out the Group's governance in relation to tax compliance, risk management, attitude to arranging our tax affairs, and our relationship with the tax authorities. The Group's tax risk appetite is considered to be low
Audit matters	Internal Audit • Received regular reports from the internal auditors (supported by BDO LLP under a co-sourced model). A number of internal audits were carried out during the year in accordance with a plan approved by the Committee. The Committee monitored progress against the implementation of the recommended actions, and reviewed management's responses to any matters of significance raised during the audit reviews External Audit: • Mazars LLP continue to act as our external auditors. Mazars confirmed that they were independent and able to express an objective opinion on the financial statements ended 31 December 2021
Finance matters	• Critical accounting judgements and key sources of estimation uncertainty made in the preparation of the Annual Report and Financial Statements (for further information, see note 4 to the Consolidated Financial Statements) were considered and agreed by the Committee, including: - Revenue recognition

Theme	Action taken by the Committee
	- Capitalised costs of obtaining client contracts - Classification of exceptional items - Impairment of goodwill - Business combinations - Useful lives of intangible assets
	- Fair value of financial instruments - Defined benefit pension schemes - Share-based payments - Accrued income • Reviewed and agreed the going concern and viability statements, together with the work carried out as a whole to prepare the Annual Report and Financial Statements 2020. Considering the Annual Report and Financial Statements 2020 were fair, balanced and understandable and provided the information necessary for shareholders to assess the Group and Company's performance, business model and strategy, the Committee recommended to the Board the approval of the Annual Report and Financial Statements 2020 • Recommended to the Board, the approval of the ICAAP 2021 and flagged that consideration needs to be given to the impact of inflation risk in future ICARA reports
Operations and IT	• Received regular updates from the Chief Operating Officer on material change programmes including custody consolidation for the UK and internationally, the development of the Core Wealth platform and updates on IT controls and cybersecurity

Terms of Reference

The Terms of Reference and membership are regularly reviewed by the Committee to make sure they continue to be appropriate.

Looking forward

During the coming financial year, the Committee will continue to focus on the risk and prudential risk matters facing the Group, with a particular focus on integration risk and significant technology platform changes, cyber, fraud, financial crime and evidence of investment suitability practices. It will also continue to be cognisant of the challenges presented by the evolving pandemic and the return to the 'new normal', people-related risks that have arisen including wellbeing and capability and capacity to deliver our strategic priorities, as well as any new risks and changes to the regulatory environment that may come into effect during the course of the year.

Carla Stent
Chair of the Risk and Audit Committee

2 March 2022

Nominations Committee Report

Chris Grigg - Chair of the Nominations Committee

The Chair's statement

Following my appointment as Board Chair and Chair of the Nominations Committee, it is my pleasure to present to you the report of the Nominations Committee's activities during the financial year.

The Committee's Board recruitment process is continuous and proactive; it takes into account the factors affecting the long-term success of the Group and its strategic priorities. During 2021, the Committee has undergone a number of changes in its membership as set out later in this report.

Membership and attendance

Details of Committee membership and their attendance is set out on page 80.

Role and responsibilities of the Committee

The primary responsibilities of the Committee include to:

- Review the Board's structure, size and composition, including independence, diversity, knowledge, skills and experience of its members
- Consider succession planning for Directors and senior executives
- Identify and nominate candidates to fill Board vacancies as they arise
- Assess its performance and oversee the performance evaluation process for the Board and its Committees
- Consider the annual reappointment of Directors having regard to their performance and ability to contribute to the Board
- Oversee the induction of new Directors and ongoing training needs for the Board and individual Directors
- Oversee the adequacy of the governance arrangements in place.

Governance

The Nominations Committee is supported by an executive and management Committee called the 'Appointments Committee' which is chaired by the Group Chief Executive Officer and has key colleagues from various business functions such as the Group Chief Financial Officer and Group Chief People Officer. This sub-Committee reports any material matters as appropriate and recommends succession plans to the Nominations Committee in order to allow it to deliver is responsibilities efficiently.

Overview of the year

During 2021, the focus of the Committee's work was to:

- Oversee Board changes and continue to strengthen the senior management succession pipeline
- Lead the process for new Director appointments to the Board
- Review the collective skills, knowledge and experience of the Board, taking into account independence and diversity to inform succession plans
- Consider arrangements relating to Directors including Directors' interests, time commitment, terms of employment and that they remain appropriate.

Succession Planning

The Committee leads the process for identification, nomination and recommendation of candidates for appointments to the Board and senior management function holders on the Board. It also ensures plans are in place for orderly succession to both the Board and such senior management positions. In doing so, it follows a rigorous and transparent process designed to make sure the appointments are based on merit and objective criteria, and they promote diversity in its broadest sense to complement and strengthen the overall Board and its Committees' skills, knowledge and experience.

As part of the Board appointments process, the Committee takes account of legal and regulatory requirements. The Board retains responsibility for and approves final decisions on these matters.

Appointments to the Board

In 2021, the Committee spent significant time overseeing new Board appointments. The Committee undertook a search supported by Russell Reynolds resulting in its recommendation to the Board to appoint me as an independent NED Chair to the Board.

Terms of Reference

The Terms of Reference and membership are regularly reviewed by the Committee to make sure they continue to be appropriate and is approved by the Group Boards at least once a year.

Looking forward

Following recent changes to the Board as described on page 14, the Board determined that an evaluation of the operation of the Board and Board Committees will be conducted in the early 2022. Whilst this is later than the normal cycle, it is designed to allow new Board members to transition and for new Board processes to be established, giving more meaningful observations for the ongoing operational effectiveness of the Board.

The Committee will continue to review the appropriateness of the Board structure and composition and oversee the implementation of the agreed actions arising from the external Board review. Key areas of focus going forward will be Board and executive succession planning, workforce engagement, wellbeing and overall talent management.

Chris Grigg
Chair of the Nominations Committee

2 March 2022

Directors' Report

The Directors present their Annual Report on the affairs of the Group and the Company, together with the audited Consolidated Financial Statements for the year ended 31 December 2021.

Registered company number

The Company's registered number is 08741768.

Business review and activities

The principal activities of the Company are set out in the Strategic Report on page 10. The information that fulfils the Companies Act 2006 requirements of the business review is included in the Strategic Report on pages 1 to 65. This includes a review of the development of the business of the Company during the year and of likely future developments in its business. Details of the principal risks and uncertainties are included in the Strategic Report on pages 26 to 33.

Corporate governance statement

The Company's statement on corporate governance can be found in the Corporate Governance Report on pages 69 to 85. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

Results and dividends

The consolidated results for the year are shown on page 92.

The Directors do not recommend a payment of a final dividend in respect of the financial year ended 31 December 2021. During the year the Company distributed dividends of £32.9 million (2020: £42.7 million).

Directors

The Directors who served throughout the year under review and up to the point of signing the financial statements are listed below, unless mentioned otherwise.

- A Baddeley
- E Chambers
- D Cobb
- P Deming
- C Grigg (appointed 2 August 2021)
- K Jones
- W McNabb (appointed 15 January 2021)
- P Muelder
- C Pell
- W Samuel (resigned 18 February 2022)
- C Stent
- K Stopps (resigned 1 October 2021)
- C Woodhouse

Company secretary

On 1 September 2021, Gavin White was appointed as Company Secretary.

Capital structure

Details of changes in the Company's share capital during the year are given in note 34 to the Consolidated Financial Statements.

Substantial shareholdings

At the balance sheet date, Violin Debtco Guernsey Limited owned 100% of the ordinary share capital of the Company.

During the year, the immediate parent undertaking of the Company changed from Violin Equityco Limited to Violin Debtco Limited following a transfer of 100% of the ordinary shares of the Company which took effect on 10 November 2021. Further details are set out in note 34 to the Consolidated Financial Statements.

Indemnity and insurance

The Directors have been covered by liability insurance throughout the year and the policy of insurance remains in force.

Financial instruments and risk management

Information on the Group's financial instruments and management of financial risk are disclosed in notes 3 and 36 respectively.

Corporate responsibility

The Directors are committed to minimising the environmental impact of the Group's operations and to delivering continuous improvement of its environmental performance. See pages 40 to 43 for details of the total greenhouse gas emissions data.

During the year, the Corporate Responsibility Committee was appointed and has delegated responsibility from the Board for setting and monitoring the Group's approach to the corporate responsibility strategy. The Group's Corporate Responsibility Report can be found on pages 37 to 55.

The Group is a supporter of the Task Force for Climate-Related Disclosures (TCFD) and Climate-Related Financial Disclosures are included on pages 56 to 64.

Employees

The Directors ensure that the Group's policies are consistent with its strategic objectives and are designed with the long-term success of the Company. The Group attracts and retains the most talented and committed people through maintaining employee engagement. This is achieved through a combination of effective communication, consultation and employee share ownership. Further detail is set out in the Section 172 Statement on pages 34 and 35 and Corporate Responsibility Report on pages 49 to 52.

The Directors are committed to equality of employment, access and quality of service for disabled people. The Group complies with the UK Equality Act 2010 throughout its business operations. Policies are in place to accommodate existing and prospective employees with disabilities giving full and fair consideration to their particular aptitudes and abilities, and for continuing the employment of employees who have become disabled by arranging appropriate training and making reasonable adjustments in the workplace.

Information included in the Strategic Report

The Strategic Report contains matters, otherwise required to be disclosed in the Directors' Report, which are considered by directors of key strategic importance to the Company. Specifically, details on how the Board engages with colleagues, suppliers and other stakeholders during the year is set out in the Section 172 Statement on pages 34 to 36.

Political donations

No political donations were made during the year (2020: £nil).

Post balance sheet events

Details of post-balance sheet events are set out in note 44 of the Consolidated Financial Statements.

Future developments

Future developments of the Group are discussed in our strategy on pages 14 and 17.

Going concern

Details of the Group's business activities, performance and position, together with the risks it faces and other factors likely to affect its future development, are set out in the Strategic Report. Further information can also be found in note 3 of the Consolidated Financial Statements.

The Directors have considered the Group's prospects and viability (see page 25) for a period of at least 12 months from the date the Consolidated Financial Statements are approved and have concluded that the Group has adequate financial resources over that period and, accordingly, the Directors continue to adopt a going concern basis for the preparation of the Consolidated Financial Statements.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements 2021, and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for maintaining adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Report that comply with that law and those regulations.

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

Responsibility statement of the Directors in respect of the Annual Report and Financial Statements

We confirm that to the best of our knowledge:

- the financial statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board on 2 March 2022:

Gavin White
Group Company Secretary

Tilney Smith & Williamson Limited
Registered Number: 08741768
Registered Office: 6 Chesterfield Gardens, London, W1J 5BQ

Independent Auditor's Report to the members of Tilney Smith & Williamson

Opinion

We have audited the financial statements of Tilney Smith & Williamson Limited (the parent company, 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise:

- the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income;
- the Consolidated Balance Sheet;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Cash Flow Statement;
- Notes to the Consolidated Financial Statements, including a summary of significant accounting policies;
- the Company Income Statement;
- the Company Balance Sheet;
- the Company Statement of Changes in Equity;
- the Company Cash Flow Statement; and
- Notes to the Company financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

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

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the Group's and the Company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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 the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent Auditor's Report to the members of Tilney Smith & Williamson

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.

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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 88, 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 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 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Group and the Company and their industry, we considered that non-compliance with the following laws and regulations related to breaches of financial crime laws & regulations and regulatory compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included but were not limited to:

- Discussing with the Directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit;
- Considering the risk of acts by the Group and the Company, which were contrary to applicable laws and regulations, including fraud;
- Review of the compliance register, correspondence with regulators, including the lead regulator, the Financial Conduct Authority;

Independent Auditor's Report to the members of Tilney Smith & Williamson

- Review reporting to the Risk and Audit Committee in respect of regulatory, compliance and legal matters;
- Review of internal audit reports, with particular focus on those with potential implications for the financial statements;
- Results of our enquiries of management, Internal Audit and the Audit Committee about their own identification and assessment of the risks of irregularities, and whether they had knowledge of any actual, suspected or alleged fraud; and
- Challenging assumptions and judgements made by management in its significant accounting estimates, in particular in relation to: the impairment assessments of goodwill and intangible assets; the assessment of useful economic lives of customer relationship intangibles; and the valuation of acquired assets, financial instruments and defined benefit pensions assets and obligations.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006. In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias in significant accounting estimates, in particular those involving fair values and impairment, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and Management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team involving relevant internal specialists, such as accounting, tax, pensions and IT, regarding the risks of fraud, particularly how, why and where fraud might occur in the financial statements; and
- Addressing the risks of fraud through management override of controls by identifying and testing journal entries with particular risk characteristics.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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 Heffron
Senior Statutory Auditor

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
London

3 March 2022

Consolidated Income Statement

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Fee and commission income	6	659,176	367,537
Fee and commission expense		(105,269)	(63,841)
Net fee and commission income		553,907	303,696
Net trading income		6,246	1,799
Share of results of associates	20	680	277
Operating income		560,833	305,772
Operating expenses		(481,264)	(256,397)
Exceptional items	7	(28,691)	(38,173)
Total operating expenses		(509,955)	(294,570)
Operating profit	8	50,878	11,202
Gain on sale of business	10	4,213	-
Dividend income	11	384	-
Finance income	12	174	240
Finance costs	13	(3,282)	(19,560)
Profit/(loss) before tax		52,367	(8,118)
Taxation	14	(35,604)	(6,480)
Profit/(loss) for the year		16,763	(14,598)

The notes on pages 97 to 148 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Profit/(loss) for the year		16,763	(14,598)
Items that will not be reclassified subsequently to profit or loss			
Net remeasurement of defined benefit assets	33	9,272	(3,344)
Actuarial loss on retirement annuities	33	(74)	(61)
Net gain on revaluation of equity investment securities designated at FVOCI		378	819
Tax effect of the above items	14	(2,514)	496
		7,062	(2,090)
Items that may be reclassified subsequently to profit or loss			
Exchange gain on translation of foreign subsidiaries		102	9
		102	9
Other comprehensive profit/(loss) for the year, net of tax		7,164	(2,081)
Total comprehensive profit/(loss) for the year		23,927	(16,679)

The notes on pages 97 to 148 form an integral part of these financial statements.

Consolidated Balance Sheet

as at 31 December 2021

	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Intangible assets	16	1,255,038	1,291,746
Property, plant and equipment	18	28,311	10,344
Right-of-use assets	19	84,299	28,632
Interests in associates	20	5,646	5,163
Derivative financial instruments	21	-	16
Retirement benefit assets	33	9,475	162
Total non-current assets		1,382,769	1,336,063
Current assets			
Cash and cash equivalents	22	217,322	168,758
Settlement balances - assets	23	10,083	62,931
Trade and other receivables	24	179,426	177,690
Equity investment securities designated at FVOCI	26	4,004	12,311
Derivative financial instruments	21	44	-
Current tax assets		64	4,736
Total current assets		410,943	426,426
Total assets		1,793,712	1,762,489
Liabilities			
Current liabilities			
Borrowings	27	-	28,500
Settlement balances - liabilities	28	9,793	63,273
Trade and other payables	29	172,959	187,091
Provisions	30	2,539	2,435
Lease liabilities	31	6,228	10,483
Current tax liabilities		-	-
Total current liabilities		191,519	291,782
Net current assets		219,424	134,644
Non-current liabilities			
Long-term provisions	30	15,039	8,441
Lease liabilities	31	78,817	19,646
Net deferred tax liabilities	32	117,053	103,326
Total non-current liabilities		210,909	131,413
Total liabilities		402,428	423,195
Net assets		1,391,284	1,339,294
Equity			
Share capital	34	1,050,894	1,041,654
Share premium	34	51,660	-
Capital reorganisation reserve		(1,000)	(1,000)
Fair value through other comprehensive income (FVOCI) reserve		738	674
Retained earnings		288,992	297,966
Total equity		1,391,284	1,339,294

The notes on pages 97 to 148 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 2 March 2022.

They were signed on its behalf by:

Chris Woodhouse
Group Chief Executive Officer

Andrew Baddeley
Group Chief Financial Officer

Company registered number: 08741768

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital £'000	Share premium £'000	Capital reorganisation reserve[1] £'000	FVOCI Reserve[2] £'000	Retained Earnings[3] £'000	Total equity £'000
At 1 January 2020	43,768	398,102	-	-	(41,946)	399,924
Loss for the year	-	-	-	-	(14,598)	(14,598)
Other comprehensive income/(loss) for the year	-	-	-	733	(2,814)	(2,081)
Total comprehensive income/(loss)	-	-	-	733	(17,412)	(16,679)
Dividend distribution	-	-	-	-	(42,674)	(42,674)
Issue of shares – adjustment in respect of prior year	-	1,600	-	-	-	1,600
Issue of shares – current year	997,886	-	(1,000)	-	-	996,886
Capital reduction	-	(399,702)	-	-	399,702	-
Gain transferred to retained earnings on disposal of equity investments designated at FVOCI	-	-	-	(59)	59	-
Share-based payments	-	-	-	-	237	237
At 31 December 2020	1,041,654	-	(1,000)	674	297,966	1,339,294
Profit for the year	-	-	-	-	16,763	16,763
Other comprehensive income for the year	-	-	-	380	6,784	7,164
Total comprehensive income	-	-	-	380	23,547	23,927
Dividend distribution	-	-	-	-	(32,900)	(32,900)
Issue of shares	9,240	51,660	-	-	-	60,900
Gain transferred to retained earnings on disposal of equity investments designated at FVOCI	-	-	-	(404)	404	-
Deferred tax on equity items	-	-	-	88	(88)	-
Transfer of residual assets on dissolution of EBT	-	-	-	-	(1,589)	(1,589)
Share-based payments	-	-	-	-	1,652	1,652
At 31 December 2021	1,050,894	51,660	(1,000)	738	288,992	1,391,284

1. The capital reorganisation reserve occurred in 2020 and is the difference between the value at which share capital was issued and the fair value of the assets acquired with those shares.
2. The fair value through other comprehensive income (FVOCI) reserve consists of accumulated changes in the fair value of equity investments.
3. Retained earnings include the share option, actuarial and translation foreign currency reserves and movements thereon.

