ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2019

IntegraFin Holdings plc

Company Registration
Number: 08860879

PERFORMANCE HIGHLIGHTS

OPERATIONAL

Funds Under Direction (FUD):

£37.80bn 14%

Net inflows:

£3.50bn 15%

Client numbers:

179.5k 8%

Adviser numbers:

5.9k 8%

FINANCIAL

Revenue:

£99.2m 9%

Operating profit attributable to shareholders:

£48.6m 19%

Profit after tax:

£40.1m 22%

Earnings per share:

12.1p 22%

Interim dividends in 2019:

7.8p 22%

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Christopher Munro
Non-executive Interim Chair

CHAIR'S STATEMENT

Overview

The last twelve months have proved challenging given the political, economic and market conditions. Trade tensions between the USA and China, combined with great uncertainty over the eventual outcome of the Brexit negotiations, do not provide a healthy environment for the global financial industry. Indeed, the temperature is rising, as we approach important events such as our departure from the EU and the 2020 US Presidential Election. Markets have been buffeted by these difficulties but, generally, have been more resilient than in many of the worst case forecasts.

The Group operates predominantly in the United Kingdom and we are affected more by the health of domestic than international markets.

Against this background, our annual figures are robust and make good reading. In his Chief Executive's Report, Ian comments on them in more detail.

The board

As I highlighted in last year's Annual Report, we made significant changes to the composition of the board prior to listing on The London Stock Exchange. Victoria Cochrane and Caroline Banszky have now been board members for over a year and have contributed invaluable advice as we moved from being a private limited company to a quoted FTSE 250 company.

During the last year we conducted an extensive search to identify a new Chair and I am delighted to welcome Richard Cranfield who took office on 1 October 2019. Richard is a long term partner of Allen & Overy LLP, one of the City of London's eminent commercial law firms, where he is the Global Chair of the mergers and acquisitions department and co-head of the Financial Institutions Group.

We are also most fortunate to welcome Robert Lister to our board as a non-executive director. Robert brings a wealth of experience in both the buy and sell side of the financial services industry and has extensive knowledge of boards both as a director and as chair.

Looking forward, we have planned some changes to senior roles at Group and operating company levels. These are described in more detail in The Chief Executive's Review which follows.

Governance and culture

The board is focused on good governance and we continue to strengthen all aspects of this throughout the Group. We have rigorous compliance, risk, audit and remuneration committees which meet regularly and review in depth the work of the executives. Strong governance is a vital ingredient of any successful company and we commit significant resources to the process and all its constituent parts.

I am pleased the Nomination Committee worked effectively in choosing a new Chair and also that our board reflects a better gender balance than in the past.

We have a strong tradition of taking great care of our corporate culture and values. This is reflected both in our staff relations and in our customer interactions. I find it particularly pleasing that we rank so highly in client service polls and that our senior staff have such longevity of service with the Group. We have always endeavoured to create a "family" atmosphere amongst all our staff.

Remuneration

The Remuneration Report is set out on page 60.

Dividend

In line with our dividend policy and in recognition of our financial performance we have declared a second interim dividend of 5.2 pence. Together with our first interim dividend paid in January of 2.6 pence per ordinary share, this takes the total dividend to 7.8 pence.

Closing

I would, on behalf of the board, like to thank all our hard working colleagues for their resolute efforts throughout the past year. These results and Transact's ranking within the platform sector are the product of their efforts, and play an important part in the growth of our Group.

Finally, on a personal note, I would like to thank the board and the company for placing their trust in me as interim non-executive Chair. It has been a privilege to serve.

Christopher Munro
Non-executive Interim Chair
(22 August 2018 to 30 September 2019)

17 December 2019

Ian Taylor
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S REVIEW

Headlines

Given the political, economic and regulatory instability of the last twelve and more months, we are very pleased with a solid set of results this year.

Gross inflows of £5.70 billion were 4% lower than last year and net inflows were 15% lower. The fall in net inflows was largely due to the fall in inflows as the rate of outflow remained within its expected and historically predictable range.

We ended the year with 179,500 clients (+8%) and FUD of £37.80 billion (+14%). Many other major metrics were positive.

This means that we are able to report that profit after tax increased by 22% to £40.1 million (or by 13% when taking into account the exceptional IPO costs incurred in 2018).

The market background

During the year, the softening in the rate of inflows onto platforms that started towards the end of our last financial year continued. Many platforms saw very significant decreases in inflows and some also suffered increases in outflow - a very different picture from the previous year.

Nevertheless, Platforum estimates that FUD across the advised platform sector grew from £492.07 billion (September 2018) to £530.28 billion (September 2019)*.

The FCA completed and published the findings of its Investment Platform Market Study. The recommendations of the study are many and varied, but a great deal of them are designed to make it easier and quicker for customers to move from one platform to another. Because we have always understood that it is their money, we have never tried to prevent clients from departing – we want them to stay on Transact because they want to stay on Transact. And, of course, as net importers of platform business, we are enthusiastic supporters of the FCA's measures!

Our activity

Against the rather murky background, we managed to increase market share. Indeed, according to statistics gathered by Fundscape, Transact had the highest net inflows of any advised platform in the first three quarters of 2019.

How did we achieve this? Mostly, by sticking to our knitting. We continued to provide incremental additions to functionality whilst providing the best combination of technology and human service available. We like to think of our business as doing more than just providing a "platform". And we certainly do not think of ourselves as a "fintech" business. When asked, we prefer to describe ourselves as providers of financial infrastructure – the infrastructure upon which financial plans can be built and maintained.

During the course of the year we won awards from: Adviser (Five Star Investment Provider); Professional Adviser (Best Platform for Advisers (AUA over £20 billion)); PLC Awards (New Company of the Year 2018); Professional Paraplanner (Best Platform).

We also retained top spot for Overall Satisfaction in both the Investment Trends and CoreData 2019 adviser surveys, as well as topping the Platforum Adviser Rated Leaderboard in the second and third quarters of 2019.

The outlook

With the shape of the UK following an exit from the European Union still anybody's guess, it is very difficult to frame an outlook. Nevertheless, whatever happens, people will continue to need to manage their financial plans and so we will continue to improve Transact, maintain our excellent customer relationships, keep recruiting the best staff and remain sober in our spending.

Looking also to the future, after more than 20 years at the group, I have decided that, with the business in an extremely strong position and with superb senior management in place, now is the right time for me to step down from my roles as CEO of the holding and the operating companies.

The business's success has always been to a large extent due to its strong and highly collaborative senior team and I am pleased that my successors will come from within that team.

On 2 March 2020, Alex Scott will take over from me as Chief Executive of IntegraFin and Jonathan Gunby will take over from me as Chief Executive of Integrated Financial Arrangements Ltd and also join the IntegraFin Board. Alex is currently Group Director of IntegraFin and Jonathan is currently Chief Development Officer of IFAL. I have known Alex for twenty years and Jonathan for thirty and they will make excellent CEOs. I wish them both well.

I will remain an executive director of IntegraFin and continue to be involved in its development and its key relationships. I am relinquishing the two CEO roles so that I can spend more time with the business.

Ian Taylor
Chief Executive Officer

17 December 2019

**Note: Part way through the year, Platforum changed the method by which it estimates advised platform FUD, so the September 2018 figure quoted differs from that which we quoted last year. Furthermore, if certain direct consumer and institutional assets are excluded, we and Platforum agree that underlying retail advised FUD is currently closer to £430 billion (September 2018: £393 billion). We have therefore used this figure in the Business Review section.*

TRANSACT – OUR BUSINESS MODEL

Making financial planning easier

Transact is a market leading investment platform that delivers an infrastructure which enables advisers to implement financial plans as simply and efficiently as possible. Its leading platform functionality is supported by a high-touch client service team, which provides real time day-to-day and technical support no matter how basic, or complex, the query may be.

A key feature of our operation is the control we have over every aspect of what we do. We aim always to insource the components of our service and technology to enable us to have control over the quality and cost of our whole operation.

The main components of our business model are:

Operational excellence	▪ Award winning client servicing model ▪ High-touch, regionally allocated Client Service teams ▪ 190 highly trained client service staff ▪ Client service staff cover our entire proposition ▪ Staff are not product centric ▪ Highly efficient client and adviser experience ▪ Strong adviser relationships
In-house wrappers	We provide a wide range of in-house tax efficient wrappers, including: ▪ ISAs (including the LISA and JISA) ▪ Pensions ▪ Onshore life insurance bonds ▪ Offshore life insurance bonds ▪ General Investment Accounts

In-house technology	▪ Proprietary software systems technology ▪ Ownership of the software company ▪ Full control of development direction and priorities and costs ▪ Full control of the client experience ▪ We set our own development priorities ▪ Control management of development costs ▪ Agility
Open architecture	Whole of market, and provide access to a wide range of investment types, including: ▪ Mutual funds ▪ Investment trusts ▪ Exchange traded funds ▪ Other shares ▪ Gilts and bonds ▪ Venture capital trusts ▪ Cash and term deposits
Proven reputation	▪ A long established investment platform ▪ Consistently high level of service for close to twenty years ▪ Numerous awards received including best adviser platform in adviser surveys run by CoreData and Investment Trends ▪ The fair treatment of clients, shareholders and employees
Trusted by independent advisers	▪ Long-standing relationships with many financial planning firms across the UK ▪ Over 5,800 advisers have independently chosen Transact as an administration platform for their clients
Strong balance sheet	▪ Highly cash generative business model ▪ No debt on the balance sheet ▪ Closely managed expenses in line with the business plan ▪ Strong regulatory capital position that remains stable through the economic cycle

Using our resources to create value

1. Investing in our people

Our Client Service teams receive extensive training through our internal training programmes and have been instrumental in our success and the many accolades and awards Transact has received. These teams are supported by a dedicated technical specialist department that has the expertise to deal with more complex queries that may arise. This team consists of high calibre staff, many of whom have previously worked in Client Service teams, combined with specialist technical staff with years of industry experience.

2. Building our infrastructure

We design our systems and processes to meet the needs of our clients and their advisers. We listen to user feedback when considering the improvements we will make to our bespoke system. The development and implementation of these enhancements has been carried out in a steady and controlled manner over the past twenty years and this successful approach is expected to continue for the foreseeable future.

3. Growing FUD by attracting and retaining clients

The Transact business model incorporates "responsible pricing", which means sharing profits with our clients through price reductions, when circumstances permit. We do this when we are comfortable that doing so will not have a negative impact on service levels and it means that the best service in the platform market continues to be even better value for money.

We are able to create this value for clients partly because we do not outsource any component of our service or technology, and this gives us absolute control over the quality and cost of our whole operation. Through closely managing expenses, in line with the business plan, and regularly implementing process efficiencies, our per unit cost base has been growing at a slower rate than business volumes.

Transact was established nearly 20 years ago, and we have consistently differentiated it from competitors through sustained customer service excellence. It has a reputation of being a trusted investment platform and we currently work with over 5,800 advisers who have independently selected Transact for their clients.

4. Growing earnings from increasing levels of FUD

Our revenue is generated from the fees paid by clients for using our platform. We are confident that the business model we operate is truly sustainable as over 96% of revenue, as detailed on page 26 in the Chief Financial Officer's Review (CFOR), is of recurring nature, and has been for many years.