The notes on pages 97 to 148 form an integral part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flow from operating activities			
Profit/(loss) before tax		52,367	(8,118)
Adjustments for:			
Share of results of associates	20	(680)	(277)
Finance income	12	(174)	(240)
Finance costs	13	3,282	19,560
Property, plant and equipment written off		24	-
Depreciation of property, plant and equipment	18	3,821	3,335
Depreciation of right-of-use assets	19	12,573	6,284
Amortisation of intangible assets	16	95,632	55,117
Share-based payment expense	35	2,080	237
Increase in provisions		3,469	1,397
Defined benefit costs and other retirement costs		105	184
Other non-cash movement		3	81
Operating cash flows before movements in working capital		172,502	77,560
(Increase)/decrease in net settlement balances		(632)	407
Decrease/(increase) in trade and other receivables		56,217	(33,405)
(Decrease)/increase in trade and other payables		(23,279)	19,825
Decrease in provisions		(2,151)	(1,869)
Cash generated from operations		202,657	62,518
Defined benefit contribution and annuities paid		(187)	(101)
Interest received/(paid)		7	(1,123)
Tax paid		(17,730)	(7,823)
Net cash generated from operating activities		184,747	53,471
Cash flow from investing activities			
Interest received	12	32	120
Dividends received from associate	20	133	126
Proceeds on disposal of equity investments held at FVOCI		8,687	338
Additions to intangible assets	16	(45,400)	(16,527)
Additions to property, plant and equipment	18	(21,782)	(2,442)
Purchases of equity investments designated at FVOCI		(2)	(18)
Acquisition of business, net of cash acquired	17	(8,808)	(150,987)
Net cash used in investing activities		(67,140)	(169,390)
Cash flows from financing activities			
Dividends paid		(32,900)	-
Interest paid			(15,399)
Repayments of borrowings			(6,175)
Proceeds from borrowings			25,000
Repayment of loan from parent undertaking	27	(25,000)	-
Payment of lease liabilities	31	(11,143)	(6,948)
Proceeds on issue of shares			223,211
Net cash (used in)/generated from financing activities		(69,043)	219,689
Net increase in cash and cash equivalents		48,564	103,770
Cash and cash equivalents at beginning of the year		168,758	64,988
Cash and cash equivalents at the end of the year	22	217,322	168,758

The notes on pages 97 to 148 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

1. General information

Tilney Smith & Williamson Limited (the "Company") is a company incorporated in the UK under the Companies Act and the immediate UK holding company of the Tilney Smith & Williamson group of companies (the "Group"). The address of the registered office is given on page 162. The nature of the Group's operations and its principal activities are set out in in the Strategic Report on pages 1 to 65.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The accompanying notes form part of these financial statements.

2. Developments in reporting standards and interpretations

New standards, amendments and interpretations adopted by the Group

The following amendments to standards have been adopted in the current period. None of these amendments have had a material impact on the reported financial position or performance of the Group:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Amendment to IFRS 16 Leases COVID-19 Related Rent Concession

New standards, amendments and interpretations not yet adopted

The following new standards and amendments to standards and interpretations are effective for periods beginning after 1 January 2021:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Annual Improvements to IFRS 2018- 2020
- Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) and Deferral of Effective Date Amendment
- Income Taxes (Amendments to IAS 12)

The Group does not intend to adopt the new or amended standards early. It is not currently expected that these new and amended standards will have a material impact on the Group's financial statements.

Following the UK's exit from the EU on 1 January 2020, the Group is required to report under UK-adopted international accounting standards as adopted and endorsed by The UK Endorsement Board (UKEB). This change had no impact on the reported financial position or performance of the Group.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, share based payment arrangements and net defined benefit scheme asset or liability that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below. Unless otherwise stated, they have been applied consistently to all periods presented in the financial statements.

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The exception to the measurement principle for identifiable net assets acquired is for leases under IFRS 16. The Group, as an acquirer, measures the lease liabilities at the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at the same amount as the lease liability.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Going concern

The Directors are required to satisfy themselves that it is reasonable to presume that the Group and Company are a going concern. After reviewing the Group and Company's performance projections for a period of at least 12 months from the date of issue of the Consolidated Financial Statements, the Directors are satisfied that, in taking account of a range of stress tests (including any further potential impacts of COVID-19 on market volatility) which are deemed to be severe but plausible, details of which are set out in the Viability Statement on page 25, the Group and Company have adequate access to resources to enable them to meet their obligations and continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Foreign currencies

Functional and presentation currency

The Consolidated Financial Statements are presented in pounds sterling, which is the Group's presentation currency. Assets and liabilities of subsidiaries (shown at functional currency in the subsidiary accounting records) are translated at foreign exchange rates ruling at the balance sheet date. The income and expenses of such undertakings are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation are recognised in other comprehensive income. They are released into the income statement upon disposal of the relevant subsidiary.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Revenue recognition

The Group's revenue streams involve the provision of Financial Services, Professional Services and Fund Administration.

To determine whether to recognise revenue, the Group follows the IFRS 15 five step process. Revenue from contracts with customers is recognised when the Group satisfies a performance obligation for a contracted service.

Performance obligations can be satisfied in a variety of ways upon completion of specific obligations, or as services are rendered. Revenue recognised is the value allocated to the satisfied performance obligation over time or at a point in time. A breakdown of the timing of revenue recognition can be found in note 6.

Financial Services

Discretionary investment management, advisory and financial planning fees

Discretionary investment management, advisory and financial planning fees are recognised on a continuous basis over the period in which the related services are provided. The fair value of fees received or receivable is measured based on the contracted rates by client, the current market position and the client's funds under management.

Execution only

Fee and commission charges for executing transactions on behalf of clients are recognised when we have fulfilled our obligations to the client in respect of the transaction. The fair value of the commission received or receivable is measured based on the contractual commission rate.

Professional Services

The Group generates revenues from Professional Services from a wide variety of contracts for the provision of assurance and business services, tax and advisory services which can involve fixed, variable and contingent fees. Revenue from a contract to provide services, which is typically recognised over time, is recognised by reference to the stage of completion of the contract. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment of cost plus margin for performance completed to date.

The Group typically uses percentage of completion calculations which are based on labour hours expended and, therefore, costs incurred. This is a faithful representation of the completion status because the labour hours expended, and expenses incurred are an accurate record of the work performed.

Measuring the timing and the progress of performance obligations is performed on a consistent basis to similar performance obligations in similar circumstances, using either a contract by contract or portfolio approach.

The Group recognises the different revenue types as follows:

- Time-and-materials contracts are recognised over time as services are delivered where there is a contractual right to payment for services delivered to date.

- Fixed fee revenue is recognised over time based on the actual service provided to the end of the reporting period relative to total services to be provided, generally assessed by reference to actual inputs of time and expenses as a proportion of the total expected inputs, and where there is an enforceable right to payment for performance completed to date.
- Variable revenue is recognised on an expected value basis unless it related to a contingent event happening. The Group recognises revenue relating to a contingent event over and above a minimum fee to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

If the Group satisfies a performance obligation before it receives the consideration, this is reported either as trade receivables or as a contract asset in the Consolidated Balance Sheet. The Group recognises a contract asset where something other than the passage of time is required before the consideration is due. In all other cases, the Group recognises a receivable for the consideration due.

Payments on account in excess of the relevant amount of revenue are included in excess payments received on account within trade and other payables in the Consolidated Balance Sheet. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts within trade and other payables in the Consolidated Balance Sheet.

Services may be provided for periods greater than one year. As the Group bills an amount based on the contractual terms of the engagement, usually determined by an individual's charge out rate for each hour of contracted service provided, the entity has a right to invoice the customer in the amount that corresponds directly with the value of the entity's performance completed to date. Consequently, in accordance with IFRS 15.121(b), the Group has elected not to disclose information about remaining performance obligations.

Fund administration

Fund administration fees are recognised on a continuous basis over the period in which the related services are provided. The fair value of fees received or receivable is measured based on the contracted rates by client, the current market position and the client's funds under administration.

Dividend income

Dividend income from investments is recognised when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Lessee accounting

The Group is party to leases as a lessee in relation to property agreements for the use of office space. All leases are accounted for by recognising a right-of-use asset and a lease liability except for short-term leases and leases of low value assets. The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value assets recognition exemption to leases of assets below £10,000. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Group recognises the right-of-use asset and the lease liability at the lease commencement date. Lease liabilities are initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement date of the lease is used. Incremental borrowing rates are determined monthly based on the actual rates payable on the senior debt held by the Company's parent undertaking, Violin Debtco Guernsey Limited, and an entity-specific adjustment where the entity risk profile is different to that of the Group.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and reduce for lease payments.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where the Group is required to dismantle, remove or restore the asset. Additionally, they may be re-measured to reflect reassessment due to lease modifications.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. Additionally, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

For lease agreements relating to properties, non-lease components are excluded from the projection of future lease payments and recorded separately within operating costs on a straight line basis.

If the Group revises its estimate of the term of any lease, it will adjust the carrying amount of the lease liability to reflect the payments to be made over the revised term, discounted at the revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Lessor accounting - subleases

The Group sublets surplus office space for certain properties and in these instances acts as an intermediate lessor in the sublease. The Group classifies its subleases as operating or finance leases by reference to the right-of-use asset arising from the head lease (rather than by reference to the underlying asset) or if the head lease belonging to the Group is a short-term lease, the subleases are classified as operating leases.

As an intermediate lessor for finance subleases, the Group derecognises the right-of-use asset relating to the head lease and recognises a net investment in the sublease. The lease payments included in the measurement of the net investment in the finance lease comprises the present value of fixed payments, less any lease incentives payable for the right to use the underlying asset during the lease term that are not received at the lease commencement date. Any differences between the right-of-use asset and the net investment in the subleases are recognised in the Consolidated Income Statement. The Group retains the lease liabilities relating to the head leases on its Consolidated Balance Sheet, which represents the lease payments payable to the head lessor. On subsequent measurement, rentals are apportioned between a reduction in the net investment in the sublease and finance income over the lease term.

For subleases which are classified as an operating lease, the Group retains the lease liability and the right-of-use asset relating to the head lease on its Consolidated Balance Sheet and recognises lease income from the sublease.

Share-based payment arrangements

The cost of share-based employee compensation arrangements, whereby employees and Partners receive remuneration in the form of shares or share awards, is recognised as an employee benefit expense in the Consolidated Income Statement.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value at the grant date of the shares and the number that are expected to vest. The assumptions underlying the number of awards expected to vest are subsequently adjusted to reflect conditions prevailing at the balance sheet date. Fair value is measured by use of a binomial model.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred, determined using the effective interest rate.

Exceptional items

Exceptional items are shown as a named line item in the Consolidated Income Statement. The Group has followed generally accepted accounting practice in reserving the term "exceptional" for costs that are non-recurring in nature, considered to be material in size, and do not form part of the core operating activities of the Group. Details of exceptional costs recognised during the year are in note 7.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss for the year as reported in the Consolidated Income Statement 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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 balance sheet 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.

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.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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.

Segmental reporting

The Group determines and presents operating segments based on the information that is provided internally to the Group Executive Committee, which is the Group's Chief Operating Decision Maker. An operating segment is a component of the Group that engages in business activities from which it may earn income and incur expenses, including income and expenses that relate to transactions with any of the Group's other components.

The Group Executive Committee regularly reviews and assesses the performance of an operating segment and makes decisions about the level of resources allocated to a segment. Operating segments are organised around the services provided to clients and a description of the services provided by each segment is given in note 5.

Transactions between operating segments are reported within the income or expenses for those segments. Indirect costs are allocated between segments in proportion to the principal cost driver for each category of indirect cost.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is treated as having an indefinite life and is therefore not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. The Group has three cash-generating units, Financial Services, Professional Services and Fund Administration. It is not possible to divide the business into smaller assets that generate independent cash flows.

The cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the units may be impaired. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of the changes in estimate being accounted for on a prospective basis.

Other intangible assets that have arisen in relation to the Group's acquisitions of subsidiaries comprise customer lists, funds databases, brands and IFA relationships. Such assets are assessed and capitalised when it is probable that future economic benefits attributable to the assets will flow to the Group and the costs of the assets can be measured reliably. They have an average remaining amortisation period of 9.1 years.

Trading platform costs, software costs and other business development comprises internally generated intangible assets that meet the requirements of IAS 38 Intangible Assets and have been capitalised. These systems were implemented in phases while development continued, hence costs have been transferred to assets in use and amortisation commenced in a way that matches this phased roll out. Only rarely will subsequent expenditure - expenditure incurred after the initial recognition of an acquired intangible asset or after completion of an internally generated intangible asset - be recognised in the carrying amount of an asset.

Certain earn-out agreements that have been entered into include payments that relate to the level of assets under management brought into the Group through new client contracts. These arrangements are typically used where an individual or small team of investment managers is recruited: these individuals or teams are not considered to be a business as defined under IFRS 3, and hence recruitment of this kind is not accounted for as a business combination. As it is anticipated that the revenue generated from the assets transferred to the Group through these new contracts will be greater than the earn-out payments made, these payments have been capitalised as incremental costs of obtaining client contracts under IFRS 15, and are included within customer lists. These assets are amortised over the period for which future economic benefits are expected to be received.

Intangible assets are amortised over their estimated useful lives as follows:

	Average number of years 2021	Average number of years 2020
Customer lists	12.9	12.9
Funds database	6.3	6.3
Brand	20.0	14.5
IFA relationship	13.0	13.0
Trading platform	15.0	15.0
Software costs	8.8	8.8
Other business development	4.0	3.7

Tangible fixed assets

Tangible fixed assets including right-of-use assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Asset type	Basis of depreciation
Short-term leasehold improvements	over the lease term
Computer equipment	3 years
Furniture, fittings and equipment	5 years

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is based on the value in use of the asset. This is assessed on expected revenue generation less any servicing costs together with recent experience.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Interests in associate

An associate is an entity over which the Group exercises significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated into these financial statements using the equity method of accounting. Investments in associates are carried in the Consolidated Balance Sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interest that, in substance, forms part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. If the cost of acquisition is less than the fair value of the net assets of the associate acquired, the difference is recognised directly in the income statement.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Cash and cash equivalents

For the purpose of preparation of the Consolidated Cash Flow statement, cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of a Group entity's cash management are included in cash and cash equivalents where they have a legal right of set-off against positive cash balances and an intention to settle on a net basis.

Settlement balances

Settlement balances, which are a sub-class of either financial assets or financial liabilities, are disclosed separately. They represent amounts that are either receivable or payable by the Group in respect of unsettled trades. Purchases and sales of investments are recognised at trade date which is the date on which the Group commits to purchase or sell the asset.

In accordance with market practice settlement balances with clients, counterparties, Stock Exchange member firms and settlement offices are included in settlement balances gross for unsettled bought and sold transactions respectively. These receivables or payables are initially recognised at fair value.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Initial recognition of trade receivables is at their transaction price if the trade receivables do not contain a significant financing component.

Financial assets

Classification

The Group classifies its financial assets into those to be measured at amortised cost and those to be measured at fair value (either through other comprehensive income, or through profit or loss). The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

Financial assets measured at amortised cost

Investments in debt instruments are measured at amortised cost where they have contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and are held within a business model whose objective is achieved by holding to collect contractual cash flows. Financial assets measured at amortised cost are included in cash and cash equivalents (note 22), settlement balances - assets (note 23), and trade and other receivables (note 24).

Financial assets measured at fair value through other comprehensive income

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Group in a business combination, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in the Consolidated Income Statement. Further details of equity financial instruments are disclosed in note 26.

Financial assets measured at fair value through profit and loss

Derivatives are recorded at fair value at each reporting date. Changes in the fair value of derivatives are recognised immediately in the income statement. The Group has taken out a forward interest rate cap to manage its exposure to interest rate and market movement. Further details of derivative financial instruments are disclosed in note 21.

Impairment

At each reporting date, the Group recognises loss allowances for expected credit losses (ECLs) for all financial assets at amortised cost. The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk has not increased significantly since initial recognition which are measured at 12-month expected credit losses. When estimating expected credit loss by determining whether credit risk has increased significantly since initial recognition, the Group considers reasonable and supportive information that is relevant and available without undue cost or effort.

Trade receivables are generally short-term and do not contain significant financing components. The Group has applied a practical expedient by using a provision matrix to calculate lifetime ECLs based on actual credit loss experience over the past two years adjusted by forward-looking estimates.

The Group has applied the practical expedient for low credit risk financial assets. Bank deposits with an external rating of BBB or above are considered to be low credit risk. For low credit risk financial assets, only 12-month expected credit losses are recognised, where material.

Settlement balances represent amounts that are receivable by the Group in respect of unsettled trades which are expected to be settled within days. Due to the short-term nature of this balance, related ECLs are generally not recognised.

Presentation of impairment

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

Impairment losses are presented under 'operating expenses' (note 8). No losses are presented separately in the Consolidated Income Statement.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

All financial liabilities are held at amortised cost. The Group has not designated any liabilities as fair value through profit or loss.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Retirement benefits

The Group operates defined contribution pension schemes. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. As part of a flexi-benefit scheme, the Group also offers employees the option of having part of their remuneration as payments into a defined contribution pension scheme. The pension cost charge in the profit and loss account represents contributions payable by the Group into individuals' personal pension arrangements.

The Group also participates in three defined benefit schemes. These schemes are closed to new members. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the Group recognises a service cost, which is presented within operating expenses in the Consolidated Income Statement.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the Statement of Comprehensive Income in the period in which they occur. Re-measurement recorded in the Statement of Comprehensive Income is not recycled. Past service cost is recognised in the Consolidated Income Statement in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- current service cost, past-service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- re-measurement.

The Group presents current service cost, past service cost and settlements within operating expenses in its Consolidated Income Statement. Curtailments gains and losses are accounted for as past service cost.

Net interest expense or income is recognised within finance costs (see note 13).

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Death in service benefits

Insured death in service benefits are accounted for as defined contribution arrangements.

Profit sharing and bonus plans

The Group recognises a liability under accruals and deferred income (note 29) and an expense for bonuses and equivalent profit shares. The Group recognises a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet 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 (where the effect of discounting 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.

Refer to note 30 for the nature of provisions, payment profiles and estimation methodologies.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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.

The following are the critical judgements and estimates that the Directors have made in the process of applying the Group's accounting policies. The judgements, apart from those involving estimation, are those that have the most significant effect on the amounts recognised in financial statements. The estimates are the assumptions made about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Accounting judgements

Revenue recognition

Revenue is recognised on the basis of the satisfaction of performance obligations. The identification of and accounting for these performance obligations requires judgement. This judgement is needed to determine the value and timing of revenue in relation to when performance obligations are satisfied, the allocation of transaction prices and the recognition of variable (on an expected value basis) and contingent revenue.

Further judgements are needed with contracts where the collectability is uncertain or there is contingency on the occurrence of a future event. The judgements in these instances relate to the value of revenue that needs to be constrained so that it is highly probable that a significant reversal of revenue will not occur. Management regularly reviews the collectability of revenue and the likelihood of events occurring. Where revenue is not collectable or where there it is highly probable that a significant reversal of revenue will occur, revenue is not recognised.

Judgements are made to allocate revenue to performance obligations. Further judgements are made in the valuation of contract assets and potential variable consideration which results in the recognition of contract assets.

If different judgements were made on any of the above areas this could affect both the timing and extent of revenue and assets recognised within a financial period.

Capitalised costs of obtaining client contracts

The Group has treated certain amounts due under earn-out arrangements as the incremental costs of obtaining client contracts and recognised these as intangible assets under IFRS 15. In identifying whether costs should be capitalised, management judgement has been applied in determining which costs are incremental as opposed to being remuneration for ongoing services, in assessing the level of future economic benefit that will be generated from these client contracts, and in assessing the appropriate useful economic life over which to amortise these assets. To the extent that payments are judged to be incremental and recoverable through future revenues generated, they are capitalised as customer list intangibles (note 16).

Classification of exceptional items

Certain expenses are presented as exceptional in the Consolidated Income Statement. Management judgement is applied in assessing whether such a treatment is appropriate, based on the materiality of the costs incurred, whether they are recurring in nature and whether they are outside the normal activities of the Group. Further details of the items considered to be exceptional are included in note 7.

Defined benefit scheme asset recognition basis

Under IAS 19 the net defined benefit pension scheme asset that can be recognised is the lower of the surplus and the asset ceiling (i.e. the economic benefits available in the form of refunds or reductions in future contributions or a combination of both, in accordance with IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'). Under each Scheme's Trust Deeds and Rules the Group is able, without condition or restriction placed on it by the Trustees, to run the scheme until the last member dies, without benefits being augmented; wind up the scheme at that point; and reclaim any remaining monies. Consequently, the Group recognises the full surplus calculated in accordance with IAS 19 and IFRIC 14. The defined benefit pension schemes have a net surplus of £10.0 million at the balance sheet date (2020: £0.8 million).

Accounting estimates

Impairment of goodwill

The impairment of goodwill is determined as set out in the accounting policies in note 3 and requires estimates in relation to future cash flows and suitable discount rates, which incorporate the impact of the COVID-19 pandemic as explained in note 16. The carrying amount of goodwill at the balance sheet date was £654.1 million (2020: £651.1 million). Note 16 also summarises the potential impact on the carrying value of goodwill of key sensitivities.

Business combinations

As part of any business combination the Group recognises all assets acquired and liabilities assumed at their acquisition date fair values, including any separately identifiable intangible assets such as the customer lists and brand intangibles recognised as part of the acquisition.

The value attributed to the customer lists and brand affects the amount of goodwill recognised. This value together with the assessment of useful economic lives of these intangible assets determines the future amortisation charges. The assessment of the useful economic life of customer lists reflects a number of factors, including the Group's previous experience of client attrition in relation to acquired businesses, typical lengths of customer lists for both existing clients of the Group and for the acquired clients, as well as any specific factors known at the point of acquisition. This allows an initial estimate of the useful economic life to be made, based on the expected average life of customer lists for the acquired clients, which will then be reviewed in following periods to consider whether any adjustment is required.

The valuation of the customer lists and brand intangible assets gives rise to estimation uncertainty. Certain assumptions regarding the amount, timing and discounting of future cash flows have been adopted in order to determine these fair values.

Note 17 sets out the separately identifiable intangible assets in relation to the three acquisitions during the year, which were valued at £10.5 million at the date of acquisition. This balance relates to customer lists valued at £10.5 million, which are being amortised over 12 years. The key assumptions identified in valuing the customer lists are the useful economic life, the profit margins achieved and the discount rate applied. The sensitivity of the valuation to these assumptions has been assessed by considering the impact of reasonably possible changes to the values used: no such changes have been identified that would reduce the valuation below £10.5 million.

Also shown in note 17 is separately identifiable intangible assets in relation to the Smith & Williamson acquisition in 2020, which were valued at £271.0 million at the date of acquisition. This includes customer lists valued at £198.9 million, of which £185.3 million relates to the Financial Services business and £13.6 million to the Professional Services business, which are being amortised over periods of 15 and 10 years respectively, and brands valued at £26.2 million that are being amortised over periods of 8 or 10 years, but have now been fully amortised due to the rebranding of the Group (note 16). The key assumptions identified in valuing the Financial Services customer lists are the revenue margins earned, the useful economic life and the discount rate applied. The sensitivity of the valuation to these assumptions has been assessed by considering the impact of reasonably possible changes to the values used. This indicates that a decrease in the useful economic life of 2 years reduces the valuation by £11.5 million, and a 1% increase in the pre-tax discount rate reduces the valuation by £9.6 million.

Useful lives of intangible assets

As described in note 3, the Group reviews the estimated useful lives of intangible assets at the end of each reporting period. The estimated useful lives (note 3) are based on management's best estimate and a decrease of 1 year in the useful life of the intangible assets (calculated by reducing the useful economic life of each separately recognised intangible by one year) would result in a £7.5 million increase in the amortisation for the current year. The actual amortisation charge for the year is £95.6 million.

Fair value of financial instruments

Valuation techniques are used in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, where possible market inputs are used, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses the best estimate about the assumptions that market participants would make. These estimates, which incorporate the impact of COVID-19, may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. The carrying value of unlisted investments at the balance sheet date was £3.5 million (2020: £11.9 million). Note 26 summarises key assumptions, sensitivities to changes in key assumptions and the fair value estimation techniques used for the Group's unlisted investments.

Defined benefit pension schemes

The calculation of the present value of each defined benefit pension scheme is determined by using actuarial valuations. Management makes key assumptions in determining the inputs into the actuarial valuations, which may differ from actual experience in the future. These assumptions are governed by IAS 19 Employee Benefits, and include the determination of the discount rate, life expectancies, inflation rates and future salary increases. Due to the complexities in the valuation, the defined benefit pension scheme obligation is highly sensitive to changes in these assumptions. The detailed assumptions, including a sensitivity analysis, are set out in note 33.

Share-based payments

In determining the fair value of equity settled share-based awards and the related charge to the income statement, the Group makes assumptions about future events and market conditions. In particular, judgement must be formed as to the likely number of shares that will vest and the fair value of each award granted. The fair value is determined using a valuation model which is dependent on a number of assumptions about the Group's future dividend policy and the future volatility in the price of the Group's shares. Such assumptions reflect market expectations and advice taken from qualified personnel. Different assumptions about these factors to those made by the Group could materially affect the reported value of share-based payments. Details of the Group's share schemes and share-based payments can be found in note 35.

Accrued income – Professional Services

Accrued income and work billed are recognised as income when there is a right to consideration and the outcome can be estimated reliably. This methodology is subject to significant estimation uncertainty due to the subjective nature of assessing both the stage of completion and recoverability of accrued income and different estimations could materially affect the reported value of accrued income. The review of the stage of completion and recoverability of accrued income is undertaken by the relevant Partner or Director on a client by client basis.

To minimise the estimation uncertainty risk, a detailed year-end review is undertaken at portfolio level to ensure consistency with Group policy. The amount of accrued income at the balance sheet date was £19.1 million (2020: £25.7 million) (note 6).

5. Segmental information

During the year, the Group revised the composition of operating segments based on the revision of information that is provided internally to the Group Executive Committee (the Group's Chief Operating Decision Maker). For management purposes, the Group is now organised into three operating segments; Financial Services, Professional Services and Fund Administration (previously shown under Financial Services). The prior year, which was previously organised into two operating segments; Financial Services and Professional Services, has been reported on a comparable basis.

The Financial Services segment principally comprises investment management and financial planning services. The Professional Services segment principally comprises assurance and accountancy, business and private client tax, forensic services, restructuring and recovery and transaction services. The Fund Administration segment comprises the establishment and ongoing servicing of funds for which it acts as the Authorised Corporate Director (ACD) or equivalent.

The Group's operations are carried out in the UK, Ireland and the Channel Islands. The operations in Ireland and the Channel Islands are not material and accordingly geographical segment disclosures are not included.

The Group is not reliant on any one client or group of connected clients for generation of revenues.

31 December 2021	Financial Services £'000	Professional Services £'000	Fund Administration £'000	Total £'000
Segment results				
Fee and commission income	444,137	134,065	80,974	659,176
Fee and commission expense	(35,891)	-	(69,378)	(105,269)
Net fee and commission income	408,246	134,065	11,596	553,907
Net trading income	6,246	-	-	6,246
Share of results of associates	-	680	-	680
Operating income	414,492	134,745	11,596	560,833
Operating expenses	(353,173)	(120,342)	(7,749)	(481,264)
Operating profit before exceptional items	61,319	14,403	3,847	79,569
Exceptional items (note 7)				(28,691)
Operating profit				50,878
Gain on sale of business				4,213
Investment revenue				558
Finance costs				(3,282)
Profit before tax				52,367
Segment assets	1,581,245	178,480	28,277	1,788,002
Interests in associates				5,646
Unallocated corporate assets				64
Consolidated total assets				1,793,712
Segment liabilities	237,006	34,876	13,493	285,375
Unallocated corporate liabilities				117,053
Consolidated total liabilities				402,428
Other segment items:				
Purchase of property, plant and equipment (note 18)	17,231	4,106	445	21,782
Purchase of intangibles (note 16)	43,651	1,578	171	45,400
Additions to right-of-use assets (note 19)	54,544	12,928	1,400	68,872
Depreciation and amortisation (note 16, 18 and 19)	91,160	20,541	325	112,026

31 December 2020	Financial Services £'000	Professional Services £'000	Fund Administration £'000	Total £'000
Segment results				
Fee and commission income	290,220	40,542	36,775	367,537
Fee and commission expense	(30,978)	(49)	(32,814)	(63,841)
Net fee and commission income	259,242	40,493	3,961	303,696
Net trading income	1,799	-	-	1,799
Share of results of associates	-	277	-	277
Operating income	261,041	40,770	3,961	305,772
Operating expenses	(220,490)	(33,736)	(3,008)	(257,234)
Operating profit before unallocated operating expenses and exceptional items	40,551	7,034	953	48,538
Unallocated operating expenses				837
Exceptional items (note 7)				(38,173)
Operating profit				11,202
Investment revenue				240
Finance costs				(19,560)
Loss before tax				(8,118)
Segment assets	1,393,280	275,882	83,428	1,752,590
Interests in associates				5,163
Unallocated corporate assets				4,736
Consolidated total assets				1,762,489
Segment liabilities	201,110	45,317	73,442	319,869
Unallocated corporate liabilities				103,326
Consolidated total liabilities				423,195
Other segment items:				
Purchase of property, plant and equipment (note 18)	2,118	324	-	2,442
Purchase of intangibles (note 16)	16,202	325	-	16,527
Additions to right-of-use assets (note 19)	1,217	-	-	1,217
Depreciation and amortisation (note 16, 18 and 19)	61,464	3,272	-	64,736

6. Revenue from contracts with customers

Revenue from contracts with customers is disclosed as fee and commission income in the Consolidated Income Statement.

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time in the following business areas:

31 December 2021	Fee and commission income £'000	Timing of revenue recognition: At a point in time £'000	Timing of revenue recognition: Over time £'000
Financial Services			
Discretionary investment management	394,404	27,102	367,302
Advisory investment management	9,781		9,781
Execution only	15,329	1,811	13,518
Financial planning	24,623	28	24,595
	444,137	28,941	415,196
Professional Services			
Assurance and business services	38,020		38,020
Tax	55,800		55,800
Advisory	40,245	5,296	34,949
	134,065	5,296	128,769
Fund administration	80,974		80,974
Fee and commission income	659,176	34,237	624,939

31 December 2020	Fee and commission income £'000	Timing of revenue recognition: At a point in time £'000	Timing of revenue recognition: Over time £'000
Financial Services			
Discretionary investment management	236,584	11,649	224,935
Advisory investment management	12,884	-	12,884
Execution only	13,915	2,216	11,699
Financial planning	26,325	62	26,263
Treasury	512	144	368
	290,220	14,071	276,149
Professional Services			
Assurance and business services	10,683	-	10,683
Tax	18,236	-	18,236
Advisory	11,623	2,970	8,653
	40,542	2,970	37,572
Fund administration	36,775	-	36,775
Fee and commission income	367,537	17,041	350,496

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	2021 £'000	2020 £'000
Receivables		
Financial Services – billed fees	5,898	8,591
Professional Services – billed fees	28,922	20,469
	34,820	29,060

Receivables are included in trade and other receivables (note 24).

	2021 £'000	2020 £'000
Contract assets		
Financial Services – unbilled fees	72,048	57,206
Professional Services – unbilled fees	19,110	25,727
	91,158	82,933

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date and are included in accrued income (note 24).

	2021 £'000	2020 £'000
Contract liabilities		
Financial Services – fees in advance	1,812	2,205
Professional Services – fees in advance	2,691	3,377
	4,503	5,582

Contract liabilities primarily relate to the advance of consideration received from clients and are included in accruals and deferred income (note 29).

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Contract assets £'000	Contract liabilities £'000
At 1 January 2021	82,933	5,582
Income recognised	-	(5,582)
Cash received excluding recognised income	-	4,503
Transfer to receivables	(82,933)	-
Increases as a result of changes in the measure of progress	91,158	-
At 31 December 2021	91,158	4,503

	Contract assets £'000	Contract liabilities £'000
At 1 January 2020	16,821	-
Acquired with subsidiary	44,787	3,533
Income recognised	-	(3,533)
Cash received excluding recognised income	-	5,582
Transfer to receivables	(61,608)	-
Increases as a result of changes in the measure of progress	82,933	-
At 31 December 2020	82,933	5,582

7. Exceptional items

Exceptional costs are costs that are incurred by the Group other than in the ordinary course of the Group's operations and are disclosed separately in the financial statements to assist in understanding the Group's financial performance.

	2021 £'000	2020 £'000
Acquisition and integration costs	24,766	31,164
Head office relocation costs (note 19)	3,925	-
Implementation of new software		2,991
Cost rationalisation		2,367
Restructuring of investment funds		989
Wind down of associate		662
	28,691	38,173

The majority of acquisition and integration costs relate to the merger between Tilney and Smith & Williamson. During 2021, these costs were largely integration related, with new departmental structures implemented, costs de-duplicated and systems rationalised. Costs reported here include both the direct costs incurred in integrating the businesses, and the costs involved in running the various projects required to direct and oversee these activities. Also included here are costs associated with the acquisition and integration of HFS Milbourne (note 17), and deferred consideration payable in respect of that acquisition to the extent that it is considered to be payment for post-combination services. There are also costs associated with potential acquisitions that did not proceed. In 2020, these costs were mainly acquisition related, including costs incurred in preparing for the acquisition of the Smith & Williamson business, such as legal and professional fees. Further costs relating to the integration of Tilney and Smith & Williamson will be incurred in 2022.

The restructuring of investment funds commenced during 2019 both to rationalise the fund structures offered following the Towry acquisition in 2016, and to ensure that the funds would not be adversely impacted by Brexit. Additional expenditure was incurred during 2020 in respect of this.

Head office relocation costs relate to incremental costs incurred as a result of the decision to move the head office to 45 Gresham Street. See note 19 for further detail.

The total cash outflows in the year relating to exceptional items were £24.2 million (2020: £37.8 million).

From the £28.7 million (2020: £38.2 million) of exceptional costs, £25.7 million (2020: £2.9 million) qualified for tax relief giving an effective rate of relief of 89.4% (2020: 7.6%).

8. Operating profit

Operating profit for the year has been arrived at after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation of property, plant and equipment (note 18)	3,821	3,335
Depreciation of right-of-use assets (note 19)	12,573	6,284
Amortisation of intangible assets (note 16)	95,632	55,117
Change in expected credit losses (note 25)	(122)	(516)
Gain on foreign exchange	(139)	(5)
Property, plant and equipment written off	24	-
Staff costs (note 9)	293,788	152,050
Auditor's remuneration (see below)	1,264	1,108

A more detailed analysis of auditor's remuneration is provided below.

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for:		
- The audit of the Company's annual accounts	163	169
- The audit of the Company's subsidiaries	647	689
- Audit-related assurance services	454	250
	1,264	1,108

9. Staff costs

The average monthly number of employees (including Executive Directors and Partners) was:

	2021 Number	2020 Number
Financial Services	590	574
Professional Services	793	845
Fund Administration	68	71
Support staff	1,735	1,696
	3,186	3,186

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	257,380	132,247
Social security costs	21,706	11,955
Other pension costs (note 33)	12,622	7,557
Share-based payments (note 35)	2,080	291
	293,788	152,050

10. Gain on sale of business

On 29 January 2021, the Group transferred investment management responsibility for nine funds managed by Smith & Williamson Investment Management LLP, a subsidiary of the Group, to Sanlam Investments UK Limited for cash consideration of £4.2 million.

11. Dividend income

Dividend income comprises income from equity investment securities designated at FVOCI, as detailed below.

	Number of shares	2021 £'000	Number of shares	2020 £'000
Euroclear plc (unlisted)	5,427	384	5,427	-

12. Finance income

	2021 £'000	2020 £'000
Interest income on bank deposits	32	120
Interest income on other loans and receivables	142	120
	174	240

13. Finance costs

	2021 £'000	2020 £'000
Interest on bank overdrafts and loans	158	17,481
Interest payable to parent companies	839	582
Interest payable on loan notes	2	-
Interest on lease liabilities (note 31)	2,269	1,158
Fair value (gain)/loss arising on derivatives	(28)	194
Unwinding of discount on deferred payments	49	210
Net interest credit on defined benefit obligation	(7)	(65)
	3,282	19,560

14. Taxation

	2021 £'000	2020 £'000
Current tax		
- current year	27,407	10,395
- adjustment in respect of prior years	(2,198)	(2,390)
	25,209	8,005
Deferred tax		
- current year	(16,884)	(9,050)
- adjustment in respect of prior years	2,285	656
- effect of changes in tax rates	24,994	6,869
	10,395	(1,525)
Total tax charge	35,604	6,480

Corporation tax is calculated at 19% (2020: 19%) of the estimated taxable profit for the year for UK tax-resident entities, and at the applicable local tax rate for entities tax-resident in other jurisdictions.

On 3 March 2021, the Chancellor of the Exchequer announced in the Budget that the main rate of UK Corporation Tax for large companies (being those with profits in excess of £0.3 million) will rise from 19% to 25% with effect from 1 April 2023. This announcement impacts the rate at which deferred tax balances reversing on or after that date are recognised in the financial statements. The rate change was legislated for in the Finance Act 2021 which was substantively enacted on 24 May 2021.

The deferred tax liability recognised in the Consolidated Balance Sheet, which relates for the most part to intangible assets acquired in previous acquisitions of subsidiaries, has increased by £25.0 million as a result of the rate change. The reversing of this deferred tax provision, the majority of which is expected to track the amortisation of the intangible assets, will be commensurately increased in future periods. The movement in the deferred tax liability is a non-cash item.

	2021 £'000	2020 £'000
Profit/(loss) before tax on continuing operations	52,367	(8,118)
Tax at the UK corporation tax rate of 19% (2020: 19%)	9,950	(1,542)
Tax effect of:		
Adjustment in respect of prior year	87	(1,734)
Non-deductible expenses	498	4,857
Income not taxable	(73)	(54)
Effects of change in rate at which deferred tax is recognised	24,994	6,869
Effects of overseas tax rates	40	55
Group relief from parent	-	(1,758)
Amounts not recognised	108	(213)
Tax charge for the year	35,604	6,480

Tax recognised in statement of other comprehensive income comprises:

	2021 £'000	2020 £'000
Actuarial movements	2,516	(583)
Equity investments designated at FVOCI movements	(2)	86
Debited/(credited) in the statement of other comprehensive income	2,514	(497)

15. Dividends

An interim dividend for the year ended 31 December 2021 of £32.9 million was distributed and paid to the Company's sole shareholder on 8 December 2021. An interim dividend for the year ended 31 December 2020 of £42.7 million was distributed and payable to the Company's sole shareholder on 27 December 2020. The dividend payable was settled as a non-cash transaction by offsetting the amount with a loan receivable from the parent undertaking.