5. Managing costs

Through insourcing the key components of our service and technology, we have total control over the quality, development and cost of our proposition. In particular, control of our software systems development is crucial to our business model as it enables our Client Service teams to operate particularly effectively. Investment in software has been carried out in a steady and controlled manner over the past twenty years and this successful approach is expected to continue for the foreseeable future.

6. Delivering fair returns for all stakeholders

Central to our business model is the fair treatment of clients, employees and shareholders. As previously mentioned, we often reduce charges to share our success with clients. We have introduced a Share Incentive Plan (SIP) that is open to all staff and a Performance Share Plan (PSP) for management. The schemes aim to reward performance, recognising the contribution all staff have made to the success of the firm and to encourage loyalty. We also aim to deliver fair returns to shareholders delivering on dividend policy, in line with Strategic Objectives on pages 12 to 15, whilst maintaining a strong and stable regulatory capital base.

Shareholder returns

In respect of financial year 2019, the first interim dividend of 2.6p per share (£8.6 million in total) was paid in June, and the second interim dividend, as detailed in the Chair's statement, of 5.2p per share (£17.2 million in total), has been declared.

The dividends in respect of financial year 2019 equate to a return to shareholders of 64% of post-tax profit, this is in line with our dividend policy.

OUR STRATEGIC OBJECTIVES

We aim to create, maintain and improve value for our three groups of stakeholders – our clients, our shareholders and our employees. To do this we need to maintain our reputation for delivering a high quality, value for money service. This is achieved by keeping our platform relevant to current and future new clients through ongoing development of the service to ensure it meets the needs of clients and their advisers. The key risks mentioned below are described, along with risk management activities and controls, on page 16.

1. Drive organic growth

We aim to continue to grow FUD by attracting and retaining clients through their advisers, by delivering a superior service and value for money.

The business considers developments to its core proposition and business plan where such changes are likely to improve the administration of financial plans for clients and their advisers. The business looks to implement new wrappers and services where it sees opportunities that will benefit all customers.

Financial year 2019 progress:

FUD ended the year at £37.80 billion (2018: £33.11 billion), growing 14% over the year.

Financial year 2020 outlook:

We will continue to target advisers not yet using us that are in our identified core market. We also expect that adviser users will continue to move their clients onto Transact, as they experience the benefits that our service brings and those clients already using us will put more money into their portfolios.

Key risks:

- Service standards failure
- Stock market volatility

2. Investment in the business

A history of investment in our staff and our technological infrastructure has ensured our service quality has been award winning and operationally resilient. This will not change. We recognize that high calibre, well-trained staff and an intuitive, progressive system are critical to our ongoing success.

We are guided by feedback from clients and advisers when prioritising changes to Transact. The emergence of new investor practices and product, wrapper and functionality additions may all require the deployment of new technologies. We continue to adapt to these changes and invest in our software in a steady and controlled manner, building on our development experience over the past twenty years.

Where new opportunities have been identified, the business looks to introduce insourced solutions. New developments must:

- Not risk Group capital beyond reasonable levels;
- Not bring us into commercial conflict with our customers' advisers; and
- Not make it difficult for us to meet our regulatory responsibilities.

Through these measures we aim to continue to grow profits and generate the best returns we can for our shareholders.

Financial year 2019 progress:

£9.0 million invested in platform development in the year.

Financial year 2020 outlook:

We look forward to focussing on progressing the implementation of enhancements that benefit the client and adviser online experience in financial year 2020, as well as other system improvements which are already designed and timetabled.

Key risk:

- Reduced investment

3. Grow earnings

We expect to continue growing FUD and revenue by attracting more assets onto our platform. We aim to achieve this through:

- Our on-platform advisers and clients. The wealth managed by Transact's current adviser base is expected to increase through stock market growth and new contributions.
- Increasing penetration of Transact's current adviser base. That is, increasing the share of wallet from advisers on our platform by winning new clients.
- Attracting new advisers by maintaining leading ratings amongst advisers and keeping our platform relevant to new advisers and clients by constantly developing the service to meet their needs.

The expectation that the UK wealth management market will continue to grow, leading to a consequential growth in investable assets managed by advisers, provides a positive outlook for the demand for investment platform services.

Financial year 2019 progress:

Revenue increased by 9% to £99.2 million (2018: £91.2 million).

Financial year 2020 outlook:

Client numbers grew by 8% and adviser numbers by 8% in financial year 2019. We aim to maintain and potentially increase both metrics in the coming year, but recognise that an uncertain outlook politically and economically may prove challenging.

Key risks:

- Service standards failure
- Stock market volatility
- Increased competition

4. Maintain cash generation

We are a highly cash generative business because all our fees are received in cash, which we collect directly from client portfolios as the fees are earned. Combined with prudent expense management, we expect to continue generating cash profits.

Financial year 2019 progress:

Operating cash profit attributable to shareholders in financial year 2019 is £48.6 million, which is an increase of 19% from £40.7 million in financial year 2018. Removing the costs of the IHP float (including VAT) incurred in financial year 2018, then the normalised increase is 12%.

Financial year 2020 outlook:

We will continue to manage expenses and it is expected the Group's strong liquidity profile will be maintained.

Key risks:

- Stock market volatility
- Expense overrun

5. Maintain strong balance sheet

We continue to maintain strong capital resources, which are supported by emerging profit.
We have no debt and our regulatory capital position remains robust through the economic cycle.

Financial year 2019 progress:

The Group capital position has grown 10% and ends the year at £115.5 million, up from £104.9 million at 2018 year end.

Financial year 2020 outlook:

We will continue to manage our capital prudently to enable us to meet our regulatory capital requirements as the business grows.

Key risks:

- Stock market volatility
- Capital strain

6. Deliver on dividend policy

Our policy is to pay 60 to 65 per cent of full year profit after tax as two interim dividends.

Financial year 2019 progress:

A first interim dividend was paid of 2.6p per ordinary share and a second interim dividend declared of 5.2p per share.

Financial year 2020 outlook:

Our dividend policy remains unchanged, but our income may be impacted by continuing market uncertainty, as a result of Brexit, USA/China trade relations.

Key risks:

- Stock market volatility
- Expense overrun
- Capital strain

Key risks:

There are factors both within and outside our control that may affect the achievement of our strategic objectives. We always aim to mitigate our risk exposures that are outside appetite where possible. The key risks associated with our strategic objectives are:

1. Stock market volatility:
Heightened geopolitical risk has created uncertainty in markets and, in particular, Brexit uncertainty may continue to have a negative impact on stock markets for some time, which impacts the value of our FUD.

Risk management and control:
The risk of stock market volatility, and the impact on revenue, is mitigated through a wide asset offering that ensures we are not wholly correlated against one market, and which enables clients to switch assets in times of uncertainty. In particular, clients are able to switch into cash assets, which remain on our platform. Our wrapper fees are also not impacted by stock market volatility as they are a fixed quarterly charge. We also closely monitor and control expenses, which assists in maintaining profit in turbulent times.

2. Service standards failure:
Our high levels of client and adviser retention are dependent upon our consistent and reliable levels of service. Failure to maintain these service levels would affect our ability to attract and retain business.

Risk management and control:
We manage the risk of service standards failure by ensuring our service standards do not deteriorate through providing our Client Service teams with extensive initial and ongoing training, supported by experienced subject matter experts and managers. Service levels are monitored and quality checked and any deviation from expected service levels is addressed. We also conduct satisfaction surveys to ensure our service levels are still perceived as excellent by our clients and their advisers.

3. Increased competition:
We operate in a competitive market. Increased levels of competition for clients and advisers; improvements in offerings from other investment platforms; and consolidation in the adviser market may all make it more challenging to attract and retain business.

Risk management and control:
Competitor risk is mitigated by focussing on providing exceptionally high levels of service and being responsive to client and financial adviser demands through an efficient expense base. This allows us to continue to increase our value for money service by reducing client charges, subject to profit and capital parameters when deemed appropriate.

4. Reduced investment:
To maintain our quality and relevance requires ongoing investment. Any reduction in investment due to diversion of resources to other non-discretionary expenditure (for example, a change in the taxation regime or other regulatory developments) may affect our competitive position.

Risk management and control:
The risk of reduced investment in the platform is managed through a disciplined approach to expense management and forecasting. We horizon scan for upcoming regulatory and taxation regime changes and maintain contingency to allow for unexpected expenses e.g. FSCS levies, which ensures we do not need to compromise on investment in our platform to a degree that affects our offering.

5. Expense overrun:
Higher expenses than expected and budgeted for would adversely impact cash profits. The key constituent of expenses is salary costs, but other expenses are more likely to change unexpectedly, for example legal, compliance or regulatory costs and levies.

Risk management and control:
The most significant element of our expense base is staff costs. These are controlled through modelling staff requirements against forecast business volumes, factoring in efficiencies that it is expected will emerge through platform development. Any expenditure request that deviates from plan is rigorously challenged and must be approved before it is incurred.

6. Capital strain:
Unexpected, additional capital requirements imposed by regulators may negatively impact our solvency coverage ratio.

Risk management and control:
The Group has allocated specific resources to continuously monitor the current and expected future regulatory environment and ensure that all regulatory obligations are or will be met. This provides a proactive control to mitigate this risk. Additionally, the Group carries out its own assessment of capital requirements, which includes assessing the capital required for the unlikely event of regulatory failure. This provides a capital buffer over and above the regulatory minimum solvency capital requirements.

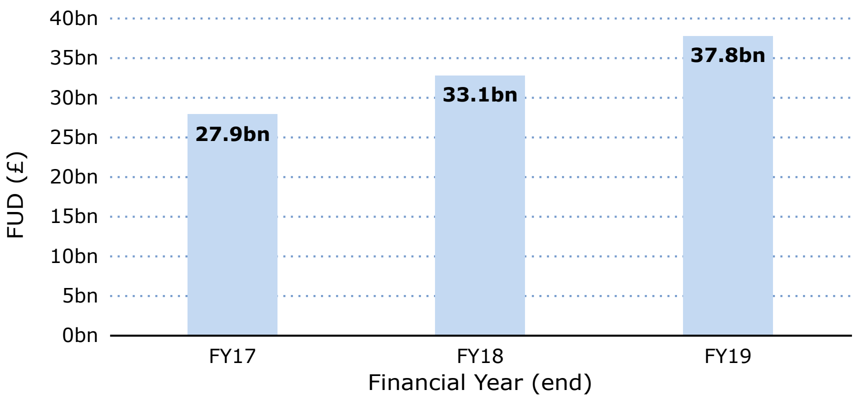
KEY PERFORMANCE INDICATORS

The key performance indicators presented below are based on quantifiable measures that we use to gauge the performance of our business.

FUD* has increased by £4.69 billion (14%)

The value of FUD is a primary driver of revenue as it forms the basis of annual commission payable which, as detailed on page 26 in the CFOR, is the largest component of Group revenue.