16. Intangible assets

	Goodwill £'000	Customer lists £'000	Funds database £'000	Brand £'000	IFA Relationship £'000	Trading platform £'000	Software costs £'000	Other business development £'000	Total £'000
Cost									
At 1 January 2020	369,603	537,358	2,055	3,400	6,700	2,964	24,237	4,154	950,471
Acquired with subsidiary	281,530	198,906	-	26,228	-	-	45,827	-	552,491
Additions	-	7,600	490	-	-	-	2,343	6,341	16,774
Other	-	-	-	-	-	-	(247)	-	(247)
At 31 December 2020	**651,133**	**743,864**	**2,545**	**29,628**	**6,700**	**2,964**	**72,160**	**10,495**	**1,519,489**
Acquired with subsidiary	**2,986**	**10,538**	**-**	**-**	**-**	**-**	**-**	**-**	**13,524**
Additions	**-**	**11,613**	**-**	**-**	**-**	**-**	**24,104**	**9,683**	**45,400**
Reclassification	**-**	**-**	**-**	**-**	**-**	**-**	**2,721**	**(2,721)**	**-**
At 31 December 2021	**654,119**	**766,015**	**2,545**	**29,628**	**6,700**	**2,964**	**98,985**	**17,457**	**1,578,413**
Accumulated amortisation									
At 1 January 2020	-	162,224	682	969	2,790	1,494	4,287	180	172,626
Charge for the year	-	46,968	379	1,132	515	551	4,861	711	55,117
At 31 December 2020	-	**209,192**	**1,061**	**2,101**	**3,305**	**2,045**	**9,148**	**891**	**227,743**
Charge for the year	-	**57,835**	**459**	**25,750**	**515**	**275**	**8,691**	**2,107**	**95,632**
At 31 December 2021	-	**267,027**	**1,520**	**27,851**	**3,820**	**2,320**	**17,839**	**2,998**	**323,375**
Carrying amount									
At 31 December 2021	**654,119**	**498,988**	**1,025**	**1,777**	**2,880**	**644**	**81,146**	**14,459**	**1,255,038**
At 31 December 2020	651,133	534,672	1,484	27,527	3,395	919	63,012	9,604	1,291,746

Additions to goodwill during the year are in respect of the acquisitions of HFS Milbourne Holdings Limited, Explore Wealth Management Limited and F P Solutions (note 17).

The carrying amount and remaining amortisation periods for material individual intangible assets is disclosed below.

Description of intangible	Carrying amount £'000	Number of years amortisation remaining
Customer lists on acquisition of Bestinvest Holdings group	60,420	5.9
Customer lists on acquisition of Ingenious group	14,250	6.3
Customer lists on acquisition of Towry group	195,306	6.6
Customer lists on acquisition of Moore Stephens	10,215	9.1
Customer lists on acquisition of Smith & Williamson (Financial Services)	168,790	13.7
Customer lists on acquisition of Smith & Williamson (Professional Services)	11,830	8.7
Customer lists relating to payments made to investment managers	16,177	10.7
Brand on acquisition of Smith & Williamson (Financial Services)	-	-
Brand on acquisition of Smith & Williamson (Professional Services)	-	-
Software costs - Core Wealth project	36,828	8.7
Software costs - XPlan	27,682	6.8

Amortisation of intangible assets is included within operating expenses.

The rebranding of the Group to Evelyn Partners means that the Tilney and Smith & Williamson brands will not be used in the future. This has therefore shortened the useful economic life of those brands from that expected when they were acquired, resulting in an accelerated amortisation charge being recognised. An additional expense of £22.7 million above that which would have been recognised under the original estimates of the useful economic life has been charged in the year, reducing the carrying value of these brands to zero.

Impairment - Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the groups of cash generating units (CGUs) that are expected to benefit from that business combination. During 2020, following the acquisition of Smith & Williamson (see note 17), the Group changed the way management monitors and reviews information to include the newly acquired Professional Services business as a separate CGU. Goodwill that was previously allocated to the Wealth Management CGU is now combined with the goodwill in connection with the acquisition of the Smith & Williamson Financial Services business to form the Financial Services CGU. During 2021, the Group further changed the way management monitors and reviews information to include the Fund Administration business as a separate CGU.

Under this methodology, the carrying amount of goodwill has been allocated as follows:

	2021 £'000	2020 £'000
Cash generating unit:		
Financial Services	596,790	593,804
Professional Services	57,329	57,329
Fund Administration	-	-
	654,119	651,133

The recoverable amounts of the two CGUs to which goodwill has been allocated have been determined based on value-in-use calculations, using discounted cash flow projections prepared by management covering the five year period ending 31 December 2026. Cash flows beyond this period are extrapolated using the estimated long-term growth rates and applying the pre-tax discount rates referred to below.

The key assumptions in the value-in-use calculation are: the five year revenue and cost growth rates, the long-term economic growth rates (used to determine terminal values) and the pre-tax discount rates.

The revenue and cost growth rate assumptions were derived from the 2022 budget and five year forecasts and reflect past experience, current trends, anticipated market developments following the COVID-19 crisis, and management's experience. UK revenue growth rates are expected to be higher in 2022 as the full benefits of the merger of Tilney and Smith & Williamson are seen, and then to stabilise, with growth from 1 January 2022 to 31 December 2026 being estimated at between 6% and 11% per annum for the Financial Services business and between 8% and 9% per annum for the Professional Services business. Singapore revenue growth rates from 1 January 2022 to 31 December 2026, which are relevant for the goodwill impairment review in respect of interests in associates (note 20), have been estimated at 5.0% per annum.

The long-term growth rate of 1.5% for the UK and 2.5% for Singapore were based upon the IMF World Economic Outlook, at the balance sheet date, for GDP growth in 2026 of 1.5% for the UK and 2.5% for Singapore. Reasonable changes in long-term growth rates have been considered in the sensitivity analysis discussed below.

The pre-tax discount rate was based on a number of factors including the risk-free rates in the UK (using the yield from 20 year British Government Securities, with a nominal zero coupon, at the balance sheet date), the Group's estimated market risk premium and a premium to reflect the private status and size of the Group. The pre-tax discount rate used was 10.0% for Professional Services and 10.8% for Financial Services.

Based on the results of the impairment tests performed, management believes there is no impairment of the carrying value of the goodwill in either CGU.

Value-in-use calculations are sensitive to changes in the key assumptions. The impact of these changes has been assessed in relation to each CGU. No reasonably foreseeable changes to the assumptions used in the value-in-use calculations would result in an impairment of the goodwill allocated to either of them.

Impairment – Other intangible assets

IAS 36 'Impairment of assets' requires management to consider, at each reporting date, whether there is any indication that an asset may be impaired. The considerable economic and social impacts of the COVID-19 pandemic during the period could represent a potential indicator of impairment. However, the Group has continued to trade strongly throughout the pandemic due to favourable market movements during the year ended 31 December 2021, and the merger with Smith & Williamson in 2020.

The Group has also considered whether there have been any other indicators of impairment during the period which would require an impairment review to be performed. Based upon this review, the Group has concluded that there are no such indicators of impairment.

17. Business combinations

HFS Milbourne Holdings Limited

On 26 February 2021, the Group acquired 100% of the issued shares in HFS Milbourne Holdings Limited, the holding company of HFS Milbourne Financial Services Limited, a wealth management business based in Guildford with assets under management of approximately £350 million. The acquired business provides both holistic personal financial planning and investment advice, as well as corporate financial planning and employee benefits services. Acquisition costs of £0.4 million were incurred in relation to this transaction and are included within exceptional items (note 7) in the Consolidated Income Statement.

The total consideration for the acquisition was £7.7 million. Initial cash consideration of £7.5 million was paid on completion, thereafter cash of £0.2 million is payable at a later date, dependent on the utilisation of tax losses. The transaction also includes contingent deferred consideration, but the payment of this is dependent on the sellers remaining in employment, and hence this is treated as consideration for post-combination services, rather than part of the consideration transferred for the business combination. The maximum contingent deferred consideration payable is £5.5 million.

The provisional fair value of net assets acquired in the transaction, and the goodwill arising, are as follows:

	£'000
Intangible assets acquired (note 16)	6,987
Cash and cash equivalents	726
Trade and other receivables	498
Trade and other payables	(553)
Other	36
Total identifiable net assets acquired	**7,694**
Total consideration satisfied by cash	7,694
Less: net assets acquired	(7,694)
Deferred tax liability	1,327
Goodwill on acquisition (note 16)	**1,327**
Cash	7,694
Equity	
Total consideration	**7,694**
Net cash outflow arising on acquisition	
Cash consideration	7,694
Less: cash and cash equivalent balances acquired	(726)
	6,968

There are no amounts within trade and other receivables that are not expected to be collected, and hence the amounts shown represent the gross contractual amounts receivable. The goodwill recognised on this transaction relates to the workforce acquired and the expected synergies from integrating the business into the existing operations of the Group.

HFS Milbourne Financial Services Limited contributed £0.3 million operating income and £0.3 million of profit after tax to the Group for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2021, total operating income for the year would have been £0.4 million and the profit after tax would have been £0.3 million.

Explore Wealth Management Limited

On 26 October 2021, the Group acquired certain assets and liabilities of Explore Wealth Management Limited, a Northumberland-based independent financial adviser with assets under advice of approximately £67 million. Acquisition costs incurred in relation to this transaction were not material.

The total consideration for the acquisition was £3.0 million. Initial cash consideration of £1.4 million was paid on completion, and the transaction also includes contingent deferred consideration that is payable in cash and is dependent on the level of recurring revenue transferring to the Group.

The provisional fair value of net assets acquired in the transaction, and the goodwill arising, are as follows:

	£'000
Intangible assets acquired (note 16)	2,303
Trade and other payables	(50)
Total identifiable net assets acquired	**2,253**
Total consideration satisfied by cash (including deferred consideration)	2,976
Less: net assets acquired	(2,253)
Deferred tax liability	613
Goodwill on acquisition (note 16)	**1,336**
Cash	1,412
Deferred consideration payable in cash	1,564
Total consideration	**2,976**
Net cash outflow arising on acquisition	
Initial consideration paid in cash	1,412
Less: cash and cash equivalent balances acquired	-
	1,412

The goodwill recognised on this transaction relates to the workforce acquired and the expected synergies from integrating the business into the existing operations of the Group.

The business acquired from Explore Wealth Management Limited did not have a material impact on the performance of the Group in the period between the date of acquisition and the balance sheet date. No changes to the amounts recognised in relation to contingent consideration payable or the range of potential outcome have arisen in the period since the acquisition. The key input in assessing the contingent consideration payable is the proportion of Explore Wealth Management Limited clients that transfer to the Group.

If the acquisition had been completed on 1 January 2021, total operating income for the year would have been £0.8 million higher and the profit after tax would have been £0.4 million higher.

F P Solutions

On 22 December 2021, the Group acquired certain assets of F P Solutions, an Essex-based independent financial adviser with assets under advice of approximately £44 million. The total consideration for the acquisition was £1.2 million, with no tangible net assets acquired. Initial cash consideration of £0.6 million was paid on completion, and the transaction also includes contingent deferred consideration that is payable in cash and is dependent on the level of recurring revenue transferring to the Group.

This transaction was not material to the Group.

Smith & Williamson Holdings Limited

In 2020, the Group acquired 100% of the issued share capital of Smith & Williamson Holdings Limited and its subsidiary undertakings. This acquisition has enabled the Group to broaden its range of service (predominantly professional services and fund administration) and regions that it serves while further enhancing the benefits of scale.

The provisional fair value of net assets acquired in the transaction, and the goodwill arising, are as follows:

	£'000
Intangible assets acquired	270,961
Property, plant and equipment (note 18)	5,347
Right-of-use assets (note 19)	20,519
Investments in associates (note 20)	5,135
Retirement benefit asset	825
Cash and cash equivalents	89,913
Trade and other receivables	91,584
Equity investment securities	11,812
Trade and other payables	(82,360)
Provisions (note 30)	(5,485)
Lease liabilities	(19,922)
Deferred tax liabilities	(2,771)
Total identifiable net assets acquired	385,558
Total consideration satisfied by cash	624,000
Less: net assets acquired	(385,558)
Deferred tax liability	43,088
Goodwill on acquisition (note 16)	281,530
Cash	240,900
Equity	383,100
Total consideration	624,000
Net cash outflow arising on acquisition	
Cash consideration	240,900
Less: cash and cash equivalent balances acquired	(89,913)
	150,987

Included within trade receivables is an amount of £16.2 million relating to a net receivable for services rendered. This comprises of a gross amount receivable of £18.8 million and provisions for doubtful debts of £2.6 million.

Intangible assets are amortised as shown in the table in note 16.

3,841,000,250 shares of £0.10 each were issued at par, equating to a total value of £384.1 million, in exchange for shares in Smith & Williamson Holdings Limited with a fair value of £383.1 million. The difference of £1.0 million has been recorded in equity as a capital reorganisation reserve.

Acquisition-related costs (included in exceptional costs in 2020) amount to £24.9 million.

18. Property, plant and equipment

	Short-term leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2020	1,911	3,431	5,760	11,102
Additions	535	57	1,850	2,442
Acquired with subsidiary	4,069	735	543	5,347
At 31 December 2020	6,515	4,223	8,153	18,891
Additions	17,075	60	4,647	21,782
Acquired with subsidiary	-	46	-	46
Disposals	(51)	(817)	(1,372)	(2,240)
At 31 December 2021	23,539	3,512	11,428	38,479
Accumulated depreciation				
At 1 January 2020	941	2,554	1,717	5,212
Charge for the year	525	382	2,428	3,335
At 31 December 2020	1,466	2,936	4,145	8,547
Charge for the year	742	515	2,564	3,821
Disposals	(51)	(793)	(1,372)	(2,216)
Other movement	16	-	-	16
At 31 December 2021	2,173	2,658	5,337	10,168
Carrying amount				
At 31 December 2021	21,366	854	6,091	28,311
At 31 December 2020	5,049	1,287	4,008	10,344

19. Right-of-use assets

	Property £'000	Equipment £'000	Total £'000
Cost			
At 1 January 2020	34,942	564	35,506
Additions	1,217	-	1,217
Acquired with subsidiary	20,519	-	20,519
Disposals	(2,854)	(123)	(2,977)
At 31 December 2020	53,824	441	54,265
Additions	68,872	-	68,872
Disposals	(2,039)	(441)	(2,480)
Other movement	(118)	-	(118)
At 31 December 2021	120,539	-	120,539
Accumulated depreciation			
At 1 January 2020	21,904	422	22,326
Charge for the year	6,170	114	6,284
Disposals	(2,854)	(123)	(2,977)
At 31 December 2020	25,220	413	25,633
Charge for the year	12,545	28	12,573
Disposals	(1,587)	(441)	(2,028)
Other movement	62	-	62
At 31 December 2021	36,240	-	36,240
Carrying amount			
At 31 December 2021	84,299	-	84,299
At 31 December 2020	28,604	28	28,632

Head office relocation

On 7 May 2019, the Group entered into five agreements for the leasing of office space at 45 Gresham Street, London for a term of 15 years. The commencement date for the leases was 25 March 2021. In accordance with IFRS 16 'Leases', on commencement date the Group recognised a right-of-use asset and lease liability of £60.8 million, with depreciation and interest costs charged to the Consolidated Income Statement over the lease term (£4.5 million for the year ended 31 December 2021 and £6.0 million expected in the first full year ending 31 December 2022). The initial measurement of the right-of-use asset was increased by initial direct costs incurred of £1.3 million and a dilapidation provision of £2.2 million.

Costs incurred as a result of the decision to move the head office to 45 Gresham Street were as follows:

	2021 £'000	2020 £'000
Depreciation of right-of-use assets for 45 Gresham Street, prior to occupancy	3,216	-
Service charges for 45 Gresham Street, prior to occupancy	635	-
Professional and other costs	74	-
	3,925	-

Works began in May 2021 to fit-out the new head office and the move from all four current London locations, namely, 25 Moorgate, 10 Moorgate, 6 New Street Square and 6 Chesterfield Gardens, is expected to be completed by May 2022.

20. Interests in associates

	2021 £'000	2020 £'000
At 1 January	5,163	-
Acquired with subsidiary	-	5,135
Dilution of investment holding	(29)	-
Share of profit after tax	680	144
Dividend received	(133)	(126)
Currency translation adjustment	(35)	10
At 31 December	5,646	5,163

Interests in associates at the balance sheet date include goodwill of £2.1 million (2020: 1.9 million). Activities of the associates are similar to in the Group's Professional Services business and, as such, the Group's share of profit before tax of £0.7 million (2020: £0.3 million) is disclosed within operating income in the Consolidated Income Statement. A tax charge for the year of £0.1 million (2020: £0.1 million) is included in the total tax charge detailed in note 14.

The table below summarises the Group's share of assets, liabilities and results of associates as at 31 December 2021.

Name of associate	Nature of business	Country of incorporation	Non-current assets £'000	Current assets £'000	Non-current liabilities £'000	Current liabilities £'000	Revenue £'000	Profit after tax £'000	% interest held
Nexia TS Pte Limited	Accountancy	Singapore	993	4,386	582	1,578	3,762	682	49.53%
Nexia China Pte Limited	Management	Singapore	-	11	-	-	-	-	20.00%
IPM (Malta) Limited	Dormant (in liquidation)	Malta	-	12	-	3	-	-	49.00%

The table below summarises the Group's share of assets, liabilities and results of associates as at 31 December 2020.

Name of associate	Nature of business	Country of incorporation	Non-current assets £'000	Current assets £'000	Non-current liabilities £'000	Current liabilities £'000	Revenue £'000	Profit after tax £'000	% interest held
Nexia TS Pte Limited	Accountancy	Singapore	1,145	3,518	819	1,221	1,330	144	45.63%
Nexia China Pte Limited	Management	Singapore	-	12	-	-	-	-	20.00%
IPM (Malta) Limited	Dormant (in liquidation)	Malta	-	12	-	3	-	-	49.00%

The Group also held a 50% interest in Saga Investment Services Limited. The other 50% was held by Saga plc. Saga Investment Services Limited was liquidated in April 2021.

The assumptions used in the goodwill impairment review for the aggregated value of the associates are included in note 16.

21. Derivative financial instruments

	2021 £'000	2020 £'000
Financial assets carried at fair value through profit or loss (FVTPL):		
Held for trading derivatives that are not designated in hedge accounting relationships:		
Interest rate cap	44	16

Derivative financial instruments are all classified as level 2 under the fair value hierarchy. Further details of derivative financial instruments are provided in note 36.

22. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash and bank balances	217,322	168,758

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less.

23. Settlement balances - assets

	2021 £'000	2020 £'000
Market and client balances	10,083	62,931

Market and client balances relate to the Group's Fund Administration business where balances are receivable from clients and brokers in respect of unsettled trades.

24. Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amount receivable for services rendered (gross)	36,206	31,050
Less: specific provision - lifetime ECL credit impaired (note 25)	(1,220)	(1,756)
Less: collective provision - lifetime ECL not credit impaired (note 25)	(166)	(234)
Amount receivable for services rendered (net)	34,820	29,060
Amounts owed by parent undertakings	15,925	17,434
Loans to third parties	116	46
Net investment in subleases	513	695
Other debtors	17,705	27,352
Prepayments	16,096	17,632
Accrued income	91,172	83,744
	176,347	175,963
Amounts falling due after more than one year		
Loans to third parties	1,925	1,727
Other debtors	972	-
Accrued income	182	-
	3,079	1,727
Total trade and other receivables	179,426	177,690

Receivables are considered to be held within a held-to-collect business model consistent with the Group's continuing recognition of receivables.

Trade receivables acquired with subsidiary were £0.5 million (2020: £91.6 million) (note 17).

The Group has entered into sublease arrangements over office properties as an intermediate lessor that are considered to be finance leases. Finance income on the net investment in subleases for the year ended 31 December 2021 was £0.02 million (2020: £0.02 million). The maturity analysis of the net investment in subleases, including the undiscounted lease payments to be received are as follows:

	2021 £'000	2020 £'000
Less than 1 year	199	199
1-2 years	199	199
2-3 years	138	199
3-4 years	-	140
4-5 years	-	-
Total undiscounted lease payments receivable	536	737
Unearned finance income	(23)	(42)
Net investment in the lease	513	695

25. Provision for doubtful debts

	2021 £'000	2020 £'000
Specific provision for doubtful debts – lifetime ECL credit impaired	1,220	1,756
Collective provision for doubtful debts – lifetime ECL not credit impaired	166	234
Total provision for doubtful debts	1,386	1,990

The movement in the allowance for impairment in respect of financial assets was as follows:

	Lifetime ECL credit impaired £'000	Lifetime ECL not credit impaired £'000	Total £'000
At 1 January 2020	44	20	64
Acquired with subsidiary	2,293	312	2,605
Bad debts written off	(163)	-	(163)
Credit to income statement	(418)	(98)	(516)
At 31 December 2020	1,756	234	1,990
Bad debts written off	(482)	-	(482)
Credit to income statement	(54)	(68)	(122)
At 31 December 2021	1,220	166	1,386

Bank deposits were held with high quality financial institutions. ECLs on bank deposits have not been recognised as they are not material in nature.

Any reasonable changes to trade receivable lifetime ECLs, primarily due to COVID-19 adjusted forward-looking information, were not materially different to historic actual credit loss experienced over the last two years.

26. Equity investment securities designated at FVOCI

	2021 £'000	2020 £'000
Equity securities – listed (level 1)	461	457
Equity securities – unlisted (level 3) (see below)	3,543	11,854
	4,004	12,311

	2021 £'000	2020 £'000
Level 3 equity securities		
At 1 January	11,854	-
Acquired with subsidiary		11,105
Additions		18
Disposal	(8,687)	-
Net changes in fair values	376	731
At 31 December	3,543	11,854

Fair value estimation

The disclosure of fair value measurements by level is based on the following hierarchy:

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

There have been no transfers between level 1, level 2 and level 3 recurring fair value measurements during the year.

The fair value of listed investments is determined by reference to quoted prices on active markets.

Unlisted investments include the Group's holding in CG Asset Management Limited and Euroclear plc for which no observable market data is available as to their values.

In April 2021, the Group sold its entire non-controlling equity interest of 5,427 shares in Euroclear plc for a cash consideration of €9.1 million (£7.9 million converted to GBP). This investment was held as a long-term strategic investment and therefore classified as equity investment securities designated at fair value through other comprehensive income. In line with the Group's accounting policy, changes in fair value of the investment are measured at fair value through other comprehensive income and are not subsequently transferred to profit or loss.

In October 2021, CG Asset Management Limited bought back 3,131 B shares owned by the Group for a cash consideration of £0.8 million. At the balance sheet date, the Group held a non-controlling equity interest of 6,489 B shares and 3,631 C shares in CG Asset Management Limited which is valued on an earnings yield basis. The Group has used a 9.1x multiple (2020: 9.1x multiple), which is deemed appropriate considering the nature and size of CG Asset Management Limited. This multiple was used to determine share transactions which took place during the year. There were no indications that the multiple changed during the year.

The earnings yield calculations are sensitive to changes in the key assumptions, the impact of which is set out in the table below:

	Decrease of 1% in earnings yield £'000	Increase of 1% in earnings yield £'000
CG Asset Management Limited	221	(184)

27. Borrowings

	2021 £'000	2020 £'000
Unsecured borrowing at amortised cost and due within one year		
Loans from parent undertakings		28,500

The other principal features of the Group's borrowings are as follows:

- In 2020, the Group had a £400 million term loan and £25 million revolving facilities agreement with HSBC plc and a number of other lenders. Transaction costs of £15.8 million had been netted against the bank loan and were being amortised over the length of the loan. The facilities agreement applied a single covenant test, which set a maximum ratio for net debt to EBITDA. Management monitored this leverage ratio on a monthly basis, and the Group remained in compliance with the covenant test throughout the year. Following completion of the merger with Smith & Williamson, both facilities were novated to Violin Debtco Guernsey Limited, a parent undertaking whose results are not consolidated in these financial statements. An intercompany loan with a value of £25.0 million was created between Violin Debtco Guernsey Limited and Tilney Smith & Williamson Limited in relation to the revolving credit facility. The loan carries an interest rate between 3.25% and 3.75% above 3 months LIBOR. The loan was repaid in December 2021.
- The discount rates used to measure the present value of the lease liabilities are based on the Group's borrowing costs at the date of inception of each lease, after adjusting for the term of the lease and the level of security available.

The weighted average interest rates paid during the year were as follows:

	2021 %	2020 %
Bank loans		5.5380
Loans from parent company - £25.0 million	3.3187	3.7290
Loans from parent company - £3.5 million	5.0255	5.4883
Lease payments	3.0660	4.1555

	Loans from parent entities £'000	Bank loans £'000	Lease liabilities £'000	Total £'000
At 1 January 2021	28,500		30,129	58,629
Changes from financing cash flows				
Repayments of borrowings	(25,000)			(25,000)
Payments of lease liabilities			(11,143)	(11,143)
	(25,000)		(11,143)	(36,143)
Other non-cash changes				
Interest expense			2,269	2,269
New lease recognised			63,790	63,790
Issue of shares	(3,500)			(3,500)
	(3,500)		66,059	62,559
At 31 December 2021			85,045	85,045

	Loans from parent entities £'000	Bank loans £'000	Lease liabilities £'000	Total £'000
At 1 January 2020	3,500	383,460	16,289	403,249
Changes from financing cash flows				
Interest paid	-	(15,399)	-	(15,399)
Repayments of borrowings	-	(6,175)	-	(6,175)
Payments of lease liabilities	-	-	(6,948)	(6,948)
Proceeds from borrowings	-	25,000	-	25,000
	-	3,426	(6,948)	(3,522)
Other non-cash changes				
Interest expense	-	17,016	-	17,016
New lease recognised	-	-	866	866
Lease acquired with subsidiary	-	-	19,922	19,922
Refinancing costs transferred to parent	-	11,673	-	11,673
Novation of loan to parent entity	25,000	(25,000)	-	-
Issue of shares	-	(390,575)	-	(390,575)
	25,000	(386,886)	20,788	(341,098)
At 31 December 2020	28,500	-	30,129	58,629

28. Settlement balances – liabilities

	2021 £'000	2020 £'000
Other items in the course of settlement	**9,793**	63,273

Other items in the course of settlement relate to the Group's Fund Administration business where balances are payable to clients and brokers in respect of unsettled trades.

29. Trade and other payables

	2021 £'000	2020 £'000
Trade creditors	**2,459**	2,981
Amounts owed to parent undertakings	**6,118**	47,976
Other taxes and social security	**18,036**	18,707
Other creditors	**7,037**	13,592
Accruals and deferred income	**84,436**	53,312
Amounts due to individual members of partnerships	**54,873**	50,523
	172,959	187,091

Amounts in other creditors include £3.6 million of fees payable by the Group's Fund Administration business to investment managers (2020: £9.0 million). The 2020 prior year comparative includes £5.7 million of deferred income that has been reclassified from trade creditors to accruals and deferred income.

Amounts due to individual members of partnerships include B capital contributions received of £14.1 million (2020: £15.9 million) from individual members of the Group's LLP subsidiaries which are repayable on retirement from the relevant LLP.

Trade and other payables acquired with subsidiary were £0.6 million (2020: £82.4 million) (note 17).

30. Provisions

	2021 £'000	2020 £'000
Indemnity clawbacks	35	53
Contingent consideration	4,817	1,412
Client redress provision	80	451
Tax accelerated payment notice liabilities	838	838
Dilapidations	9,799	6,902
Vacant property	395	649
Professional indemnity	426	571
Contract termination	1,188	-
	17,578	10,876
Current	2,539	2,434
Non-current	15,039	8,442
	17,578	10,876

	Indemnity clawbacks £'000	Contingent consideration £'000	Client redress £'000	Accelerated payment notices £'000	Dilapidations £'000	Vacant property £'000	Professional indemnity provision £'000	Contract termination £'000	Total £'000
At 1 January 2021	53	1,412	451	838	6,902	649	571	-	10,876
New provisions recognised	-	4,367	-	-	3,003	-	348	1,188	8,906
Utilisation of provision	-	(900)	(371)	-	(133)	(254)	(493)	-	(2,151)
Credit/(charge) to income statement	(18)	(62)	-	-	27	-	-	-	(53)
At 31 December 2021	35	4,817	80	838	9,799	395	426	1,188	17,578
Current	-	450	80	-	-	395	426	1,188	2,539
Non-current	35	4,367	-	838	9,799	-	-	-	15,039
	35	4,817	80	838	9,799	395	426	1,188	17,578

	Indemnity clawbacks £'000	Contingent consideration £'000	Client redress £'000	Accelerated payment notices £'000	Dilapidations £'000	Vacant property £'000	Professional indemnity provision £'000	Contract termination £'000	Total £'000
At 1 January 2020	53	2,481	475	838	1,667	-	-	-	5,514
Acquired with subsidiary	-	337	-	-	4,335	-	813	-	5,485
New provisions recognised	-	-	-	-	2,744	714	70		3,528
Utilisation of provision	-	(1,537)	(24)	-	(102)	(65)	(140)	-	(1,868)
Credit/(charge) to income statement	-	131	-	-	(1,742)	-	(172)	-	(1,783)
At 31 December 2020	53	1,412	451	838	6,902	649	571	-	10,876
Current	-	1,412	451	-	-	-	571	-	2,434
Non-current	53	-	-	838	6,902	649	-	-	8,442
	53	1,412	451	838	6,902	649	571	-	10,876

- *Contingent consideration* – this relates to an earn-out payment in respect of the purchase of the wealth management business of Moore Stephens in 2019 and the acquisitions of HFS Milbourne, Explore Wealth Management and FP Solutions in 2021. Amounts are expected to be payable between 2021 and 2024.
- *Client redress* – this relates to legacy issues in acquired businesses that may give rise to compensation payments over a number of years in the future.
- *Accelerated payment notices* – these relate to notices that may be issued by HMRC to companies that were acquired in 2016, in relation to periods prior to the acquisition of the Ingenious group in April 2016. The timing of any such notices is uncertain, and to the extent that notices are not issued, this amount will be payable to the vendor of the companies acquired.
- *Dilapidations* - the Group is responsible for restoring leased properties to the condition they were in when first leased by the Group, when the leases held expire. A dilapidations provision is recognised for the expected costs relating to this, based on third party assessments and internal estimates.
- *Vacant property* - the Group has decided to vacate one of its London offices, due to space becoming available in other London locations and the future Gresham Street premises. The lease on this property runs until September 2022, and the costs of running these premises for this period have been provided in full.
- *Professional indemnity provision* - in common with many professional practices the Group may become subject to claims from various parties or possible penalties from regulatory bodies. Any such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a professional indemnity provision is established to the Group's best estimate of the amount required to settle the obligation at the balance sheet date.
- *Contract termination* - the Group is in the process of migrating certain assets from external custody platforms onto Avaloq, in-house custody. The external custodian contract runs until June 2022 and the Group is liable to continue paying custody fees in respect of migrated assets until this date.

The unwinding effect of discounting provisions are not considered material and therefore no such disclosures have been made.

31. Lease liabilities

The Group's leases include property and equipment. These right-of-use assets are disclosed in note 19.

Information about leases for which the Group is a lessee is presented below.

	2021 £'000	2020 £'000
Maturity analysis – contractual undiscounted cash flows		
Within one year	8,708	11,117
In the second to fifth years inclusive	39,234	18,006
After more than five years	54,327	3,039
Total undiscounted lease liabilities at 31 December	102,269	32,162

	2021 £'000	2020 £'000
Lease liabilities included in the balance sheet at 31 December		
Current	6,228	10,483
Non-current	78,817	19,646
	85,045	30,129

	2021 £'000	2020 £'000
Amounts recognised in the income statement		
Interest on lease liabilities	2,269	1,158

	2021 £'000	2020 £'000
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	11,143	6,948

During the year ended 31 December 2021, lease payments relating to short-term leases amounted to £0.1 million (2020: £0.1 million) and lease payments relating to low value assets amount to £nil million (2020: £0.1 million).

32. Net deferred tax liabilities

	Decelerated capital allowances £000	Retirement benefit obligations £000	Tax losses £000	Intangible assets £000	Equity investment securities designated at FVOCI £000	Other temporary differences £000	Total £000
At 1 January 2020	1,977	(493)	990	(63,612)	-	1,734	(59,404)
Acquired with subsidiary	-	41	-	(44,677)	(1,417)	193	(45,860)
Tax rate change	185	(42)	85	(7,218)	-	121	(6,869)
Adjustment in respect of prior year	(336)	-	-	245	-	(565)	(656)
Credit/(debit) to income statement	10	25	211	9,039	-	(235)	9,050
Credit/(debit) to other comprehensive income	-	583	-	-	(86)	-	497
(Debit)/credit to retained earnings	-	(84)	-	-	-	-	(84)
At 31 December 2020	1,836	30	1,286	(106,223)	(1,503)	1,248	(103,326)
Acquired with subsidiary	(9)			(2,262)			(2,271)
Tax rate change	691	(47)	276	(26,199)	(6)	238	(25,047)
Adjustment in respect of prior year	32	(180)		(1,551)		(765)	(2,464)
Credit to income statement	(413)	12	(276)	17,191		370	16,884
(Debit)/credit to other comprehensive income		(2,318)			4		(2,314)
Credit to equity					1,485		1,485
At 31 December 2021	2,137	(2,503)	1,286	(119,044)	(20)	1,091	(117,053)

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £'000	2020 £'000
Deferred tax liabilities	(121,567)	(107,726)
Deferred tax assets	4,514	4,400
Net deferred tax liabilities	(117,053)	(103,326)

At the balance sheet date, the deferred tax asset not recognised in the financial statements calculated at 25% (2020: 19%) due to uncertainty of realisation, is as follows:

	2021 £'000	2020 £'000
Decelerated capital allowances	3,413	2,594
Tax losses	66,053	50,200
	69,466	52,794

33. Retirement benefits

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees in the Group. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

The Group is required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in the profit and loss account of £12.6 million (2020: £7.6 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At the balance sheet date, contributions of £1.4 million (2020: £0.2 million) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit schemes

The Group operates three defined benefit pension schemes in the UK: The Pension Fund, the NCL Scheme and the S&W Scheme.

The Pension Fund

The Pension Fund is an HMRC registered pension scheme and is subject to standard UK pensions and tax law. Details of the benefits provided by the Pension Fund are set out in the Trust Deed and Rules dated 18 March 2011. The scheme is closed to new members.

The disclosures in these accounts below are based on calculations carried out at the balance sheet date by Capita Employee Solutions, a qualified independent actuary.

The Pension Fund's assets are held in a separate trustee-administered fund to meet long-term pension liabilities to beneficiaries. The Trustees of the Pension Fund are required to act in the best interest of the beneficiaries. The appointment of Trustees is determined by the trust documentation.

The Trustees of the Pension Fund invest the assets in line with the Statement of Investment Principles. The Statement of Investment Principles has been established taking into consideration the liabilities of the Pension Fund and the investment risk that the Trustees are willing to accept.

Under the Scheme Funding regime introduced by the Pensions Act 2004, the Trustees are required to carry out regular scheme funding valuations of the Pension Fund and establish a schedule of contributions and a recovery plan when there is a shortfall in the Pension Fund. The recovery plan details the amount and timing of the contributions required to eliminate the shortfall in the Pension Fund. Scheme funding valuations are carried out at least every three years. Approximate funding updates are produced annually in years where a full scheme funding valuation is not being completed.

At each scheme funding valuation, the present value of the contributions detailed in the current recovery plan is compared with any shortfall revealed. Where the contributions under the current recovery plan are no longer sufficient to remove the shortfall by the end of period specified in the recovery plan a new recovery plan will need to be agreed between the Trustees and the Group. Options include increasing contributions due from the employer, extending the recovery period with additional contributions paid after the expiry of the current recovery period or some combination of the two. The affordability to the employer of any increase in contributions is a primary factor in the agreement of any new recovery plan. Where the contributions are more than sufficient to remove the shortfall by the end of the recovery period, options include reducing contributions due, keeping the recovery period the same, or shortening the recovery period.

At the balance sheet date, contributions are payable to the Pension Fund at the rates specified in the Schedule of Contributions signed by the Group and the Trustees on 16 December 2014. Contributions for the year amounted to £0.1 million (2020: £0.1 million).

The S&W and NCL Schemes

The Group acquired the S&W and NCL Schemes following the acquisition of Smith & Williamson in 2020 (see note 17). Both schemes are closed to new members.

The most recent actuarial valuations of these schemes were carried out at the balance sheet date by Goddard Perry Actuarial LLP, a qualified independent actuary. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the projected unit credit method. The assets of the NCL Scheme are managed by a subsidiary of the Group, Smith & Williamson Investment Management LLP.

Principal assumptions

The principal assumptions are calculated by two independent actuaries: Capita Employee Solutions for The Pension Fund and Goddard Perry Actuarial LLP for the S&W and NCL schemes. Therefore, while assumptions may vary, they are not materially different to the overall valuation of each scheme. The principal assumptions used for the purpose of the actuarial valuation were as follows:

	The Pension Scheme		NCL Scheme		S&W Scheme	
	2021 % p.a.	2020 % p.a.	2021 % p.a.	2020 % p.a.	2021 % p.a.	2020 % p.a.
Rate of increase in salaries	**3.4**	2.9	**3.6**	3.1	**-**	-
Discount rate	**1.9**	1.3	**1.9**	1.3	**1.9**	1.3
RPI inflation rate	**3.4**	2.9	**3.6**	3.1	**3.6**	3.1
CPI inflation rate	**2.6**	2.1	**-**	-	**-**	-
Rate of increase to deferred pensions in excess of the GMP	**-**	-	**3.6**	3.1	**3.1**	2.6
Pension increase assumption					**Fixed at 0% or 3%**	Fixed at 0% or 3%
- RPI capped at 5% p.a.	**3.2**	2.9	**3.5**	3.0	**-**	-
- RPI capped at 3% p.a.	**-**	-	**2.6**	2.5	**-**	-

The assumed life expectancy for the membership of The Pension Fund was based upon the standard tables known as S3PxA CMI 2020 with an IAMI of 0.5% per annum and a long-term rate of improvement of 1.25% per annum. In 2020, assumptions were based upon the standard tables known as S3PxA CMI 2019 with an IAMI of 0.5% per annum and a long-term rate of improvement of 1.25% per annum. The life expectancy for a current 65 year old male is 22 years (2020: 22 years) and a 65 year old female is 25 years (2020: 25 years).