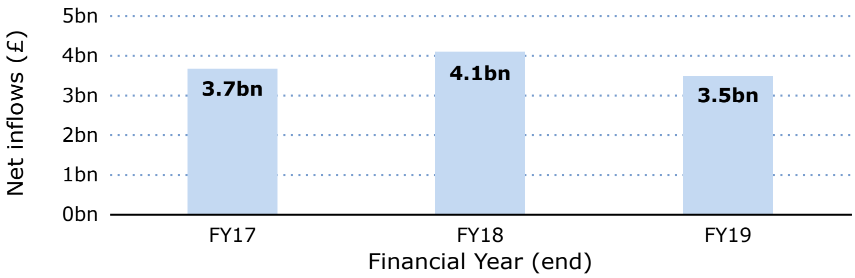
TOTAL FUD



Net inflows are down 15%, but Transact has the largest share of adviser net flows

We achieved the highest net inflows of all advised platforms in each of the first three quarters of 2019, according to Fundscape statistics.

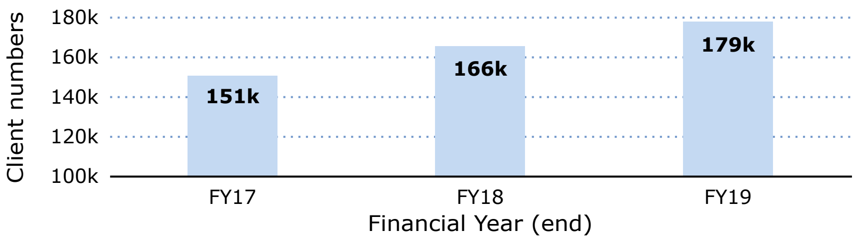
NET INFLOWS



Client numbers are up 8% to 179,500

The increase in the number of clients demonstrates the continued appeal of our service.

CLIENT NUMBERS



Client retention remains at 96% per annum

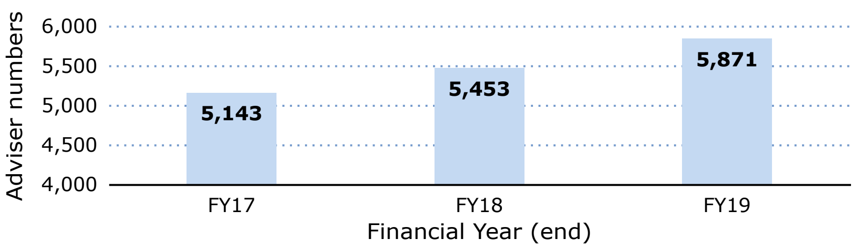
Client retention is an important measure of satisfaction. It is also a driver of ongoing revenue and we attribute our high level of client retention to satisfaction with our service and offering.

Financial year	2019	2018	2017
Levels of client retention	96%	96%	96%

Adviser numbers are up 8% to over 5,800

We have experienced steady growth in the number of advisers using the platform. We help advisers to "onboard" their clients through a mixture of face-to-face local support, online assistance and via our extensive head office-based servicing and technical teams. Once again we retained the highest Net Promoter Score (NPS) of the Adviser Platforms in the annual Investment Trends survey. The rate of growth of adviser numbers continues to increase steadily year-on-year.

ADVISER NUMBERS



Investment in the business continues*

In financial year 2019 we invested £9.0 million in platform development, including software development, platform infrastructure and staff training. Continuous investment ensures the proposition remains award winning and operationally resilient.

Operating profit has increased to £50.0 million (9%)

We have maintained income growth in a difficult market and continued to control expenses, as covered on page 28 in the CFOR.

Capital stability maintained

The Group maintains a strong balance sheet with shareholder funds increasing by 10% to £115.5 million. We retain a sensible capital base, with capital resources predominantly in cash and UK Gilts generated from the core business. In order to determine the capital base, we consider the capital position after dividends, investment and meeting increases in regulatory capital requirements.

**Our KPIs include alternative performance measures ("APMs") which are indicated with an asterisk. APMs are financial measures derived from the financial statements but are not defined under IFRS.*

BUSINESS REVIEW

The evolving platform market

The advised platform market has shown great resilience in what has been a challenging political environment with cautious investor sentiment and volatile stock markets. However, investors continued to place great value on financial planning and advice and advisers continued to place most of their clients' investment flows via investment platforms. This led to advised retail platform FUD growing to £427.70 billion from £393.45 billion a year earlier.

How the platform market year unfolded

Quarter 1
(October 2018 to December 2018)

Q1 saw the FTSE All Share index fall almost 11% in the three months to December and platforms felt the effects of a challenging global political and economic climate. Consequently, retail advised assets dropped 5% over that quarter to £372.83 billion. This also signified the start of a period of lower net sales as retail advised net flows were over 20% lower than the final quarter of financial year 2018, with some platforms even experiencing negative net flows for the first time. We too felt the effects with a drop in FUD to £31.65 billion, although proportionately this was one of the smallest downturns across the market.

Quarter 2
(January 2019 to March 2019)

There was improved performance across global stocks, meaning platform assets soon recovered. Market FUD at the end of the first half of financial year 2019 showed net growth, finishing at £397.91 billion. Transact FUD experienced 9% growth over the quarter, ending at £34.41 billion.

Quarter 3
(April 2019 to June 2019)

The third quarter saw a period of steady growth as stock markets continued to show signs of recovery. Advised platform market gross inflows grew in the first quarter for the first time in over a year, although net flows continued to decline as platforms struggled to retain business. During the year some competitors continued to face technology and servicing issues, leading to volatility of inflows figures from some. Once again, we were ranked number one in the two major annual industry research surveys. Market FUD at the end of Q3 was £416.44 billion and Transact FUD grew to £36.35 billion.

Quarter 4
(July 2019 to September 2019)

We topped the Platforum Adviser Rated Leaderboard and also attracted record attendance at numerous regional adviser events.

Market FUD at the end of Q4 was £427.70 billion and Transact FUD grew to £37.80 billion.

During the year, there was also some corporate activity with private equity acquiring one platform and the announced possible sale of an international insurer's UK platform.

Transact vs the market

FUD Growth

We finished the year with FUD of £37.80 billion up 14% on prior year (£33.11 billion). This compares to market growth of 9% during the same period.

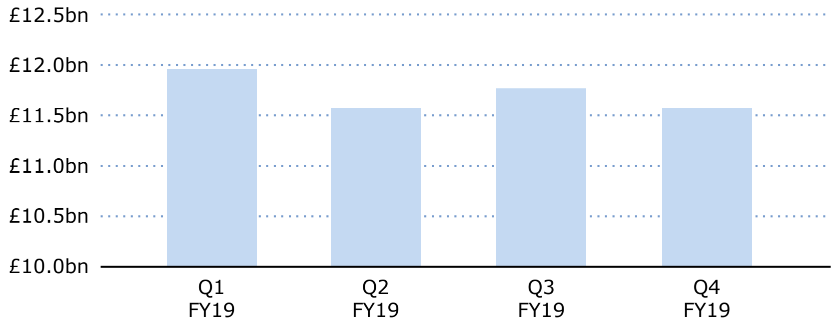
Pension business continue to represent a higher proportion of assets year-on-year, now making up over 46% of FUD on Transact, whilst GIAs and ISAs are at 23% and 24% respectively. Insurance bonds as a proportion have remained steady at 7%, with the offshore bond making up the majority.

Inflows

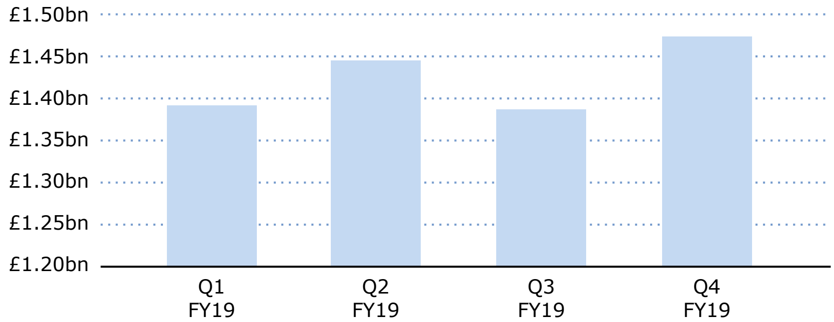
Transact was not immune to the uncertainty caused by political issues in the UK; both gross inflows and net inflows were down on the prior year, however in the context of the market, we invariably outperformed the majority of our competitors. For the financial year to 30 September 2019, gross inflows were down 4% year-on-year, compared to a reduction of 20% across the market. For the same period, net flows were down 15% to £3.50 billion, where at a market level they were down over 40%. Despite this, we have consistently ranked in the top three for gross inflows, and we have achieved the highest net flows to date in 2019 among retail advised platforms, according to Fundscape statistics. This has been achieved in four ways:

- Advisers who have used Transact for more than one year bringing across new clients;
- Clients already on Transact for more than one year making further contributions to their portfolios;
- New clients from advisers new to Transact;
- Outflows remaining broadly stable as a proportion of FUD which compared favourably to the rest of the industry.

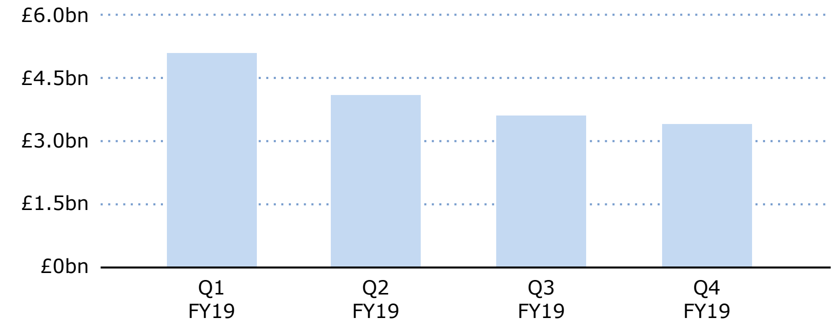
MARKET GROSS INFLOWS



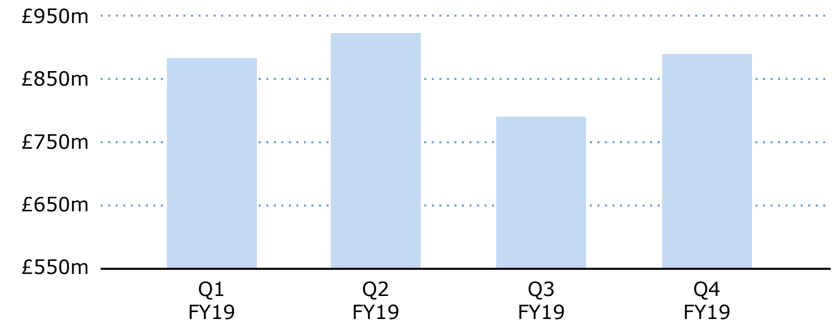
TRANSACT GROSS INFLOWS



MARKET NET FLOWS



TRANSACT NET FLOWS



As a result, our market share of gross inflows has shown notable improvement throughout the year, and now sits at 12% among retail advised platforms.

Another positive indicator is the ratio of client asset transfers onto the platform versus asset transfers off the platform. For the financial year, the ratio was 5.7:1 in our favour. There was, however, an industry wide slowdown in defined benefit pension transfers, during which our transfers onto the platform fell by over 50% compared to financial year 2018. Conversely, defined contribution pension transfers onto the platform increased by 15% year-on-year and made up almost 78% of our pension transfers in financial year 2019.

Award-winning service

Our superior performance is attributable in part to our overall proposition and the high levels of service we achieve. We continue to deploy regular software releases, with enhancements to code as well as new functionality, and released eleven in the year.

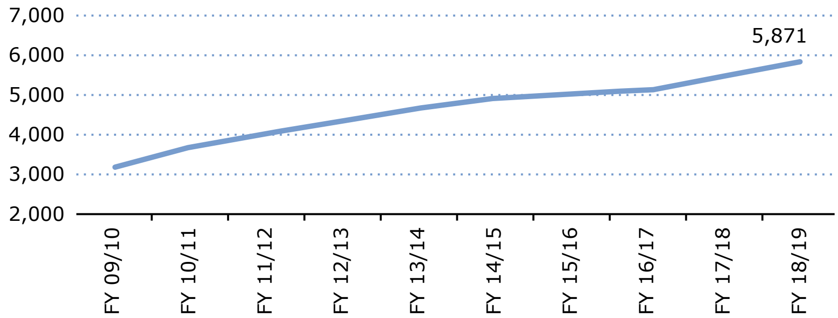
Such high levels of service have resulted in Transact retaining the top spot in annual independent research studies, Investment Trends and CoreData, for the tenth year running, as well as consistently performing strongly in quarterly and annual Platforum surveys.

TRANSACT ADVISER RATINGS

	CORE DATA research *Category: Large Platforms (> £12bn FUD)*	Investment Trends *Category: Large Platforms (> £10bn FUD)*	Platforum *Category: Large Platforms (> £10bn FUD)*
2019	**1st**	**1st**	**1st**
2018	**1st**	**1st**	**1st**
2017	**1st**	**1st**	**1st**
2016	**1st**	**1st**	**1st**
2015	**1st**	**1st**	**1st**

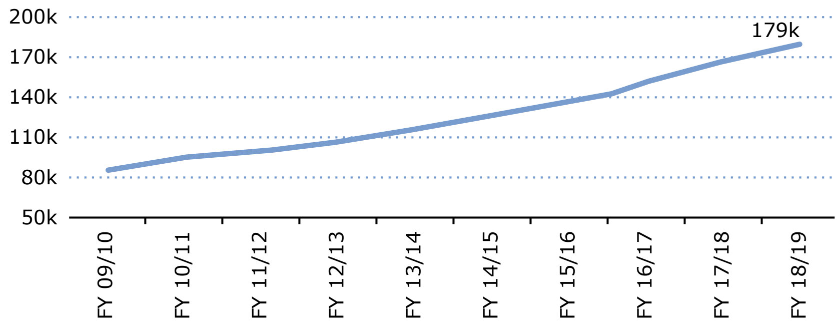
Adviser and client numbers

The number of advisers using the platform increased by 8% over the year to 5,871. The rate of growth continues to increase steadily year-on-year and represents a sustainable level of change that allows us to help the advisers efficiently "onboard" their clients.



Client numbers too have shown good growth, increasing by over 8% across the year to almost 179,500.

In our own client satisfaction survey, over 80% of client respondents said that they were either "Very likely", or "Likely" to recommend Transact to others.



CHIEF FINANCIAL OFFICER'S REVIEW

The backdrop to our last financial year was UK and global political turbulence. The FTSE All Share Index fell nearly 13% before the end of our first quarter and, despite recovering to peak at just over 1% up midway through our fourth quarter, fell back, ending our financial year nearly 2% down. Against this background we continued to grow FUD generated increased revenue and delivered increased profits.

FUD increased to £37.80 billion (2018: £33.11 billion) with gross inflows of £5.70 billion (2018: £5.96 billion). Outflows increased in line with expectation to £2.20 billion (2018: £1.86 billion) resulting in positive net inflows of £3.50 billion (2018: £4.10 billion).

Income continued to grow. We generated revenue of £99.2 million (2018: £91.2 million) up 9% leading to increased operating profit attributable to shareholders of £48.6 million (2018: £40.7 million before adjusting for non-recurring listing costs incurred in the year; £43.3 million after adjustment).

This performance was achieved through our focus on doing more of the same, better and more efficiently. Our business model remained unchanged throughout the year and this is expected to continue. We continue to develop the delivery of our high quality service by investing in our people and our proprietary technology. These developments allow us to benefit from ongoing process efficiencies which are reflected in our increased operating margin.

FUD, inflows and outflows

For the financial year ended 30 September	2019 £m	2018 £m
Opening FUD	**33,113**	**27,927**
Inflows	5,700	5,957
Outflows	(2,203)	(1,863)
Net flows	**3,497**	**4,094**
Market movements	1,197	1,138
Other movements[1]	(8)	(46)
Closing FUD	**37,799**	**33,113**

[1]Other movements includes dividends, interest, fees and tax charges and rebates.

Financial year 2019 saw continued market volatility. Despite this, the level of client inflows onto Transact has remained strong, albeit down on the prior year. Outflow rates as a percentage of opening FUD remained consistent with prior years. FUD ended the year at £37.80 billion, up £4.69 billion from 2018, an increase of 14%.

Financial performance

Financial year 2019 was another year of positive financial performance. By continuing to generate positive net inflows, through our ability to attract new inflows and retain business already on the platform, we increased FUD. This drove revenue growth and, when coupled with careful management of our expense base, has resulted in increased profits.

Income

For the financial year ended 30 September	2019 £m	2018 £m
Revenue	99.2	91.2
Cost of sales	(0.8)	(0.8)
Gross profit	98.4	90.4
Operating expenses	(49.8)	(49.7)
Operating profit attributable to shareholder returns	48.6	40.7
Interest income	0.4	0.2
Profit before tax attributable to shareholder returns	49.0	40.9
Tax on ordinary activities	(8.9)	(8.0)
Profit after tax	**40.1**	**32.9**

Total gross profit in the financial year to 30 September 2019 increased by £8.0 million, or 9%, to £98.4 million from £90.4 million. This increase is after the reduction in the buy commission rebate threshold, reflecting the increases in the value of FUD, number of clients and number of tax wrappers held on the platform.

Components of revenue

For the financial year ended 30 September	2019 £m	2018 £m
Annual commission income	86.7	79.2
Wrapper fee income	9.0	8.1
Other income	3.5	3.9
Total fee income	**99.2**	**91.2**

Our revenue comprises three elements. Two of these elements, annual commission income (an annual, tiered fee on FUD) and wrapper fee income (quarterly wrapper fees for each of the tax wrapper types clients hold) constitute our recurring revenue. Other income includes "buy commission" charged on asset purchases.

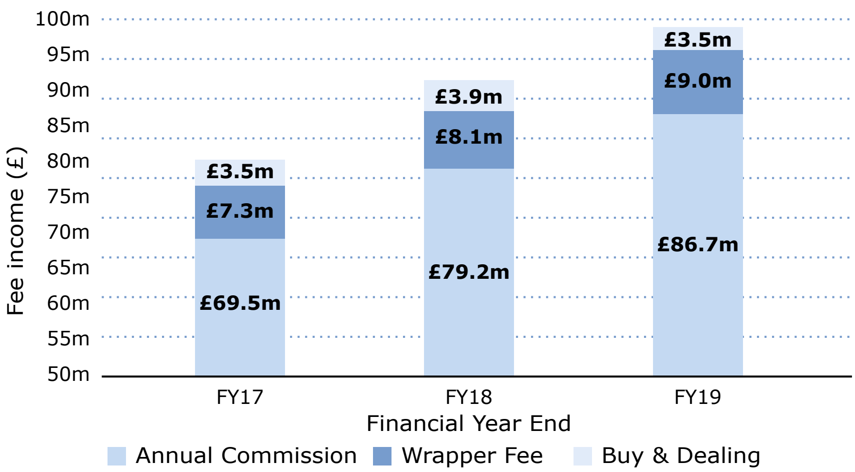
Annual commission income in the financial year increased by £7.5 million, or 9.5%, to £86.7 million (2018: £79.2 million). This growth has been achieved through growth in FUD despite volatile market conditions affecting asset values throughout the year.

Wrapper administration fee income in the financial year ended 30 September 2019 increased by £0.9 million, or 11.1%, to £9.0 million (2018: £8.1 million). This reflects the net increase in the number of open tax wrappers on the platform. The increase in wrappers is driven by the increase in number of clients with open tax wrappers and clients already using Transact at the start of the financial year opening new tax wrappers, offset by tax wrappers being closed.

Recurring revenue streams constituted 96.5% (2018: 95.7%) of total fee income.

Other income, mainly buy commission and dealing charges, reduced by 10.3%, £0.4 million, to £3.5 million (2018: £3.9 million). The primary reason for this fall was the reduction in the buy commission rebate threshold. The required portfolio value for clients to receive the rebate was reduced from £1.0 million to £0.5 million, with effect from March 2019.

IHP FEE INCOME



Operating expenses

Total operating expenses for the financial year ended 30 September 2019 increased by £0.1 million, or 0.2%, to £49.8 million (2018: £49.7 million). The increase was mainly due to an increase in staff costs, offset by a reduction in regulatory and professional fees as the prior year included the costs arising from the listing of IntegraFin Holdings plc (IHP) on the main market of the LSE.

Operating expenses

For the financial year ended 30 September	2019 £m	2018 £m
Staff costs	36.3	35.0
Occupancy	3.6	3.6
Regulatory and professional fees	5.5	6.8
Other costs	3.7	3.7
Total expenses	**49.1**	**49.1**
Depreciation and amortisation	0.7	0.6
Total operating expenses	**49.8**	**49.7**

Staff costs increased by £1.3 million, or 3.7%, to £36.3 million (2018: £35.0 million).

Over the year average staff numbers increased from 507 to 509, an increase of 0.4%. It was possible to hold staff numbers stable as the business continued to grow due to the efficiency gains delivered through platform development.

The rise in staff costs in the period was mainly due to general inflationary increases, the full year impact of staff benefit changes made post listing and an increase in pension contribution levels.

The Share Incentive Plan (SIP) available to all staff was launched in March 2018, incurring seven months of costs in the prior financial year. The timing of the launch of the Performance Share Plan (PSP) for management was such that no costs were incurred in the prior financial year. A full year of costs for both of these schemes was incurred in the financial year to 30 September 2019. More detail of the cost in financial year 2019 is given in note 26.

We operate defined contribution pension schemes for all of our staff. From 1 January 2019 company-paid staff pension contributions increased by 1.5% of annual salary raising the company's contribution level to 9.0% per annum from 7.5% per annum. We are not currently planning any further increases. The group has no exposure to any defined benefit pension scheme.

Regulatory and professional fees reduced by £1.3 million, or 19.1%, to £5.5 million in the year. There were several factors that drove this net reduction. The most significant of these was the non-recurrence of direct costs attributable to listing on the LSE, reducing professional fees by £2.3 million. After adjusting for this, underlying professional fees increased by £1.0 million over the year.

Regulatory fees are due to the Prudential Regulation Authority, the Financial Conduct Authority and the Financial Services Authority in the Isle of Man in respect of the Group's three regulated entities, together with Financial Services Compensation Scheme levies in the UK and the Isle of Man. Overall there was a 28.6% increase in these costs over the financial year. This was in part due to increases in business volumes and in part due to an increase in fee levels.

Other costs in the year were £3.7 million (2018: £3.7 million), showing no change year on year. Other costs in the prior financial year included non-recurring indirect costs of £0.3 million attributable to listing. After adjustment, other costs increased by £0.3 million, or 8.8%, over the year.