The assumed life expectancy for the membership of the S&W and NCL Schemes was based upon the standard tables known as S3NMA x 105% for males and S3NFA x 110% for females using the CMI_2020 projection based on year of birth and with a long-term rate of improvement of 1% per annum. In 2020, assumptions were based upon the standard tables known as S3NMA x 105% for males and S3NFA x 110% for females using the CMI_2019 projection based on year of birth and with a long-term rate of improvement of 1% per annum. The life expectancy for a current 65 year old male is 22 years (2020: 22 years) and a 65 year old female is 24 years (2020: 24 years).

The amounts included in the Consolidated Balance Sheet are as follows:

	The Pension Scheme		NCL Scheme		S&W Scheme		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fair value of scheme assets:								
Equities and property	**21,183**	18,268	**17,050**	18,759	**-**	-	**38,233**	37,027
Bonds	**14,448**	16,834	**3,535**	3,777	**-**	-	**17,983**	20,611
Other assets	**26,216**	24,191	**3,958**	1,622	**640**	688	**30,814**	26,501
Cash	**3,530**	3,055	**1,207**	253	**33**	15	**4,770**	3,323
Insured annuities	**-**	-	**-**	-	**1,012**	1,118	**1,012**	1,118
	65,377	62,348	**25,750**	24,411	**1,685**	1,821	**92,812**	88,580
Present value of defined benefit obligations	**(58,267)**	(62,320)	**(22,814)**	(23,586)	**(1,729)**	(1,896)	**(82,810)**	(87,802)
Surplus/(deficit) in scheme	**7,110**	28	**2,936**	825	**(44)**	(75)	**10,002**	778
Amounts not recognised due to effect of asset ceiling	**-**		**-**		**-**		**-**	
Asset/(liability)	**7,110**	28	**2,936**	825	**(44)**	(75)	**10,002**	778

The changes in the present value of defined benefit obligations are as follows:

	The Pension Scheme		NCL Scheme		S&W Scheme		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 January	62,320	56,172	23,586	-	1,896	-	87,802	56,172
Acquired with subsidiary		-		20,819		1,788		22,607
Past service cost		150		-		-		150
Current service cost	111	97		-		-	111	97
Interest on funded obligation	774	1,096	300	223	24	19	1,098	1,338
Actuarial losses/(gains) arising from:								
Financials	(2,920)	7,604	(732)	3,158	(47)	29	(3,699)	10,791
Demographics	(605)	226	(13)	73		2	(618)	301
Experience	(58)	(1,422)	355	(60)	5	32	302	(1,450)
Employee contribution	12	12		-		-	12	12
Benefits paid	(1,367)	(1,615)	(682)	(627)	(44)	(17)	(2,093)	(2,259)
Change of insured annuities		-		-	(105)	43	(105)	43
At 31 December	58,267	62,320	22,814	23,586	1,729	1,896	82,810	87,802

The changes in the fair value of scheme assets are as follows:

	The Pension Scheme		NCL Scheme		S&W Scheme		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 January	62,348	58,997	24,411	-	1,821	-	88,580	58,997
Acquired with subsidiary		-		21,904		1,773		23,677
Remeasurement of defined benefit asset:								
Interest income	772	1,149	311	235	23	19	1,106	1,403
Return on scheme asset (excluding amounts included in interest income)	3,557	3,750	1,710	2,899	(10)	3	5,257	6,652
Employer contribution	55	55	-	-	-	-	55	55
Employee contribution	12	12		-		-	12	12
Benefits paid	(1,367)	(1,615)	(682)	(627)	(44)	(17)	(2,093)	(2,259)
Change of insured annuities		-		-	(105)	43	(105)	43
At 31 December	65,377	62,348	25,750	24,411	1,685	1,821	92,812	88,580

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

All equity and debt instruments have quoted prices in active markets.

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The amounts included in the Consolidated Income Statement, within operating expenses, are as follows:

	The Pension Scheme		NCL Scheme		S&W Scheme		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current service cost	111	97	-	-	-	-	111	97
Net interest	2	(53)	(11)	(12)	1	-	(8)	(65)
Past service cost (including curtailments)	-	150	-	-	-	-	-	150
	113	194	(11)	(12)	1	-	103	182

The amounts included in the Consolidated Statement of Comprehensive Income are as follows:

	The Pension Scheme		NCL Scheme		S&W Scheme		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Remeasurement (gain)/ loss during the year	(7,140)	2,658	(2,100)	272	(32)	60	(9,272)	2,990
Surplus in scheme - asset ceiling adjustment		-	-	354	-	-	-	354
Net remeasurement of defined benefit assets before tax	(7,140)	2,658	(2,100)	626	(32)	60	(9,272)	3,344
Deferred tax on actuarial reserve (note 32)	1,787	(505)	636	(52)	93	(11)	2,516	(568)
Deferred tax on surplus on scheme		-	-	(67)	-	-	-	(67)
Actuarial (gain)/loss	(5,353)	2,153	(1,464)	507	61	49	(6,756)	2,709

It is currently estimated that the sponsoring employers of the defined benefit schemes will contribute approximately £nil to the schemes in the coming year.

The two key assumptions affecting the results of the valuation are the discount rate and inflation. In order to demonstrate the sensitivity of the results to these assumptions, the actuary has recalculated the defined benefit obligations for each scheme by varying each of these assumptions in isolation whilst leaving the other assumptions unchanged. For example, in order to demonstrate the sensitivity of the results to the discount rate, the actuary has recalculated the defined benefit obligations for each scheme using a discount rate that is 0.25% higher than used for calculating the disclosed figures. A similar approach has been taken to demonstrate the sensitivity of the results to inflation.

At 31 December 2021, the summary of the sensitivities in respect of the three schemes set out below are as follows:

	Assets £'000	Liabilities £'000	Surplus/ (deficit) £'000	Increase/ (decrease) in surplus £'000
The Pension Fund				
Effect of change in assumptions:				
No change	65,377	58,267	7,110	-
0.25% rise in discount rate	65,377	55,710	9,667	2,557
0.25% fall in discount rate	65,377	60,999	4,378	(2,732)
0.25% rise in inflation	65,377	60,374	5,003	(2,107)
0.25% fall in inflation	65,377	56,225	9,152	2,042

	Assets £'000	Liabilities £'000	Surplus/ (deficit) £'000	Increase/ (decrease) in surplus £'000
NCL Scheme				
Effect of change in assumptions:				
No change	25,750	22,814	2,936	-
0.25% rise in discount rate	25,750	21,924	3,826	890
0.25% fall in discount rate	25,750	23,760	1,990	(946)
0.25% rise in inflation	25,750	23,490	2,260	(676)
0.25% fall in inflation	25,750	22,137	3,613	677

	Assets £'000	Liabilities £'000	Surplus/ (deficit) £'000	Increase/ (decrease) in surplus £'000
S&W Scheme				
Effect of change in assumptions:				
No change	1,685	1,729	(44)	-
0.25% rise in discount rate	1,685	1,693	(8)	36
0.25% fall in discount rate	1,685	1,767	(82)	(38)
0.25% rise in inflation	1,685	1,729	(44)	-
0.25% fall in inflation	1,685	1,729	(44)	-

At 31 December 2020, the summary of the sensitivities in respect of the three schemes set out below are as follows:

	Assets £'000	Liabilities £'000	Surplus/ (deficit) £'000	Increase/ (decrease) in surplus £'000
The Pension Fund				
Effect of change in assumptions:				
No change	62,348	62,320	28	-
0.25% rise in discount rate	62,348	59,435	2,913	2,885
0.25% fall in discount rate	62,348	65,409	(3,061)	(3,089)
0.25% rise in inflation	62,348	64,781	(2,433)	(2,461)
0.25% fall in inflation	62,348	59,962	2,386	2,358

	Assets £'000	Liabilities £'000	Surplus/ (deficit) £'000	Increase/ (decrease) in surplus £'000
NCL Scheme				
Effect of change in assumptions:				
No change	24,411	23,586	825	-
0.25% rise in discount rate	24,411	22,628	1,783	958
0.25% fall in discount rate	24,411	24,605	(194)	(1,019)
0.25% rise in inflation	24,411	24,384	27	(798)
0.25% fall in inflation	24,411	22,806	1,605	780

	Assets £'000	Liabilities £'000	Surplus/ (deficit) £'000	Increase/ (decrease) in surplus £'000
S&W Scheme				
Effect of change in assumptions:				
No change	1,821	1,896	(75)	-
0.25% rise in discount rate	1,821	1,853	(32)	43
0.25% fall in discount rate	1,821	1,939	(118)	(43)
0.25% rise in inflation	1,821	1,896	(75)	-
0.25% fall in inflation	1,821	1,896	(75)	-

Funding arrangements

The Pension Fund

The trustees use the projected unit funding method to fund the scheme. The last full triennial actuarial valuation was undertaken as at 1 January 2020. No contributions are currently required from the employer.

The NCL Scheme

The trustees use the projected unit funding method to fund the scheme. The last full triennial actuarial valuation was undertaken as at 31 December 2018. No contributions are currently required from the employer. The full triennial actuarial valuation as at 31 December 2021 was in progress up to the date of signing of the Consolidated Financial Statements.

The S&W Scheme

The trustees use the projected unit funding method to fund the scheme. The last full triennial actuarial valuation was undertaken as at 1 May 2020. No contributions are currently required from the employer.

The main risks for the schemes are:

Investment return risk	If the assets underperform the returns assumed in setting the funding targets then additional contributions may be required at subsequent valuations.
Investment match risk	The schemes invest in equities, whereas the funding targets are closely related to the returns on bonds. If equities fall in value relative to the matching asset of bonds, additional contributions may be required.
Longevity risk	If future improvements in longevity exceed the assumptions made for scheme funding, then additional contributions may be required.

Retirement benefit annuities

Annuities relate to the Group's estimated liability to certain spouses of former Partners of the legacy Smith & Williamson Group.

An analysis of the changes in the present value of obligations is as follows:

	2021 £'000	2020 £'000
At 1 January	**616**	-
Acquired with subsidiary	**-**	599
Interest cost	**2**	2
Foreign exchange gain	**(33)**	-
Actuarial loss	**74**	61
Benefits paid	**(132)**	(46)
At 31 December	**527**	616

Summary of retirement benefits recognised on the balance sheet

	2021 £'000	2020 £'000
The Pension Fund assets	7,110	28
NCL Scheme assets	2,936	825
S&W Scheme liabilities	(44)	(75)
	10,002	778
Annuities	(527)	(616)
Net retirement benefit assets	9,475	162

34. Share capital and share premium

The Company has one class of ordinary shares which carry no right to fixed income. Ordinary shares have a par value of 10 pence per share. All issued shares are fully paid.

The following movements in issued share capital and share premium occurred during the year:

	Number of shares '000	Share Capital £'000	Share premium £'000
At 1 January 2020	437,680	43,768	398,102
Issue of ordinary shares	9,978,859	997,886	-
Issue of ordinary shares - adjustment in respect of prior period	-	-	1,600
Capital reduction	-	-	(399,702)
At 31 December 2020	10,416,539	1,041,654	
Issue of ordinary shares	92,400	9,240	51,660
At 31 December 2021	10,508,939	1,050,894	51,660

On 4 August 2021, 92,400,000 ordinary shares were issued to the Company's parent undertaking at that time, Violin Equityco Limited, for total consideration of £60.9 million, out of which:

- 35,000,000 ordinary shares were issued at nominal value as a non-cash consideration for the release of a £3.5 million loan owed to Violin Equityco Limited, and
- 57,400,000 ordinary shares were issued at £1.0 per share amounting to £57.4 million in aggregate as a non-cash consideration satisfied by transfer of receivables from Violin Equityco Limited to the Company (of a total value of £57.4 million) in accordance with a deed of assignment and subscription dated 4 August 2021.

On 10 November 2021, 100% of the ordinary shares of the Company were transferred from Violin Equityco Limited to Violin Debtco Guernsey Limited in connection with a re-organisation of the Group. As a result, the immediate parent undertaking of the Company changed to Violin Debtco Guernsey Limited. As part of the re-organisation, Violin Equityco Limited and three further intermediate holding companies were moved out of the main holding structure, and have subsequently been placed into liquidation. The issue of 57,400,000 ordinary shares had the effect of transferring capital from the companies that were to be moved out of the structure into the Company, ensuring that regulatory capital was not reduced as a result of the re-organisation.

In 2020, 9,978,858,600 ordinary shares were issued in connection with the acquisition of Smith & Williamson and re-organisation of the Group. As a result of the re-organisation, share premium was reduced to £nil (2020: £nil).

35. Share-based payments

The Group recognised a charge of £2.1 million (2020: 0.3 million) in relation to equity settled share-based payment transactions.

Awards are made under either the Tilney Smith & Williamson Deferred Option Plan, or the Smith & Williamson Investment Management LLP 2021 Deferred Award Plan and the Smith & Williamson LLP 2021 Deferred Award Plan. The options are granted using A ordinary shares in Symmetry Topco Guernsey Limited, a parent company of the Group, and LLP awards are granted using LLP share units in the Group's subsidiaries, Smith & Williamson Investment Management LLP and Smith & Williamson LLP. The options are settled by the Tilney Smith & Williamson 2020 Employee Benefit Trust. The LLP awards will be settled in LLP share units. Both the options and the LLP awards are subject to the participant still being in the Group's employment, or an individual member of an LLP, at the end of the vesting period. Further details of each plan are set out below.

The Group's employing entities recognise a share-based payment charge as they receive the benefit of the employee or Partner services. The awards are accounted for as an equity-settled share-based payment and the charge is based on the fair value of the award calculated at grant date.

At the balance sheet date, the Group had the following share-based payment arrangements:

Tilney Smith & Williamson Deferred Option Plan

Under the terms of the Tilney Smith & Williamson Deferred Option Plan (Deferred), certain employees held options to acquire A ordinary shares in Symmetry Topco Guernsey Limited as detailed below.

Grant date	Exercise price	2021 £'000	2020 £'000
December 2020	£nil	1,025,773	1,073,668
October 2021	£nil	734,710	-
December 2021 with performance conditions	£nil	388,208	-

These options are ordinarily exercisable three years from grant. There are no attached performance conditions other than those indicated as such in the table above and explained below.

Performance conditions

Awards with performance conditions are linked to assets under management (AUM). These awards are adjusted by multiplying the maximum number of shares that an individual can receive by 'AUM Retained', being the value of AUM transferred which remains as assets under management of the Group, divided by 'AUM transferred', being AUM as at the date of grant. If AUM Retained is greater than AUM Transferred, the adjusted award will be deemed to be an amount equal to the maximum number of shares that an individual can receive. The Tilney Smith & Williamson Remuneration Committee may, at its discretion and in a manner in which it determines, increase adjusted awards.

Smith & Williamson Investment Management LLP 2021 Deferred Award Plan

Under the terms of the Smith & Williamson Investment Management LLP 2021 Deferred Award Plan (Deferred), certain Partners held options to acquire share units in Smith & Williamson Investment Management LLP as detailed below.

Grant date	Exercise price	2021 £'000	2020 £'000
June 2021	£nil	2,725,513	-
October 2021	£nil	2,042,098	-

These awards are ordinarily exercisable three years from grant. There are no attached performance conditions.

Smith & Williamson Investment Management LLP share units may be exchanged for Symmetry Topco Guernsey Limited A ordinary shares on a one-for-one basis once vested.

Smith & Williamson LLP 2021 Deferred Award Plan

Under the terms of the Smith & Williamson LLP 2021 Deferred Award Plan (Deferred), certain Partners held options to acquire share units in Smith & Williamson LLP as detailed below.

Grant date	Exercise price	2021 £'000	2020 £'000
June 2021	£nil	1,943,760	-
October 2021	£nil	1,415,573	-

These awards are ordinarily exercisable three years from grant. There are no attached performance conditions.

Smith & Williamson LLP share units may be exchanged for Symmetry Topco Guernsey Limited A ordinary shares on a one-for-one basis once vested.

Details of share awards outstanding for the plans are as follows:

	Tilney Smith & Williamson Deferred Option Plan	Smith & Williamson Investment Management LLP Deferred Award Plan	Smith & Williamson LLP Deferred Award Plan	Total
At 1 January 2020	-	-	-	-
Granted during the year	1,073,668	-	-	1,073,668
At 31 December 2020	1,073,668	-	-	1,073,668
Granted during the year	1,122,918	4,767,611	3,359,333	9,249,862
Exercised during the year	(207)	-	-	(207)
Lapsed during the year	(47,688)	-	-	(47,688)
At 31 December 2021	2,148,691	4,767,611	3,359,333	10,275,635

Assumptions

The expected life of the options is 3 years. An assumed attrition rate of 3% per annum is applied to the awards.

The fair value of awards is reduced by the present value of dividends expected to be paid during the vesting period. There are no future plans for dividend payments, therefore an expected dividend yield of 0% has been used.

The share price volatility is irrelevant as the exercise price for deferred share awards is £nil.

36. Financial risk management

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

The Group classifies its financial assets into those measured at fair value through profit or loss, amortised cost and those measured at fair value through other comprehensive income. All financial liabilities are held at amortised cost.

31 December 2021	Fair value through profit or loss £'000	Fair value through other comprehensive income £'000	Amortised cost £'000	Total £'000
Financial assets measured at fair value				
Derivative financial instruments	44	-	-	44
Equity investment securities designated at FVOCI				
- Unlisted equity investments	-	3,543	-	3,543
- Listed equity investments	-	461	-	461
	44	4,004	-	4,048
Financial assets not measured at fair value				
Trade and other receivables	-	-	163,330	163,330
Settlement balances - assets	-	-	10,083	10,083
Cash and cash equivalents	-	-	217,322	217,322
	-	-	390,735	390,735
Financial liabilities not measured at fair value				
Borrowings	-	-	-	-
Settlement balances - liabilities	-	-	9,793	9,793
Trade and other payables	-	-	168,422	168,422
Lease liabilities	-	-	85,045	85,045
	-	-	263,260	263,260

31 December 2020	Fair value through profit or loss £'000	Fair value through OCI £'000	Amortised cost £'000	Total £'000
Financial assets measured at fair value				
Derivative financial instruments	16	-	-	16
Equity investment securities designated at FVOCI				
- Unlisted equity investments	-	11,854	-	11,854
- Listed equity investments	-	457	-	457
	16	12,311	-	12,327
Financial assets not measured at fair value				
Trade and other receivables	-	-	160,301	160,301
Settlement balances - assets	-	-	62,931	62,931
Cash and cash equivalents	-	-	168,758	168,758
	-	-	391,990	391,990
Financial liabilities not measured at fair value				
Borrowings	-	-	28,500	28,500
Settlement balances - liabilities	-	-	63,273	63,273
Trade and other payables	-	-	187,016	187,016
Lease liabilities	-	-	30,129	30,129
	-	-	308,918	308,918

(a) Credit risk

Credit risk represents the loss which the Group would incur if a customer or counterparty failed to perform its contractual obligations. This risk is well diversified so the Group has no significant exposure to credit risk. At the balance sheet date there were no significant concentrations of credit risk external to the Group. The exposure to credit risk is monitored on an ongoing basis.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

The primary source of credit risk arises from placing funds with banks. It is the Group's policy to place funds with a range of high quality financial institutions approved by the Board. Investments are diversified to avoid excessive exposures to individual counterparties, groups of connected counterparties or geographical location.