Depreciation and amortisation costs increased by £0.1 million from the prior financial year to £0.7 million (2018: £0.6 million), reflecting our program of rolling replacement and improvement of IT hardware.

Total capitalised expenditure for the financial year was £1.2 million compared with £0.6 million in the prior year.

Profit before tax attributable to shareholder returns

Over the course of a challenging year, given political, economic and market conditions, we have continued to deliver award-winning service to our clients and their advisers, implemented further charge reductions - reducing costs for our clients - and delivered robust financial results.

Adjusted operating profit

For the financial year ended 30 September	2019 £m	2018 £m
Operating profit attributable to shareholder returns	48.6	40.7
Adjustment for listing costs (incl. VAT)	-	2.6
Adjusted operating profit attributable to shareholder returns	**48.6**	**43.3**

In financial year 2018, our operating margin was 44.6%, before any adjustment for the non-recurring listing costs incurred in that year, and 47.5% after adjustment.

In the financial year to 30 September 2019 our operating margin increased to 49.0%.

After including interest income on corporate cash and returns on corporate gilt holdings profit before tax in the financial year to 30 September 2019 was £49.0m, an increase of 19.8% on the unadjusted prior year; 12.6% increase on the adjusted prior year.

Tax

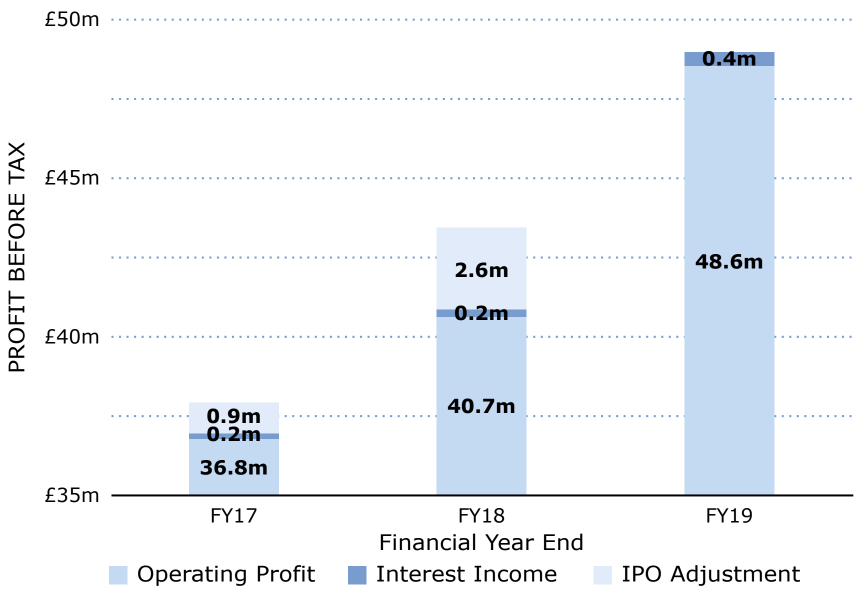
The Group has operations in three tax jurisdictions, UK, Australia and Isle of Man, making Group profits varyingly subject to tax at three different rates. However, the vast majority of the Group's income is earned in the UK.

Tax on ordinary activities described below solely comprises the Group's "shareholder corporation tax" which is distinguished from the "policyholder tax" that the Group collects and remits to HMRC in respect of ILUK, which is taxed under the "I minus E" tax regime.

Tax for the year increased by £0.9 million, or 11.1%, to £9.0 million (2018: £8.1 million). Our effective rate of tax over the period decreased to 18.3% from 19.9% having been higher in the prior year mainly due to listing costs.

Our tax strategy can be found at: **www.integrafin.co.uk/group-tax-strategy/**

IHP – PROFIT BEFORE TAX



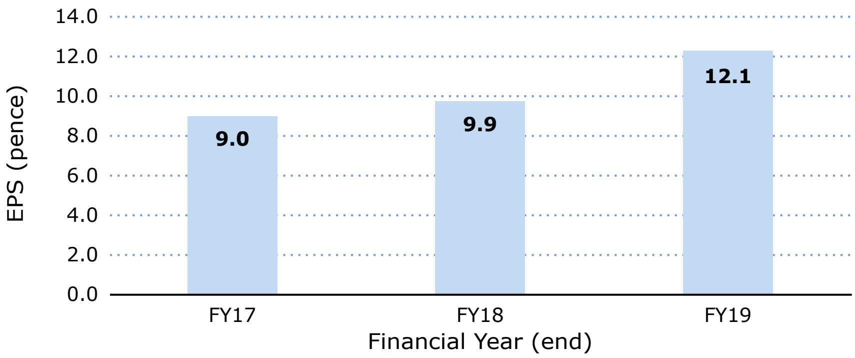
Earnings per share

	2019 £m	2018 £m
Operating profit attributable to shareholder returns	48.6	40.7
Interest income	0.4	0.2
Profit before tax attributable to shareholder returns	49.0	40.9
Tax on ordinary activities	(8.9)	(8.0)
Profit after tax for the period	40.1	32.9
Number of shares in issue	331.3m	331.3m
Earnings per share – basic and diluted	12.1p	9.9p
Profit after tax for the period adjusted to exclude listing costs	40.1	35.5
Number of shares in issue	331.3m	331.3m
Adjusted earnings per share – basic and diluted	12.1p	10.7p

Earnings per share to 30 September 2018 was 9.9 pence before any adjustment for the non-recurring listing costs incurred in that year and 10.7 pence after adjustment.

In the financial year to 30 September 2019 earnings per share increased to 12.1 pence, an increase of 22.2% to prior year unadjusted, 13.1% to prior year adjusted.

IHP - EARNINGS PER SHARE



Consolidated statement of financial position

The material items on the consolidated statement of financial position that merit comment include the following:

Intangible assets (note 10)

The Group's intangible asset as at 30 September 2019 of £13.0 million (2018: £13.0 million) comprises goodwill arising from the purchase of Integrated Application Development Pty Ltd (IAD) in July 2016. Goodwill is tested for impairment each financial year.

Deferred acquisition costs and deferred income liability (notes 13 and 19)

Deferred acquisition costs and deferred income liability arise in our life insurance subsidiaries, IntegraLife UK Limited (ILUK) and IntegraLife International Limited (ILInt). They are driven by the level of adviser fees payable by clients from new insurance wrappers opened in each year. These two line items are required to be shown under IFRS, however, the timing and magnitude of movement in the items always nets off exactly, resulting in zero net effect each of the companies and in the consolidated statements of financial position. Both items increased by £4.3 million to £50.4 million over the financial year.

Investments and cash held for the benefit of policyholders and liabilities for linked investment contracts (note 14)

ILUK and ILInt write only unit-linked insurance policies. They match the assets and liabilities of their linked policies such that, in their own individual statements of financial position, these items always net off exactly. These line items are required to be shown under IFRS in the consolidated statement of financial position, but have zero net effect.

Investments and cash held for the benefit of policyholders and liabilities for linked investment contracts both increased to £16.70 billion (2018: £14.50 billion). This reflects the increase in the value of FUD held in life insurance wrappers.

Deferred tax liabilities (note 20)

Deferred tax liabilities increased by £0.6 million to £13.2 million (2018: £12.6 million). This increase was primarily due to market movements in the assets held in the ILUK's onshore bond tax wrappers during the year. Sufficient cash is held by ILUK to meet this liability.

Liquidity and capital management

At 30 September 2019 the group held cash and cash equivalents of £132.3 million (2018: £116.8 million). Cash generated through trading also covered dividend payments totalling £29.8 million. This comprised £21.2 million interim dividend in respect of the full financial year 2018 and £8.6 million first interim dividend in respect of the first half of financial year 2019 (2018: £30.8 million, comprising £19.4 million interim dividend in respect of the full financial year 2017 and £11.4 million special dividend.)

To enable the Group to offer a wide range of tax wrappers there are three regulated entities within the Group, a UK investment firm (IFAL), a UK life insurance company (ILUK) and an Isle of Man life insurance company (ILInt). Each regulated entity maintains capital well above the minimum level of regulatory capital, ensuring sufficient capital remains available to fund ongoing trading and future growth. Cash and investments in short dated gilts are held to cover regulatory capital requirements and tax liabilities.

The regulatory capital requirements and resources in ILUK and ILInt are calculated by reference to economic capital based regimes, and therefore do not directly equate to Integrated Financial Arrangements Ltd's (IFAL's) expense-based regulatory capital requirements.

Regulatory Capital

For the financial year ended 30 September 2018	Regulatory Capital requirements	Regulatory Capital resources	Regulatory Cover
	£m	£m	%
IFAL	23.5	30.9	131.4
ILUK	173.4	227.4	131.1
ILInt	19.4	33.1	170.6

All of the company's regulated subsidiaries continue to hold regulatory capital resources in excess of their regulatory capital requirements. We will maintain sufficient regulatory capital and an appropriate level of working capital. We will use retained capital to further invest in the delivery of our service to clients, pay dividends to shareholders and provide fair rewards to staff.

Capital

For the financial year ended 30 September 2019	£m
Total equity	115.4
Loans and receivables, intangibles assets and property, plant and equipment	(16.6)
Available capital pre dividend	98.8
Interim dividend declared	(17.2)
Available capital post dividend	81.6
Additional risk appetite capital	50.2
Surplus	31.4

Additional risk appetite capital is capital the board of IHP considers to be appropriate for it to hold to ensure the smooth operation of the business such that it is able to meet future risks to the business plan and future changes to regulatory capital requirements without recourse to additional capital – see Viability Statement on page 42.

The board considers the impact of regulatory capital requirements and risk appetite levels on prospective dividends from all of its regulated subsidiaries. Our Group's Pillar 3 document contains further details and can be found on our website at: **www.integrafin.co.uk/legal-and-regulatory-information/** Pillar 3 Disclosures.

As stated in the Chair's report, the Board has declared a second interim dividend for the year of 5.2p per ordinary share, taking the total dividend for the year to 7.8p per share (2018: 6.4 pence)

Given the net cash, liquidity and capital coverage positions as set out above, the Group is well positioned to fund the £17.2 million dividend.

Dividend Type	**Share Class**	**2019 £m**	**2018 £m**
Ordinary	All	25.8	21.2
Per share			
Ordinary	All	5.2 pence	6.4 pence
Ordinary	All	2.6 pence	-

Alexander Scott
Chief Financial Officer

17 December 2019

RISK AND RISK MANAGEMENT

Overview

The risk management process assists the board in understanding its current and future risks and provides appropriate information that is incorporated into our strategic decision making and business planning processes. It encompasses all financial, strategic and operational risks that may prevent us from fulfilling our business objectives. Given the nature of the activities we undertake, the key risks that we face are non-financial risks (comprising operational risk, competitor risk, regulatory risk, reputational risk, and geopolitical risk) and financial risks (comprising market risk, liquidity risk, outflow risk, expense risk and credit risk).

The Chief Executive Officer, supported by the Chief Financial Officer, is responsible for executing the strategy set by the board within the approved risk appetite. Guidance and oversight is provided by the Audit and Risk Committee which reports to the board. The Audit and Risk Committee is supported in this process by the IFAL Risk Committee, which itself guides and oversees the company's regulated subsidiaries, assisting their boards in setting appropriate risk appetites in line with Group strategy.

The Chief Financial Officer reports directly to the Chief Executive Officer and is additionally accountable to the board and the Group's regulators for the effective management of risk across the business. The Chief Financial Officer is responsible for overall management of risk controls, including the monitoring of risk exposures, reporting in relation to risk management arrangements and for assessing the adequacy and effectiveness of policies and procedures designed to detect any risk of failure to comply with regulatory obligations.

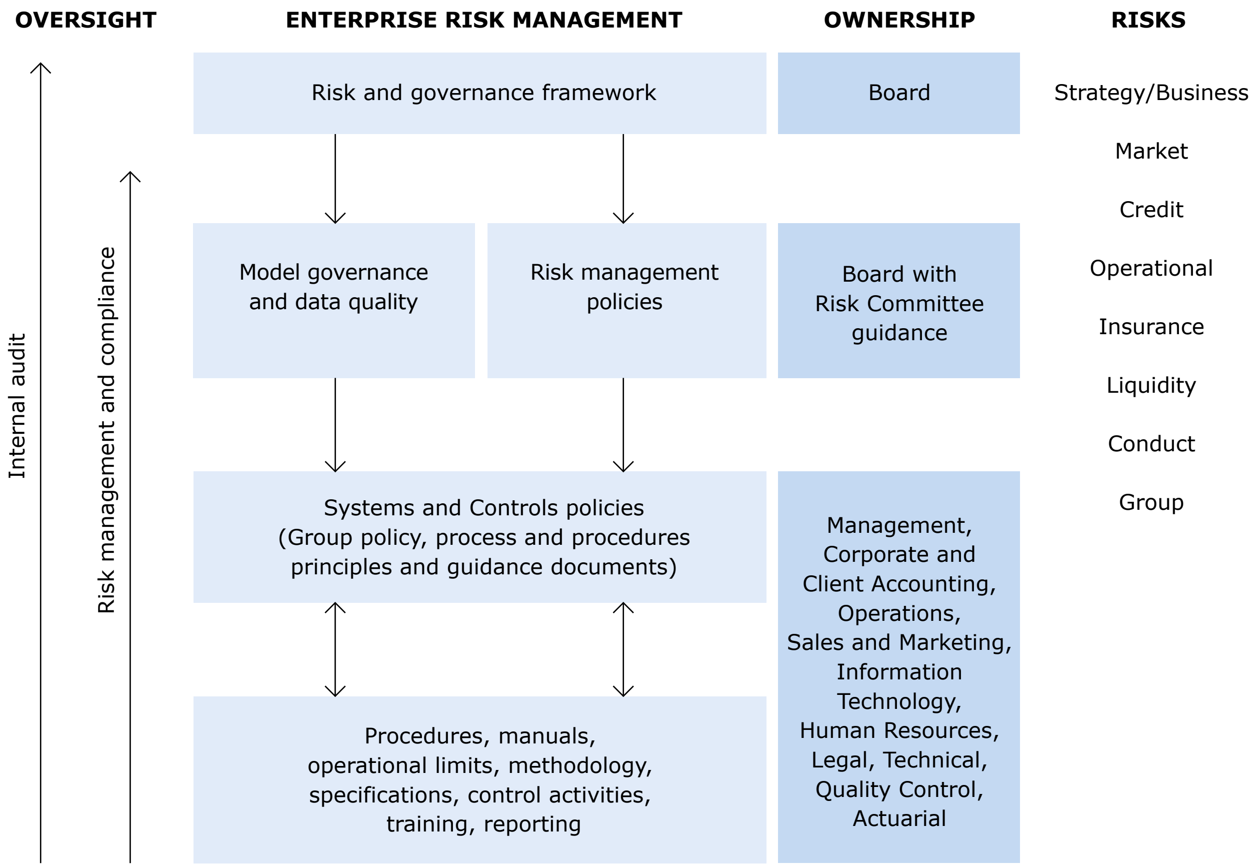
The directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity.

How risks are managed

The Risk Management Policy provides general guidelines for the design and implementation of the Risk Management Framework, with the board responsible for establishing the risk strategy and senior management responsible for its implementation. The Risk Management Policy is overseen by the Chief Financial Officer and is reviewed at least on an annual basis. Any material changes are approved by the board following guidance from the Audit and Risk Committee and approval by the boards of the regulated subsidiaries, which receive guidance from the IFAL Risk Committee.

We have established our Risk Management Framework with consideration of the Committee of Sponsoring Organisation of the Treadway Commission (COSO) Integrated Framework Principles, providing a consistent, proactive approach to identification, assessment, mitigation and reporting of risks throughout the Group.

Our Risk Management Framework is shown below:



Risk appetite

Our risk appetite is the degree of risk that we are prepared to accept in pursuit of our strategic and operational objectives. Our Risk Management Policy and Framework provides the mechanism to define our risk appetite. From this, each of our operating companies sets its own appetite within this framework to meet the common aims of the Group. We have generally adopted an overall conservative approach which is reflected in our risk appetite values and preferences and in the overall approach to risk management. Our risk preferences can be articulated as follows:

- we ensure risks that are taken are aligned with our strategic aims and provide an acceptable level of return;
- we accept certain risks and ensure that these are appropriately managed, mitigated and monitored;
- we have a prudent capital management approach and we currently invest shareholder assets in high quality, highly liquid, short-dated investments;
- we have a preference for products with low capital requirements and without financial guarantees. Additionally, we have a preference for secondary market risk through charges determined based on clients' portfolio values. This is central to our proposition and we accept the potential impact on financial performance;
- we do not actively seek to take operational risk to generate returns. We accept a level of operational risk that means the controls in place should prevent material losses, but should not excessively restrict business activities;
- we have very limited risk appetite for unfair client outcomes arising from systematic failures in our cultural outlook or in any element of the client life cycle; and
- we have a very limited risk appetite for material regulatory breaches.

Actual risk exposures are regularly assessed by the Group's risk management function against risk appetite using a comprehensive set of key risk indicators which are reported to the Audit and Risk Committee, the IFAL Risk Committee and senior management.

Risk governance

Our Risk Management Framework defines risk governance as the combination of processes and structures implemented by the board in order to inform, direct, manage and monitor our activities towards the achievement of our objectives.

The board has established a non-executive committee, the Audit and Risk Committee, to provide guidance and oversight on risk matters. This committee of the company is responsible for reviewing the manner in which the Group implements and monitors the adequacy of the Risk Management Framework. For risk oversight of the regulated subsidiaries it is supported by the IFAL Risk Committee, itself made up of independent non-executive directors of IFAL. Together they assist the board and senior management in fostering a culture that encourages good stewardship of risk and emphasises and demonstrates the benefits of a risk-based approach to management of the Group.

We implement a comprehensive "top down" and "bottom up" approach to managing risks through regular assessments, monitoring (including horizon scanning) and reporting in conjunction with senior management and risk owners. The risk management function reports to the Audit and Risk Committee and the IFAL Risk Committee, on at least a quarterly basis, information and analysis on the key risks the Group faces (including forward-looking risks), capital requirements and comparison against risk appetite. The Chair of the Audit and Risk Committee then provides a summary to the board.

The "three lines of defence" risk governance model

For risk management to be effective, it is important that the roles and responsibilities of all those involved are clearly defined. Accordingly, the Group's Risk Management Framework is designed along the "three lines of defence" model which provides at least three stages of oversight to ensure that all companies operate within their risk appetites.

First line of defence

Our first line of defence is the business departments which have responsibility for managing and controlling their risks, in accordance with agreed risk appetites through the implementation of a sound set of processes and controls.

Responsibility for risk management resides at all levels within our business, from the senior management team to departmental and team managers. All staff members are accountable for managing risks within the business areas for which they are responsible, ensuring compliance with prescribed company plans, policies and prevailing regulatory and legislative requirements.

The business lines are also responsible for complying with the policies and standards which comprise the Group's Risk Management Framework. Current key risks and issues facing us are considered by the management team, with each key risk owned by the member of the management team responsible for the strategic management of that risk across the Group.

Second line of defence

Our second line of defence comprises two functions: the risk management function and the compliance function.

The risk management function is responsible for coordinating all the risk management activities within the business. This includes the development, maintenance and enhancement of the Risk Management Policy and Framework, as well as risk management reporting. The risk management function provides regular risk reports to the Audit and Risk Committee and the IFAL Risk Committee. The Chairs of the committees then provide a summary to the members of the boards.

The compliance function is primarily responsible for supporting the Group to ensure that its activities are conducted in accordance with all applicable regulatory requirements.

Third line of defence

Our third line of defence is internal audit, which provides independent assurance on the adequacy and effectiveness of the Group's risk management and major business process control arrangements. It performs regular audits across the business, reporting to the committees on the implementation and effectiveness of the Risk Management Policy and Framework. The Head of Internal Audit reports directly to the committee chairs.

The board is satisfied that internal audit provides sufficient assurance on the Risk Management Policy and Framework.

Risk Capital Frameworks

The company's regulated subsidiaries fall under various risk capital regimes. All of the regimes are guided by similar underlying risk principles, albeit the results and reporting requirements are regime specific.

The company's regulated subsidiaries maintain a sound and appropriate system of capital management in order to meet their strategic capital objectives. They have a preference for a simple system of capital management which reflects the nature of their businesses. At a legal entity level, the regulated subsidiaries are capitalised at the required regulatory minimum plus an adequate buffer defined as part of their capital management, risk appetite and dividend policies.

Common Reporting Framework

Under the FCA's Prudential sourcebook for Investment Firms ("IFPRU"), IFAL is an IFPRU 125K limited licence firm. IFPRU requires that such firms as IFAL comply with the EU's rules, except where the FCA has expanded on the underlying rules or specifically exempted IFPRU firms from compliance. This means that IFAL manages its capital and risk requirements using the Basel III framework of the Basel Committee on Banking Supervision ("Basel Committee") as applied by the EU to investment firms in amendments to the Capital Requirements Directive ("CRD"), and the CRR.

As at 30 September 2019, IFAL has regulatory capital resources of £30.9m (2018: £28.8m) and a regulatory capital requirement of £23.5m (2018: £21.8m) which gives a capital requirement coverage ratio of 131% (2018: 132%).

During the reporting period, IFAL was fully compliant with its regulatory capital requirement. Additionally, regulatory capital resources and capital requirements were regularly monitored and in line with standard regulatory requirements reported to the FCA on an annual basis.

Discussions are taking place between the company and the Regulator about the Prudential Consolidation Group (PCG) status. Whilst these discussions are ongoing the Group has ensured that it has sufficient capital, taking into consideration any potential dividends payable, to meet the capital requirements of any possible PCG structure outcome.

Solvency II

ILUK has adopted the standard formula approach in calculating the Solvency Capital Requirement (SCR), and has not adopted any of the transitional measures in the calculation of the Solvency II balance sheet. As at 30 September 2019, ILUK has own funds of £227m (2018: £183m) and a SCR of £173m (2018: £143m) which gives a solvency coverage ratio of 131% (2018: 129%).

During the reporting period, ILUK was fully compliant with the SCR. Additionally, the Solvency II balance sheet and SCR were regularly monitored and in line with standard regulatory requirements reported to the PRA on a quarterly basis.

Isle of Man Risk Based Capital regime

As at 30 September 2019, ILInt has Own Funds of £33.1m (2018: £23.0m) and SCR of £19.4m (2018: £15.4m) which gives a SCR coverage ratio of 171% (2018: 150%).