Information regarding measurement of ECLs, inputs, assumptions and techniques used for estimating impairment, calculation of ECLs and incorporation of forward-looking information can be found in note 3.

Cash and cash equivalents

The Group has exposures to a range of financial institutions through its cash management operations. The Group policy requires that all such exposures are only entered into with counterparties or groups of counterparties approved by the Board, or duly delegated Committee, after reference to each counterparty's Fitch rating. Exposures are monitored on a daily basis and, at the instigation of the Credit Review Committee under advice to the Board or duly delegated Committee, a counterparty may be suspended and/or funds withdrawn or a holding liquidated if market conditions dictate.

Settlement balances

Settlement risk arises where payment is made or a transfer of a security is effected in the expectation of a corresponding delivery of a security or cash. The vast majority of transactions are on a delivery versus payment basis (DvP), with near immediate exchange of cash and securities. Outstanding settlement balances, both DvP and free deliveries, are monitored on a daily basis. No settlement balances were impaired at the balance sheet date (2020: £nil).

Trade and fee receivables

Trade and fee receivables relate to fees that have been invoiced to, but not settled by, clients. The Group has policies in place to ensure that services are provided to clients with an appropriate credit history. Client invoices are typically due for payment on issue and accordingly all trade and fee receivables are disclosed past due. Where trade receivables are impaired, in view of normal client payment patterns, full provision is made against any such trade receivables. The collection of receivables is monitored by individual business lines on a monthly basis. Senior management periodically reviews, as a preventative measure, potential bad debts and takes appropriate risk mitigating action at local levels.

Maximum exposure to credit risk

The Group's on-balance sheet credit risk exposure at the balance sheet date, ignoring the value of any collateral held, amounted to £390.7 million (2020: £392.0 million). Financial guarantees of £12.6 million (2020: £12.6 million) were granted to related parties (note 40) and £nil (2020: £nil) were granted to clients. Off-balance sheet balances are shown in Liquidity Risk below. For accrued income and other receivables, the amount stated is after any provisions for impairment.

Neither past due nor impaired

Cash and cash equivalents measured at amortised cost were neither past due nor impaired and are further analysed below by reference to the Fitch rating at the balance sheet date.

	2021 £'000	2020 £'000
Cash and balances with central banks – AA+ to AA-	94,572	43,378
Cash and balances with central banks – A+ to A-	117,465	125,230
Cash and balances with central banks – unrated	5,285	150
	217,322	168,758

Settlement balances were neither past due nor impaired. Due to their short-term nature, these balances are expected to be settled in less than 30 days.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below.

Cash flows

The table below analyses financial assets and liabilities of the Group on an undiscounted future cash flow basis according to the contractual maturity into relevant maturity groupings based upon the remaining period at the balance sheet date. Balances with no fixed maturity are included in the 'over 5 years' category. Included within the 'less than 1 month' category are amounts that are either repayable on demand or which have no contractual maturity.

31 December 2021	Less than 1 month £000	1-3 months £000	3 months – 1 year £000	2-5 years £000	Over 5 years £000	Total £000
Assets						
Cash and bank balances	215,685			1,637		217,322
Settlement balances - assets	10,083					10,083
Derivative financial instruments			44			44
Trade and other receivables	66,124	86,782	4,273	5,844	307	163,330
Equity investment securities designated at FVOCI			4,004			4,004
	291,892	86,782	8,321	7,481	307	394,783
Liabilities						
Borrowings						
Settlement balances – liabilities	9,793					9,793
Trade and other payables	46,964	82,386	22,448	16,624		168,422
Lease liabilities	653	2,081	3,491	23,761	55,059	85,045
	57,410	84,467	25,939	40,385	55,059	263,260
Net liquidity gap	234,482	2,315	(17,618)	(32,904)	(54,752)	131,523

31 December 2020	Less than 1 month £000	1-3 months £000	3 months - 1 year £000	2-5 years £000	Over 5 years £000	Total £000
Assets						
Cash and bank balances	167,104	-	-	1,654	-	168,758
Settlement balances - assets	62,931	-	-	-	-	62,931
Derivative financial instruments	-	-	-	16	-	16
Trade and other receivables	95,892	47,418	12,143	3,327	1,521	160,301
Equity investment securities designated at FVOCI	-	-	12,311	-	-	12,311
	325,927	47,418	24,454	4,997	1,521	404,317
Liabilities						
Borrowings	3,500	25,000	-	-	-	28,500
Settlement balances - liabilities	63,273	-	-	-	-	63,273
Trade and other payables	128,952	22,674	30,355	430	4,605	187,016
Lease liabilities	442	2,525	7,516	16,239	3,407	30,129
	196,167	50,199	37,871	16,669	8,012	308,918
Net liquidity gap	129,760	(2,781)	(13,417)	(11,672)	(6,491)	95,399

Off-balance sheet items

Cash flows resulting from the Group's off-balance sheet financial liabilities relate to client money detailed in note 39, contingent liabilities and commitments in note 38 and related party indemnities and guarantees as detailed in note 40.

(c) Market risk

Interest rate risk

The Group is exposed to interest rate risk on financial liabilities through the impact of rate changes on loans from parent companies and bank loans. The weighted average interest rates paid during the year are disclosed in note 27.

Interest rate cap

The Group has taken out a forward interest rate cap to hedge interest rate risk in 2021. Under the interest rate cap contract, the Group will receive payments at the end of each period in which the interest rate exceeds the agreed strike price.

The following tables detail the notional principal amounts and remaining terms of interest rate cap contracts outstanding as at the reporting date:

	Average contract fixed interest cap rate		Notional principal value		Fair value	
Outstanding receive floating pay fixed cap contracts	2021 %	2020 %	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Less than 12 months	2.0	-	250,000	-	44	-
Between 1 to 5 years	-	2.0	-	250,000	-	16

Sensitivity analysis

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2021 would decrease or increase as follows:

	2021 £'000	2020 £'000
Loans from parent companies	-	143

Foreign exchange risk

The Group's operations are predominantly in the UK. The Group continuously monitors its exposure to currency fluctuation risks based on balance sheet items and expected cash flows. Foreign currency exposures resulting from the Group's treasury activities or income from the Company's Irish subsidiaries are converted to sterling on a regular basis.

At the balance sheet date, the Group had no significant foreign exchange risk.

37. Capital risk management

The Group's objectives when managing capital are to:

- Safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for its other stakeholders;
- Maintain a strong capital base to support the future strategy and development of the business; and
- Comply with the capital requirements set by the regulators where the Group operates on a solo and consolidated basis.

The Group continuously reviews the total regulatory capital requirements of its regulated subsidiaries which are reported monthly to the Board. The Group and each regulated entity have been in compliance with their regulatory capital requirements at all times during the year. The capital position is submitted to its lead regulator, the Financial Conduct Authority (FCA).

38. Contingent liabilities and commitments

The Group is from time to time involved in legal actions that are incidental to its operations. Currently the Group is not involved in any legal actions that would materially affect the financial position or performance of the Group.

At the balance sheet date, the Group's capital expenditure authorised and contracted for, but not included, in the financial statements was £3.1 million (2020: £nil).

39. Fiduciary activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involves the Group making allocations and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements as, in the Directors' judgement, the primary risks and rewards of these assets and money rest with the Group's clients and, as such, are not assets of the Group. Interest on client balances is included within fee and commission income.

At the balance sheet date, the Group, acting as trustee, held client money amounting to £1,360.3 million (2020: £1,238.3 million) in accordance with the FCA client money rules.

40. Related party transactions

Balances and transactions

The following amounts were outstanding at the balance sheet date:

		Amounts owed by related parties		Amounts owed to related parties	
Name of related party	Counterparty	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Nexia Smith & Williamson Audit Limited	Tilney Smith and Williamson Services Limited		-	6,111	-
Nexia Smith & Williamson Audit Limited	Smith and Williamson LLP		5,614		-
Nexia Smith & Williamson (Ireland) Limited	Smith & Williamson Freaney Limited		1,031	494	-

The amounts outstanding, included in other debtors (note 24), are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The Group provides accommodation and services to Nexia Smith & Williamson Audit Limited. Certain Tilney Smith & Williamson Limited's subsidiaries and Nexia Smith & Williamson Audit Limited are considered to be related as they have certain shareholders in common. Tilney Smith & Williamson Limited's subsidiaries, Smith & Williamson Corporate Services Limited and Smith & Williamson LLP, have provided staff to Nexia Smith & Williamson Audit Limited, the charge in the year being £16.7 million (2020: £4.9 million). Accommodation and other overheads totalling £8.4 million (2020: £1.7 million) have been charged to Nexia Smith & Williamson Audit Limited by the Group. Fees earned for the provision of these services are included in revenue (note 6).

The Group also provides accommodation and services to Nexia Smith & Williamson (Ireland) Limited. Certain Tilney Smith & Williamson Limited's subsidiaries and Nexia Smith & Williamson (Ireland) Limited are considered to be related as they have certain shareholders in common. The Tilney Smith & Williamson Limited subsidiary, Smith & Williamson Freaney Employment Services Limited, has provided staff to Nexia Smith & Williamson (Ireland) Limited. In total, £2.1 million (2020: £0.7 million) has been charged to Nexia Smith & Williamson (Ireland) Limited by the Group for staff, accommodation and other services. Fees earned for the provision of these services are included in revenue (note 6).

Guarantees

The Group had the following guarantees in place for related parties:

	2021 Base currency 000	2020 Base currency 000	2021 £ equivalent £'000	2020 £ equivalent £'000
Overdraft facilities:				
Nexia TS Pte Ltd	S$416	S$416	228	230
SME Working Capital Loan:				
Nexia TS Pte Ltd	S$156	S$156	85	86
Enterprise financing scheme – temporary bridging loan:				
Nexia TS Pte Ltd	S$520	S$520	285	288
Indemnity for financial loss:				
Nexia Smith & Williamson Audit Limited	£2,000	£2,000	2,000	2,000
Indemnity for insolvency:				
NCL Investments Limited Pension Scheme (note 33)	£10,000	£10,000	10,000	10,000
			12,598	12,604

Remuneration of key management personnel

The remuneration of the key management personnel of the Group, who are defined as the Group's Directors and other members of senior management who are responsible for planning, directing and controlling the activities of the Group, is set out below.

Further information about the remuneration of Directors is provided in the Directors' remuneration note 41.

	2021 £'000	2020 £'000
Key management personnel remuneration		
Emoluments	9,213	4,308
Employer contributions to money purchase pension schemes	44	19
	9,257	4,327

	2021 Number	2020 Number
The number of key management personnel who:		
Are members of a money purchase pension scheme	4	7

	2021 £'000	2020 £'000
Remuneration of the highest paid member of the key management personnel:		
Emoluments	1,286	873

At the balance sheet date, there is £0.1 million (2020: £0.2 million) of outstanding loans made to key management personnel of the Group which is included in trade and other receivables (note 24). At the balance sheet date, no impairment was associated with these loans (2020: £nil). These loans have interest rates ranging from 2.5% to 4%, are securitised by shares held in Violin Topco Guernsey Limited, a parent undertaking of the Group, and will be settled in cash. These loans were issued to the individuals to purchase shares in Violin Topco Guernsey Limited.

A number of the Group's key management personnel and their close family members make use of the services provided by companies within the Group. Charges for such services are made at various staff rates.

41. Directors' remuneration

The emoluments of those Directors whose executive services were provided to the Group during the year were as follows:

	2021 £'000	2020 £'000
Directors' remuneration		
Emoluments	4,264	1,990

	2021 Number	2020 Number
The number of Directors who:		
Are members of a money purchase pension scheme	-	-

	2021 £'000	2020 £'000
Remuneration of the highest paid Director:		
Emoluments	1,286	873

42. Interest in unconsolidated structured entities

A structured entity is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Group has assessed whether the funds it manages are structured entities and concluded that managed funds are structured entities unless substantive removal or liquidation rights exist.

The Group has interests in structured entities as a result of contractual arrangements arising from the management of assets on behalf of its clients. These structured entities typically consist of unitised vehicles such as Open Ended Investment Companies and Authorised Unit Trusts, which entitle investors to a percentage of the vehicle's net asset value. The structured entities are financed by the purchase of units or shares by investors.

The business activity of all structured entities, in which the Group has an interest, is the management of assets in order to maximise investment returns for investors from capital appreciation and/or investment income. The Group earns a management fee from its structured entities, based on a percentage of the entity's net asset value and, where contractually agreed, a performance fee, based on outperformance against predetermined benchmarks.

As fund manager, the Group does not guarantee returns on its funds or commit to financially support its funds.

The Group does not have any material seed capital investments, individually or collectively, in funds managed by the Group.

The table below shows the funds under management and advice of structured entities that the Group manages and fee income that it receives from these entities. The carrying value of the Group's interest in these entities is considered to be the value of the funds under management and advice reflected below.

31 December 2021	Number of funds	Net funds under management/ administration £bn	Fees 2021 £'000	Management fees receivable £'000
Investment Management	87	9.4	67,658	3,819
Fund Administration	139	9.8	11,565	1,866

31 December 2020	Number of funds	Net funds under management/ administration £bn	Fees 2020 £'000	Management fees receivable £'000
Investment Management	76	10.5	57,712	1,582
Fund Administration	167	19.6	3,970	7,955

The Group has no direct exposure to losses in relation to the funds under management and advice reported above as the investment risk is borne by external investors. The main risk the Group faces from its interest in funds under management and advice managed on behalf of external investors is the loss of fee income as a result of the withdrawal of funds by clients. Outflows from funds are dependent on market sentiment, asset performance and investor considerations.

43. Notes to the cash flow statement

Analysis of changes in net debt

	Derivative financial instruments £'000	Lease liabilities £'000	Borrowings £'000	**Total financing activity liabilities £'000**	Cash and bank balances £'000	**Net debt £'000**
At 1 January 2020	210	(16,289)	(386,960)	(403,039)	64,988	(338,051)
Cash flow	-	6,947	(3,426)	3,521	13,857	17,378
Acquisitions and disposals	-	(19,922)	-	(19,922)	89,913	69,991
Fair value gains and losses	(194)	-	-	(194)	-	(194)
Other non-cash movements	-	(865)	361,886	361,021	-	361,021
At 31 December 2020	**16**	**(30,129)**	**(28,500)**	**(58,613)**	**168,758**	**110,145**
Cash flow	**-**	**11,143**	**25,000**	**36,143**	**47,838**	**83,981**
Acquisitions and disposals	**-**	**-**	**-**	**-**	**726**	**726**
Fair value gains and losses	**28**	**-**	**-**	**28**	**-**	**28**
Other non-cash movements	**-**	**(66,059)**	**3,500**	**(62,559)**	**-**	**(62,559)**
At 31 December 2021	**44**	**(85,045)**	**-**	**(85,001)**	**217,322**	**132,321**

Balances at the balance sheet date comprise:

31 December 2021	Non-current assets £'000	Current assets £'000	Current liabilities £'000	Non-current liabilities £'000	Total £'000
Cash and bank balances	**-**	**217,322**	**-**	**-**	**217,322**
Derivative Financial Instruments (note 21)	**-**	**44**	**-**	**-**	**44**
Lease liabilities (note 31)	**-**	**-**	**(6,228)**	**(78,817)**	**(85,045)**
Net cash	**-**	**217,366**	**(6,228)**	**(78,817)**	**132,321**

31 December 2020	Non-current assets £'000	Current assets £'000	Current liabilities £'000	Non-current liabilities £'000	Total £'000
Cash and bank balances	-	168,758	-	-	168,758
Derivative Financial Instruments (note 21)	16	-	-	-	16
Lease liabilities (note 31)	-	-	(10,483)	(19,646)	(30,129)
Borrowings (note 27)	-	-	(28,500)	-	(28,500)
Net cash	16	168,758	(38,983)	(19,646)	110,145

44. Post balance sheet events

There have been no material post balance sheet events requiring disclosure prior to the date of signing this report.

Company Income Statement

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Other operating income		92	-
Operating income		**92**	-
Operating expenses	46	(92)	(19,000)
Total operating expenses		**(92)**	(19,000)
Operating loss		**-**	(19,000)
Dividend income from shares held in subsidiary undertakings		32,900	25,207
Finance income	47	11,295	12,434
Finance costs	48	(835)	(17,802)
Profit before tax		**43,360**	839
Taxation	49	(3,134)	(653)
Profit for the year		**40,226**	186

There are no recognised gains or losses other than the profit for the current year and loss for the prior year. Accordingly, no statement of comprehensive income is given.

The notes on pages 153 to 161 form an integral part of these financial statements.

Company Balance Sheet

as at 31 December 2021

	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Investments in subsidiaries	50	1,269,729	1,262,035
Right-of-use assets	51	-	28
Derivative financial instruments	21	-	16
Net deferred tax assets	52	436	311
Total non-current assets		1,270,165	1,262,390
Current assets			
Loans to other group entities	53	186,143	186,143
Trade and other receivables	54	28,255	90,510
Derivative financial instruments	21	44	-
Total current assets		214,442	276,653
Total assets		1,484,607	1,539,043
Liabilities			
Current liabilities			
Borrowings	55	-	28,500
Trade and other payables	56	89,538	185,576
Lease liabilities	57	-	4
Total current liabilities		89,538	214,080
Net current assets		124,904	62,573
Non-current liabilities			
Long-term provisions		1,880	-
Total non-current liabilities		1,880	-
Total liabilities		91,418	214,080
Net assets		1,393,189	1,324,963
Equity			
Share capital	58	1,050,894	1,041,654
Share premium	58	51,660	-
Capital reorganisation reserve		(1,000)	(1,000)
Retained earnings		291,635	284,309
Total equity		1,393,189	1,324,963

The notes on pages 153 to 161 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 2 March 2022.

They were signed on its behalf by:

Chris Woodhouse
Group Chief Executive Officer

Andrew Baddeley
Group Chief Financial Officer

Company registered number: 08741768

Company Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital £'000	Share premium £'000	Capital reorganisation reserve[1] £'000	Retained Earnings £'000	Total equity £'000
At 1 January 2020	43,768	398,102	-	(72,904)	368,966
Profit for the year	-	-	-	186	186
Total comprehensive income	-	-	-	186	186
Dividend distribution	-	-	-	(42,675)	(42,675)
Issue of shares – adjustment in respect of prior year	-	1,600	-	-	1,600
Issue of shares – current year	997,886	-	(1,000)	-	996,886
Capital reduction	-	(399,702)	-	399,702	-
At 31 December 2020	1,041,654	-	(1,000)	284,309	1,324,963
Profit for the year	-	-	-	40,226	40,226
Total comprehensive income	-	-	-	40,226	40,226
Dividend distribution	-	-	-	(32,900)	(32,900)
Issue of shares	9,240	51,660	-	-	60,900
At 31 December 2021	1,050,894	51,660	(1,000)	291,635	1,393,189

1. The capital reorganisation reserve occurred in 2020 and is the difference between the value at which share capital was issued and the fair value of the assets acquired with those shares.