During the reporting period, ILInt was fully compliant with the SCR. Additionally, the Risk Based Capital balance sheet and SCR are regularly monitored and in line with standard regulatory requirements reported to the Isle of Man Financial Services Authority on a quarterly basis.

VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code, the directors have assessed the future prospects of the Group over a longer time period than the twelve month going concern assessment.

Key factors influencing prospects

The key factors affecting the Group's prospects are its market position and recurring revenue.

Market position

Market position can be assessed as follows: Independent research consistently rates Transact as the top platform in the market (page 22); the number of advisers using the platform increased by 8% during the year; the number of clients on the platform increased by 8%; and, our Net Promoter Score increased marginally, and remained the highest score for an advised platform.

The above measures all demonstrate adviser and client satisfaction with the service provided.

Recurring revenue

The absolute level of revenue is dependent on market values, but key to the recurrence is the retention of FUD which is achieved through retaining client and advisers through our service delivery. 96% of revenue is of recurring nature (page 26).

We are targeting organic revenue growth, with moderate margin improvements that are driven by efficiency delivered from process and system enhancement.

Assessment period and measures

It is the board's view that a three year time horizon is an appropriate period over which to assess its viability and prospects, and to execute its business plan. This assessment period is consistent with the Group's current business plan projections and the ICAAP and ORSAs of the Group's regulated entities. Consideration is also given to projections beyond this period, though this does not form part of the formal assessment.

The strategy and business plan is approved annually by the board and updated as appropriate. It considers the Group's profitability, cash flows, capital requirements, dividend payments, and other key variables such as liquidity and the solvency requirements of the regulated entities. These are considered under stress and scenario tests, to ensure the business has sufficient flexibility to withstand such impacts by adjusting its plans within the normal course of business.

The directors' assessment has been made with consideration and reference to: the Group's current position and three year business plan; the Group's risk appetite; the Group's financial projections; and, the Group's principal risks and uncertainties, including geopolitical uncertainty, as detailed in the strategic report.

Going concern

We continue to maintain a robust financial position. Having conducted detailed cash flow and working capital projections, and appropriate stress-testing on liquidity, profitability and regulatory capital, taking account of possible adverse changes in trading performance, the board is satisfied the Group is well placed to manage its business risks. The board is also satisfied that it will be able to operate within the regulatory capital limits imposed by regulators, being the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), and Isle Man Financial Services Authority (IoM FSA). Accordingly, the board has concluded that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date this Annual Report is approved. For this reason, they have adopted the going concern basis for the preparation of the financial statements.

Viability Statement

In accordance with the Code, the directors have assessed the Group's prospects by reference to the three-year planning period to September 2022, and have a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due, over the period of this assessment and beyond.

By order of the board,

Helen Wakeford
Company Secretary

17 December 2019

CORPORATE SOCIAL RESPONSIBILITY

We are wholly committed to acting ethically and with integrity and transparency in all business dealings and in all our employment practices. These are core principles by which all entities within the Group abide.

The Group demonstrates its social responsibilities primarily through Group companies that operate ethically and deliver commercial benefits to the three groups of stakeholders: clients, staff and shareholders. We also acknowledge our responsibilities more widely in relation to effects on environmental and social wellbeing.

Our people and our culture

One of our main assets is the staff we employ and we aim to ensure all staff are respected, motivated and safeguarded whilst at work. This is achieved through a corporate culture of which we are proud, one of:

- aiming for as little hierarchy as possible, through a relatively flat organizational structure;
- emboldening staff to voice opinions and ideas;
- encouraging all staff to develop and progress, be it through internal training, or professional qualifications; and
- considering any additional requirements staff may have, or additional support they may need.

We encourage staff to maintain open dialogue with direct management, not just concerning work issues, but other issues that may impact their day at work. Our HR business partners also provide support for staff when they need extra assistance and, in addition, there is an Employee Assistance Programme that staff can use if they wish to speak to an independent party, in confidence, about any issues that may be impacting them.

The Group aims for a collegiate, industrious and sociable work environment, and this is supplemented by various social and charity events.

Human rights are respected by management and all staff and other stakeholders are treated equitably.

All staff Share Incentive Plan (SIP)

Following the launch of an HMRC approved SIP scheme in financial year 2018, eligible staff received free shares and were given the opportunity to buy additional shares (partnership shares) out of monthly before tax salary. They received two free matching shares for every partnership share. We were delighted that 82.7% of staff took up the opportunity to buy shares and participate in the company’s success.

Diversity and gender pay gap

Across the Group we employed 486 staff and six NEDs are officers of the company. The breakdown by gender as at September 2019 was as follows:

		Male %		Female %
Board Directors	7	77.8	2	22.2
Senior Managers	2	66.7	1	33.3
Direct Reports	15	68.2	7	31.8
All Staff	306	66.8	152	33.2
Total	**330**	**67.1**	**162**	**32.9**

IntegraFin Services Ltd, the company's services provision subsidiary, published its second gender pay gap report in April 2019. The report can be found on our website, at **www.integrafin.co.uk/legal-and-regulatory-information**

Our reported mean gender pay gap fell to 11.9% and compares favourably with results reported by others in the sector in which we operate and the national average.

Equality and inclusion

We believe in equality. We treat all stakeholders fairly and with respect. The Group remains committed to continuous improvement by ensuring that recruitment is not discriminatory; all staff are treated equitably; all staff have equal opportunities to work flexibly, regardless of seniority or role; and all staff are remunerated fairly and in line with the role they perform.

Our policy regarding the employment, training, career development and promotion of disabled employees, and employees who became disabled whilst in employment, is to make reasonable adjustments as necessary in order that they can embrace opportunities in the Group.

Payment practices

We endeavour to pay all suppliers within agreed payment terms. We do not seek to disadvantage, or compromise, suppliers with whom we conduct business, in line with one of our core principles of ethical behaviour. In financial year 2019 the Group paid 92% (2018: 90%) of suppliers within 15 days.

Anti-bribery and anti-corruption

The Group strives to maintain high standards of governance, personal and corporate ethics, compliance with laws and regulations and values integrity, fairness and honesty when dealing with employees, clients, financial advisers and suppliers. The Group has a zero tolerance for bribery and corruption and takes all reasonable steps to ensure its staff and Third Parties understand what is and what is not permitted and act with integrity at all times. The Group has implemented an Anti-Bribery and Corruption policy and has put appropriate contractual and other controls in place to manage all forms of bribery and corruption risk.

Modern slavery

We do not tolerate modern slavery, servitude, human trafficking or forced labour. The Group's modern slavery statement is found at: **www.integrafin.co.uk/modern-slavery/**

Environmental impact

We recognize the importance of managing and minimizing the Group's environmental impact as much as reasonably possible, and we are now Energy Savings Opportunities Scheme (ESOS) Phase 2 certified.

Initiatives taken in financial year 2019 to reduce our carbon footprint include: saving 287 trees through recycling confidential waste; increasing the volume of recyclable waste to 51% of total waste (financial year 2018: 46%); installing LED lighting in communal areas of the head office; using a chemical free cleaning system; and by having head office electricity supplied by a green energy supplier. We also continue to encourage adviser firms and clients to use electronic, rather than paper based, instruction delivery and statements.

Greenhouse gas emissions

Our emissions data for financial year 2019 is presented here. We have calculated the emissions in line with the Greenhouse Gas Protocol Corporate standard.

We do not generate emissions directly through our operations, but emissions arise indirectly through business flights, driving for work and electricity and gas consumption. Therefore our emissions are classed as indirect emissions, which are Scope 3 emissions under the standard.

Gross emissions of greenhouse gas (GHG):

Scope	Total CO2 emission
1 – Direct GHG emissions	-
2 – Electricity indirect GHG emission	-
3 – Other indirect GHG emissions	220 tonnes

Community

A variety of events is organized each year to raise money for, and awareness of, a number of charities chosen from staff suggestions.

Political donations

The Group does not make political donations.

Tax strategy

We manage our tax affairs to the same high ethical, legal and professional standards as the delivery of our services to clients. In summary, our tax strategy is to comply fully with all statutory obligations, make full disclosure to tax authorities in all appropriate jurisdictions, and to pay all tax when it is due. The full tax strategy document is available at: **www.integrafin.co.uk/group-tax-strategy/**

We pay all tax as it falls due and make full disclosure to all relevant tax authorities. The UK corporation tax and employer's national insurance payable in respect of the year ended 30 September 2019 was £11.8 million (2018: £11.0 million). In addition other taxes such as VAT and business rates were paid.

Non financial information statement

The Corporate Social Responsibility report includes information in accordance with sections 414 CA and CB of the Companies Act 2006.

APPROVAL OF THE STRATEGIC REPORT

A statutory requirement of the Annual Report is that the directors produce a Strategic Report.

Section 172 of the Companies Act states that the purpose of the report is to inform members of the company and help them assess how the directors have performed their duty. To fulfil this, directors must act in a way they consider, in good faith, would be most likely to "promote the success of the company for the benefit of its members as a whole".

The Strategic Report should provide shareholders with a comprehensive and balanced overview of the Group's business model, strategy, development, performance, position and future prospects. The Strategic Report should be clear, concise and unambiguous, and should demonstrate how the company has considered the interest of employees, and the impact of the company's operations on the community and environment.

The directors believe that the Strategic Report on pages 4 to 45 meets all relevant statutory objectives and requirements.

By order of the board,

Helen Wakeford
Company Secretary

17 December 2019

GOVERNANCE

BOARD OF DIRECTORS TO 30 SEPTEMBER 2019

Christopher Munro

Non-executive Interim Chair (to 30 September 2019)

Appointed to the board:
1 February 2017

- Non-executive Director of the Group from 29 March 2017.
- Interim Chair of the Group from 22 August 2018.

Experience includes:

- London and Continental Partners LLP – Founding Partner 2016
- Beckwith Asset Management - Director 1994-2016
- Pacific Capital Partners – Director 2004 to present
- Jupiter Enhanced Income Trust – Director 1996-2009
- River & Mercantile Investment Management – CEO 1994-1996
- Robert Fleming Holdings Limited – Director 1988-1994
- Jardine Fleming Holdings – Director 1983-1986.

Committees:

Remuneration Committee, Nomination Committee (Chair).

Ian Taylor

Chief Executive Officer (CEO)

Appointed to the board:
24 January 2014

- Chief Executive Officer of the Group since April 2002, prior to which he was Executive Director and General Manager from 1999 to 2002

Experience includes:

- AIB Govett Asset Management – Marketing Director 1992-1999
- Royal Life Holdings Group – Marketing Development Manager 1990-1992, Business Planning Manager 1988-1990.

Committees:

Nomination Committee.

Alexander Scott

Chief Financial Officer (CFO)

Appointed to the board:
11 February 2014

- Executive Director of the Group since 2011
- CFO since November 2010
- Joined the Group as Actuary and Head of Group Technical Operations in October 2009

Experience includes:

- Sterling Insurance Group – Life Director and Chief Actuary 2004-2009
- Criterion Assurance Group – Non-executive Director 2003-2010, Group Director 2002-2003, Director 1999-2002, Actuary 1997-1999
- National Provident Institution – Actuarial Division 1991-1997.