The notes on pages 153 to 161 form an integral part of these financial statements.

Company Cash Flow Statement

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flow from operating activities			
Profit before tax		43,360	839
Adjustments for:			
Dividend income		(32,900)	-
Finance income	47	(11,295)	(12,434)
Finance costs	48	835	17,802
Depreciation of right-of-use assets	51	28	114
Operating cash flows before movements in working capital		28	6,321
Decrease/(increase) in trade and other receivables		121,340	(32,814)
(Decrease)/increase in trade and other payables		(100,159)	18,771
Net cash generated from/(used in) operating activities		21,209	(7,722)
Cash flow from investing activities			
Dividends received		32,900	-
Interest received	47	11,295	12,434
Repayment of loan to subsidiary	53	-	9,600
Net cash outflow arising on acquisition of subsidiaries		(7,500)	(240,900)
Net cash generated from/(used in) investing activities		36,695	(218,866)
Cash flows from financing activities			
Dividends paid		(32,900)	-
Interest paid		-	(15,330)
Repayments of borrowings		-	(6,175)
Proceeds from borrowings		-	25,000
Repayment of loan from parent undertaking		(25,000)	-
Payment of lease liabilities		(4)	(122)
Proceeds on issue of shares		-	223,211
Net cash (used in)/generated from financing activities		(57,904)	226,584
Net increase in cash and cash equivalents		-	(4)
Cash and cash equivalents at beginning of the year		-	4
Cash and cash equivalents at the end of the year		-	-

The notes on pages 153 to 161 form an integral part of these financial statements.

Notes to the Company Financial Statements

for the year ended 31 December 2021

45. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006 and have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. The principal accounting policies adopted are the same as those set out in the Consolidated Financial Statements except as noted below.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The impairment testing performed considered the net assets of the subsidiaries held and whether this exceeded the carrying value. In instances where the net asset value is lower than the carrying value, a value in use assessment is performed using discounted forecast cash flows for the relevant subsidiary to assess whether an impairment has arisen.

Financial instruments

Financial assets measured at amortised cost

Financial assets in notes 53 and 54 are measured at amortised cost. The measurement of credit impairment is based on the simplified approach (see Measurement of ECLs below).

Financial assets measured at fair value through profit and loss

Derivatives are recorded at fair value at each reporting date. Changes in the fair value of derivatives are recognised immediately in the income statement. The Company has taken out a forward interest rate cap to manage its exposure to interest rate and market movement.

Measurement of ECLs

The Company's intercompany receivables do not contain significant financing components. Therefore, the Company has applied a practical expedient by using a provision matrix to calculate lifetime ECLs based on actual credit loss experience over the past two years adjusted by forward-looking estimates.

The provision matrix used to calculate lifetime ECLs is based on historical observed default rates, and is adjusted by forward-looking estimates that include the probability of a worsening economic environment within the next year. The loss rates are applied to balances on a collective basis in each segment, net of specific allowances calculated on an individual basis.

The Company has applied the simplified approach to measuring ECLs on intercompany receivables. Under this approach there is no requirement to determine the stage of the intercompany receivable because the impairment loss is measured at lifetime ECL.

46. Operating loss

The auditor's remuneration for audit and other services is disclosed in note 8 to the Consolidated Financial Statements.

Operating loss for the year has been arrived at after charging:

	2021 £'000	2020 £'000
Depreciation of right-of-use assets (note 51)	28	114

47. Finance income

	2021 £'000	2020 £'000
Interest receivable from subsidiaries	11,295	12,434

48. Finance costs

	2021 £'000	2020 £'000
Interest on bank overdrafts and loans		16,946
Interest payable to group companies	839	582
Total interest expense	839	17,528
Fair value (gain)/loss arising on derivatives	(28)	194
Unwinding of discount on deferred payments	24	80
	835	17,802

49. Taxation

	2021 £'000	2020 £'000
Current tax		
- current year	2,435	-
- adjustment in respect of prior years	824	-
	3,259	-
Deferred tax		
- current year	(435)	2
- adjustment in respect of prior years	310	676
- effect of changes in tax rates		(25)
	(125)	653
Total tax charge	3,134	653

Corporation tax is calculated at 19% (2020: 19%) of the estimated assessable profit for the year. The charge for the year can be reconciled to the loss per the income statement as follows:

	2021 £'000	2020 £'000
Profit before tax	43,360	839
Tax at the UK corporation tax rate of 19% (2020: 19%)	8,238	159
Tax effect of:		
Adjustment in respect of prior year	1,134	676
Non-deductible expenses	13	3,588
Income not taxable	(6,251)	(4,789)
Effects of change in rate at which deferred tax is recognised		(25)
Group relief from parent		1,044
Tax charge for the year	3,134	653

The prior year adjustment of £0.3 million (2020: £0.7 million) relates to the release of the deferred tax asset in respect of interest expense disallowed under the Corporate Interest Restriction provisions.

50. Investments in subsidiaries

	£'000
At 1 January 2020	638,035
Acquisition of subsidiary	624,000
At 31 December 2020	1,262,035
Acquisition of subsidiary (note 17)	7,694
At 31 December 2021	1,269,729

The following are the Group's subsidiary undertakings, all of which are owned 100% directly or indirectly by the Company and are included in the consolidated financial statements.

Subsidiary undertaking	Activity	Class of share capital	Registered office
25 Moorgate Limited	Property management	Ordinary	7
Aitchison & Colegrave Trustees Limited	Dormant	Ordinary	3
Ashcourt Holdings Limited	Dormant	Ordinary/Preference	2
Ashcourt Rowan Limited	Holding company	Ordinary	2
Athenaeum Secretaries Limited	Dormant	Ordinary	7
Athenaeum Directors Limited	Dormant	Ordinary	7
Bestinvest (Consultants) Limited	Financial planning	Ordinary	1
Bestinvest (Holdings) Limited	Holding company	Ordinary	1
Cunningham Coates Limited	Dormant	Ordinary	8
DS Aslan Midco Limited	Dormant	Ordinary	2
HFS Milbourne Financial Services Limited	Investment management	Ordinary/A Ordinary/ Preference	7
HW Financial Services Limited	Pensions and insurance	Ordinary/A Ordinary	1
Index Fund Advisors Limited	Investment management	Ordinary	1
Index WM (Holdings) Limited	Dormant	A Ordinary/B Ordinary/ Preference	1
Investment Management Holdings Limited	Dormant	Ordinary	2
LHM Casey McGrath Limited	Dormant	Ordinary	9
Milbourne Holdings Limited	Holding company	Ordinary	7
NCL (Nominees) Limited	Dormant	Ordinary	7
NCL (Securities) Limited	Dormant	A Ordinary/B Ordinary	7
NCL Investments Limited	Services company	Ordinary	7
Oakfield Trustees Limited	Trust company	Ordinary	10
Paragon Trustees Ltd	Dormant	Ordinary	2
Smith & Williamson (Channel Islands) Limited	Accountancy	Ordinary	11
Smith & Williamson Corporate Finance Limited	Corporate finance	Ordinary	7
Smith & Williamson Corporate Services Limited	Services company	Ordinary	7
Smith & Williamson Financial Services Limited	Pensions and insurance	Ordinary	7
Smith & Williamson Freaney Employment Services Limited	Services company	Ordinary	9
Smith & Williamson Freaney Limited	Accountancy	Ordinary/A Ordinary	9
Smith & Williamson Fund Administration Limited	Fund administration	Ordinary	7
Smith & Williamson Group Holdings Limited	Dormant	Ordinary	7
Smith & Williamson Holdings Limited	Holding company	A Ordinary/D Ordinary	7
Smith & Williamson I M Limited	Holding company	Ordinary	7
Smith & Williamson International Limited	Investment management	Ordinary	11
Smith & Williamson Investment Management (Europe) Limited	Investment management	Ordinary	12
Smith & Williamson Investment Management (Ireland) Limited	OEIC managers	Ordinary	13
Smith & Williamson Investment Management LLP	Investment management	Members' capital	7
Smith & Williamson Investment Services Limited	Treasury	Ordinary	7
Smith & Williamson LLP	Accountancy	Members' capital	7
Smith & Williamson Nominees Limited	Dormant	Ordinary	7
Smith & Williamson Pensioneer Trustee Limited	Pensions	Ordinary	12
Smith & Williamson Services Limited	Services company	Ordinary	7
Smith & Williamson Tax LLP	Dormant	Members' capital	7
Smith & Williamson TBS Holdings Limited	Holding company	Ordinary	7

Subsidiary undertaking	Activity	Class of share capital	Registered office
Smith & Williamson Trust Corporation Limited	Trust company	Ordinary	7
Smith & Williamson Trustees Limited	Dormant	Ordinary	7
St Vincent St Fund Administration Limited	Dormant	Ordinary	7
Tilney (Holdings) Limited	Dormant	Ordinary	1
Tilney Asset Management Group Limited	Dormant	Ordinary	1
Tilney Asset Management Holdings Limited	Dormant	A Ordinary/B Ordinary	1
Tilney Asset Management Limited	Investment management	Ordinary	1
Tilney Asset Management (Guernsey) Limited	Investment management	Ordinary	4
Tilney Asset Management Services Limited	Investment management	Ordinary	1
Tilney Bestinvest Group Limited *(in liquidation)*	Dormant	Ordinary	7
Tilney Discretionary Investment Management Limited	Investment management	Ordinary	1
Tilney Discretionary Portfolio Management Limited	Investment management	Deferred Ordinary/Ordinary	1
Tilney Financial Planning Limited	Financial planning	Ordinary/A Ordinary/ Preference	1
Tilney Global IDF G.P. Limited	Dormant	Ordinary	6
Tilney Group Limited *(in liquidation)*	Dormant	Ordinary	2
Tilney Investment Management	Investment management	Ordinary	1
Tilney Investment Management Services Limited	Investment management	Ordinary	1
Tilney Nominees Limited	Dormant	Ordinary	1
Tilney Nominees No.2 Limited	Dormant	Ordinary	1
TL Jerseyco Finance Limited	Dormant	Ordinary	5
Towry Asset Management Limited *(in liquidation)*	Dormant	Ordinary	2
Towry Finance Company Limited	Dormant	Ordinary	2
Towry Group Limited	Dormant	Ordinary	2
Towry Holdings Limited	Holding company	Ordinary	2
Towry Limited *(in liquidation)*	Dormant	Ordinary	7
Towry Nominees No.2 Limited	Dormant	Ordinary	2
Towry Security Company Limited	Dormant	Ordinary	2
TS&W Group Services Limited	Dormant	Ordinary	7
TS&W Services Limited	Services company	Ordinary	7
UK Portfolio Management Limited *(in liquidation)*	Dormant	Ordinary	2
UK Wealth Management Limited	Dormant	Ordinary	2
YIGAM Holdings Limited	Dormant	Ordinary	2

1. 6 Chesterfield Gardens, London W1J 5BQ, England
2. The Observatory, Western Road, Bracknell, Berkshire RG12 1TL, England
3. Third Floor Atria Two, 148 Morrison Street, Edinburgh EH3 8EX, Scotland
4. Oak House, Hirzel Street, St Peter Port, GY1 2NP, Guernsey
5. 44 Esplanade, St Helier, JE4 9WG, Jersey
6. c/o Estera Services (Bermuda) Limited, Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda
7. 25 Moorgate, London, EC2R 6AY, England
8. 32-38 Linenhall Street, Belfast, County Antrim, BT2 8BG, Northern Ireland
9. Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18, D18 R9C7, Ireland
10. 4th Floor Portwall Place, Portwall Lane, Bristol, BS1 6NA, England
11. 3rd Floor, Weighbridge House, Liberation Square, St Helier, JE2 3NA, Jersey
12. Alexandra House, 3 Ballsbridge Park, Ballsbridge, Dublin 4, D04 C7H2, Ireland
13. Trinity Point, 10/11 Leinster Street South, Dublin 2, D02 EF85, Ireland

51. Right-of-use assets

	Equipment £'000
Cost	
At 1 January 2020	441
Additions	-
At 31 December 2020	441
Disposals	(441)
At 31 December 2021	-
Accumulated depreciation	
At 1 January 2020	299
Charge for the year	114
At 31 December 2020	413
Disposals	(441)
Charge for the year	28
At 31 December 2021	-
Carrying amount	
At 31 December 2021	-
At 31 December 2020	28

52. Net deferred tax assets

The following are the major deferred assets recognised by the Company and movements thereon during the current and prior reporting period.

	Interest expense £'000	Leases £'000	Total £'000
At 1 January 2020	962	2	964
Tax rate change	25	-	25
Adjustment in respect of prior year	(676)	-	(676)
Charge for the year to the income statement	(2)	-	(2)
At 31 December 2020	309	2	311
Tax rate change	-	-	-
Adjustment in respect of prior year	(309)	(1)	(310)
Charge for the year to the income statement	435	-	435
At 31 December 2021	435	1	436

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £'000	2020 £'000
Deferred tax liabilities	-	-
Deferred tax assets	436	311
Net deferred tax assets	436	311

A deferred tax asset amounting to £1.1 million (2020: £0.8 million) for losses carried forward has not been recognised because in the opinion of the Directors no suitable taxable profits are anticipated in the foreseeable future against which the asset may be offset.

53. Loans to other group entities

	£'000
At 1 January 2020	195,743
Repayment of loan	(9,600)
At 31 December 2020	**186,143**
At 31 December 2021	**186,143**

The loans to subsidiaries carry an interest rate 6% above 3 months LIBOR and are repayable on demand. In 2020, the loan of £9.6 million issued to Tilney (Holdings) Limited was settled by netting off the intercompany balance due to Tilney (Holdings) Limited.

54. Trade and other receivables

	2021 £'000	2020 £'000
Amounts owed by group undertakings	28,255	90,510

The carrying amount of amounts owed by group undertakings approximates to their fair value. There are no past due or impaired receivable balances.

55. Borrowings

	2021 £'000	2020 £'000
Unsecured borrowing at amortised cost and due within one year		
Loans from parent undertakings	-	28,500

Details of borrowings are given in note 27 to the Consolidated Financial Statements.

Loans from parent undertakings are repayable on demand.

	Loans from parent entities £'000	Bank loans £'000	Lease liabilities £'000	Total £'000
At 1 January 2021	28,500		4	28,504
Changes from financing cash flows				
Repayment of loan from parent undertaking	(25,000)			(25,000)
Payments of lease liabilities			(4)	(4)
	(25,000)		(4)	(25,004)
Changes in fair value				
Other non-cash changes				
Issue of shares	(3,500)			(3,500)
	(3,500)			(3,500)
At 31 December 2021				

	Loans from parent entities £'000	Bank loans £'000	Lease liabilities £'000	Total £'000
At 1 January 2020	3,500	383,460	126	387,086
Changes from financing cash flows				
Interest paid	-	(15,330)	-	(15,330)
Repayments of borrowings	-	(6,175)	-	(6,175)
Payments of lease liabilities	-	-	(122)	(122)
Proceeds from borrowings	-	25,000	-	25,000
	-	3,495	(122)	3,373
Changes in fair value				
Other non-cash changes				
Interest expense	-	16,947	-	16,947
Refinancing costs transferred to parent	-	11,673	-	11,673
Novation of loan to parent entity	25,000	(25,000)	-	-
Issue of shares	-	(390,575)	-	(390,575)
	25,000	(386,955)	-	(361,955)
At 31 December 2020	28,500	-	4	28,504

56. Trade and other payables

	2021 £'000	2020 £'000
Amounts owed to group undertakings	89,538	184,548
Other creditors	-	1,028
	89,538	185,576

Amounts in other creditors are for deferred payments relating to the acquisition of Index Wealth Management.

57. Lease liabilities

The Group's leases relate to equipment. These right-of-use assets are disclosed in note 51.

Information about leases for which the Company is a lessee is presented below.

	2021 £'000	2020 £'000
Maturity analysis – contractual undiscounted cash flows		
Within one year	-	24
In the second to fifth years inclusive	-	-
After more than five years	-	-
Total undiscounted lease liabilities at 31 December	-	24

	2021 £'000	2020 £'000
Lease liabilities included in the balance sheet at 31 December		
Current	-	4
Non-current	-	-
	-	4

	2021 £'000	2020 £'000
Amounts recognised in the income statement		
Interest on lease liabilities		-

	2021 £'000	2020 £'000
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	4	122

58. Share capital

The movement on share capital is disclosed in note 34 of the Consolidated Financial Statements.

59. Financial risk management

The Company's financial risk management is consistent with the Group's approach as set out in note 36. The sections relevant to the Company have been included below.

Maximum exposure to credit risk

The only credit risk the Company is exposed to is on intercompany balances and cash balances, and as such credit risk is not considered to be material.

60. Related party transactions

During the year, the Company entered into the following transactions with related parties:

	Amounts owed by related parties		Amounts owed to related parties	
Intercompany loan interest receivable/payable	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Parent undertaking				
Violin Debtco Guernsey Limited	-	-	796	-
Violin Equityco Limited	-	-	43	262
Subsidiary undertaking				
Tilney (Holdings) Limited	-	323	-	-
TL JerseyCo Finance Limited	746	800	-	-
Towry Finance Company Limited	10,550	11,310	-	-

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Parent undertaking				
Violin Debtco Guernsey Limited	10,255	11,634		25,000
Violin Topco Limited		25		-
Violin Debtco Limited		-		15
Violin Equityco Limited		-		47,136
Subsidiary undertaking				
Bestinvest (Holdings) Limited		22,329		-
Tilney Investment Management Services Limited		-		3,947
Bestinvest (Consultants) Limited		200		-
Tilney (Holdings) Limited		2,253		-
HW Financial Services Limited		-		250
Tilney Investment Management		-		1,766
Tilney Discretionary Investment Management Limited	18,000	-		-
Tilney Asset Management Group Limited		-		2,889
Tilney Asset Management Holdings Limited		-		41
Tilney Asset Management Limited		-		1,251
Tilney US Services LLP		-		1,000
Index WM (Holdings) Limited		485		-
TS&W Services Limited		-	89,538	129,753
TL JerseyCo Finance Limited	12,299	16,208		-
Towry Finance Company Limited	173,844	223,519		-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

61. Directors' remuneration

The emoluments of those Directors whose executive services were provided to the Company during the year ended 31 December 2021 are presented in note 41.

The Directors of the Company are employed by fellow subsidiary undertakings of the Tilney Smith & Williamson Limited group.

The Company has no employees.

62. Controlling party

At the balance sheet date, the Company's ultimate parent undertaking is Platinum L.P. Guernsey Limited, a company incorporated in Guernsey.

Symmetry Topco Guernsey Limited, a company incorporated in Guernsey, is the parent undertaking of the largest group for which group financial statements are produced. Both the 'People with Significant Control' register and the Company's group financial statements are available from the Company Secretary, Tilney Smith & Williamson Limited, 25 Moorgate, London EC2R 6AY.

Company Information

Non-Executive Chair
C Grigg

Executive Directors
A Baddeley
C Woodhouse

Non-Executive Directors
D Cobb
E Chambers
P Deming
K Jones
W McNabb
P Muelder
C Pell
C Stent

Independent Auditors
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HSBC Bank plc
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Our Offices

We operate from 27 towns and cities

For a list of our offices visit: tsandw.com