Michael Howard

Executive Director

Appointed to the board:
11 February 2014

- Co-founded the Group in 1999, Executive Chair of the Group from 2001 until stepping down in October 2017 and becoming Executive Director.
- Founded ObjectMastery in Australia in April 1992 which developed the software underpinning Transact

Experience includes:

- Norwich Union Life Insurance – responsible for marketing and administration of investment funds including the launch of the platform Navigator in 1990
- Touche Ross – Audit division in Melbourne office 1984-1986, in London office 1980-1984.

Caroline Banszky

Independent Non-executive Director

Appointed to the board:
22 August 2018

Experience includes:

- 3i Group plc - Chair of Audit and Compliance Committee 2014 to present
- Gore Street Energy Storage Fund plc – Chair of Audit Committee 2017 to present
- The Open University – Member of the Investment Committee 2016 to present
- The Law Debenture Corporation plc – Chief Executive 2002-2016
- SVB Holdings PLC (now Novae Group plc) - COO 1997-2002
- N M Rothschild & Sons Limited – Finance Director 1995-1997

Committees:

Audit and Risk Committee (Chair).

Victoria Cochrane

Senior Independent Non-executive Director

Appointed to the board:
28 September 2018

Experience includes:

- Euroclear Bank SA/NV – Non-executive Director 2016 to present
- Perpetual Income and Growth Investment Trust plc – Non-executive Director 2015 to present
- HM Courts and Tribunal Service – Non-executive Director 2014 to present
- Bowater Industries Ltd – Non-executive Director 2014-2017
- Gloucester Insurance Ltd – Non-executive Director 2008-2013
- Ernst & Young (Global) – Global – Executive Board Member 2008-2013
- Ernst & Young (NEMIA and UK) – Executive Board Member 2006-2008

Committees:

Audit and Risk Committee, Nomination Committee.

Richard Cranfield

Independent Non-executive Director (Chair from 1 October 2019)

Appointed to the board:
26 June 2019

Experience includes:

- Allen & Overy LLP
  – Partner 1985 to present

Committees:
Nomination Committee.

Neil Holden

Independent Non-executive Director

Appointed to the board:
11 February 2014

Experience includes:

- Stanbic International Insurance Limited
  – Non-executive Director 2003 to present
- Crocus Home Loans Limited
  – Non-executive Director 2014 to present
- Saffron Building Society
  – Non-executive Director 2014 to present
- Albaco Limited
  – Non-executive Director since 1 October 2018 to present
- Sberbank CIB (UK) Limited
  – Non-executive Director since 1 October 2018 to present
- Calmindon Limited
  – Director 2010-2017
- Bank of London and The Middle East Plc
  – Non-executive Director 2006-2018
- Quadrant Risk Management International Limited
  – Non-executive Director 2006-2009
- Standard Bank Group and Standard Bank Plc
  – Consultant 2006-2008, Managing Director in Corporate and Investment Banking Financial Risk 1999-2006
- WestLB
  – Director and Head of Risk Management Support & Control 1996-1998.

Committees:

Audit and Risk Committee, Remuneration Committee (Chair).

Robert Lister
Independent Non-executive Director

Appointed to the board:
26 June 2019

Experience includes:

- Credit Suisse Asset Management (UK) Limited
  – Non-executive Director 2012 to present
- Investec Wealth and Investment Limited
  – Non-executive Director 2010 to present
- Aberdeen Smaller Companies Income Trust PLC
  – Director 2012 to present
- The Salvation Army International Trustee Company
  – Director 2016 to present
- Rensburg Sheppards PLC
  – Director – 2008-2010
- Dresdner Kleinwort Wasserstein –1998-2008
- Barclays de Zoete Wedd – 1983-1998

Committees:
Audit and Risk Committee

Richard Cranfield and Robert Lister were appointed Non-executive Directors on 26 June 2019.

All other directors were in office throughout the financial year up to the date of the report.

CORPORATE GOVERNANCE REPORT

Introduction

The Group's corporate governance arrangements reflect the standards of practice required by the 2016 UK Corporate Governance Code ("Code") in relation to the management of the Group and are designed to:

- Promote long term sustainable success of the company, business effectiveness, efficiency, responsibility and accountability;
- Assist the effective review and monitoring of the Group's activities;
- Help identify and mitigate significant risks to the Group; and
- Provide the necessary disclosures to stakeholders to make a meaningful analysis of the Group's business activities and its financial position.

Throughout the year IHP has complied with the principles and the provisions recommended by the Code as set out in the Statement of Compliance below. IHP is considering the application of the new 2018 Code, which has applied to the company since 1 October 2019, and will explain any areas of non-compliance in the financial year 2020 Annual Report.

Statement of compliance

The Code sets out the principles and provisions relating to good governance of UK listed companies and can be found on the Financial Reporting Council ("FRC")'s website at **www.frc.org.uk**

The following report sets out how the company has complied with the provisions of the Code, and an explanation of any areas of non-compliance. The areas of non-compliance comprise the following:

1. The non-executive directors did not undertake an evaluation of the Interim Chair of the board. Further explanation is set out in the board effectiveness review below;
2. The Remuneration Committee composition does not comply with the Code.

Detailed reporting on remuneration, and the composition of the Remuneration Committee, can be found in the Directors' Remuneration Report on pages 60 to 78.

Board composition

The company has three executive directors and six independent non-executive directors (including the Chair) and therefore complies with the Code in respect of board composition.

Board and committee meetings and attendance

The board met eight times, in accordance with its terms of reference. Eligibility to attend, and attendance, by each member of the board as at 30 September 2019 is set out below.

	Board Meetings		Audit and Risk Committee		Nomination Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Caroline Banszky	8	7	7[1]	7	-	-	-	-
Victoria Cochrane	8	7	7	7	6	6	-	-
Richard Cranfield	1	1	-	-	1[4]	1	-	-
Neil Holden	8	7	7	7	-	-	5[1]	5
Michael Howard[5]	8	4	-	-	-	-	-	-
Robert Lister	1	1	1[2]	1	-	-	-	-
Christopher Munro	8[1]	7	3[3]	3	6[1]	6	5	5
Alexander Scott	8	8	-	-	-	-	-	-
Ian Taylor	8	8	-	-	6	6	-	-

[1] Chair

[2] Mr Lister joined the A&RC on 4 September 2019

[3] Mr Munro stood down from the Audit and Risk Committee in March 2019 in accordance with the requirements of the Corporate Governance Code

[4] Mr Cranfield joined the Nomination Committee on 3 September 2019

[5] Mr Howard was unable to attend the board meetings relating to the approval of the staff share plan awards, the interim results and to the preparation for the AGM due to the timing of board meetings and his residence in Australia.

Note to the table:

Mr Howard and the non-executive directors did not attend the board meeting on 22 January, the sole purpose of which was to set the date of the Annual General Meeting.

The role of the board

Board leadership

The board is responsible for leading and controlling the company and has overall authority for the management and conduct of the Group's business, strategy and development. The board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Group.

The board promotes the long term success of the company and the Group and ensures effective operational management and strategic development of the proposition, having due regard to all stakeholders including safeguarding of its clients' interests. To achieve these goals the board:

- Ensures the company acts within the articles of association;
- Ensures that the company and the Group implements good management policies and practices to ensure that the company and the Group are managed in an accountable, efficient and effective manner;
- Considers and scrutinises advice and reports from the executive and, where appropriate to the company and Group, matters escalated by the committees;
- Reviews and approves the Annual Report and Financial Statements, half-yearly reports and quarterly financials for the company on a stand-alone basis and on a consolidated basis in relation to the Group;
- Ensures the company and the Group as a whole remains compliant with all applicable statutory standards, rules and guidelines;
- Considers recommendations from the Nomination Committee and approves appointments to the board;
- Approves the remuneration arrangements for non-executive directors; and
- Approves the appointment of any providers of outsourced services to the company or Group and considers reviews of their performance.

Relations with shareholders

The board maintains close relationships with the company's institutional shareholders through periodic meetings with the executive directors. Board members receive copies of analysts' and brokers' reports on the company along with a quarterly Investor Analytics report which details the top shareholders, shareholder history, top buyers and sellers, market analysis and share price performance to aid familiarity with details of shareholdings.

The CEO and CFO hosted shareholder roadshows at which the company's half year and annual results were presented to institutional investors invited by the company's brokers.

The company secretarial and investor relations functions engage with private shareholders, providing support and information as required whilst the company's registrar provides a range of shareholder services.

The Chair, senior independent non-executive director and other non-executive directors are available for consultation with shareholders upon request and will attend and be available for questions at and after the Annual General Meeting ("AGM"), further details of which will be sent out in the Notice of AGM.

Independence

The Code recommends that at least half of the board of directors of a UK listed company, excluding the Chair, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, this judgement.

Taking into account the provisions of the Code, the board has considered the independence of each of the non-executive directors and has determined that all are "independent non-executive directors" within the meaning of the Code.

Neil Holden was appointed to the board of Integrated Financial Arrangements Ltd ("IFAL") in 2011. IFAL is the Group's main operating company and was the Group's parent company until the incorporation of IHP in 2014. As a result, Neil Holden has been appointed to the board of the Group's ultimate parent company for a total period of nine years. In the light of this, and when reviewing Neil's independence, the board gave particular consideration to whether his long standing relationship with the executive directors had in any way impacted factors such as his ability to ask challenging questions, insist on high quality responses and remain aligned with the interests of shareholders. The board found that Neil continued to exhibit a robust approach and maintained an independent viewpoint. The board also considered the need to strike an appropriate balance between continuity of experience and succession.

Neil's skills and attributes continued to allow him to make valuable contributions to the board and his experience provided continuity in the light of the recent appointments of two new non-executive directors. The board concluded that Neil Holden remained an independent director and a valued member of the board.

The Code recommends that a Chair should meet the independence criteria set out in the Code on appointment. The board has concluded that both the outgoing Chair, Christopher Munro and the incoming Chair, Richard Cranfield, are independent for Code purposes. Mr. Cranfield's other commitments are listed in his biography and the company has concluded these do not affect his ability to undertake the role. Any significant commitments must be disclosed to the board as and when they arise for consideration.

Conflicts of interest

The company's articles of association permit the board to consider and authorise situations where a director has an actual or potential conflict of interest in relation to the Group. The company maintains a conflicts of interest register which is reviewed annually by the board. In addition, prior to each board meeting, the directors are asked to declare any conflicts they may have with regard to the business meeting. Directors who declare a conflict of interest may be authorised by the rest of the board to participate in decision making in accordance with section 175 of the Companies Act 2006.

The board considers and, if appropriate, authorises any conflicts or potential conflicts of interests of directors and imposes any limitations, qualifications or restrictions as required. Additionally, when making new appointments, the board takes into account other demands on directors' time. Significant commitments are disclosed with an indication of time involved and any additional external appointments must be approved in advance by the company.

The board has reviewed the other commitments of the non-executive directors and concluded it is satisfied that the non-executive directors remain able to commit sufficient time to the company's business.

Committees

There are three committees of the board: Audit and Risk; Nomination; and Remuneration. The Remuneration Committee and the Audit and Risk Committee are wholly non-executive committees and the members are all independent non-executive directors. The Chair of the board is a member of, and chairs, the Nomination Committee. The other member of the Nomination Committee is the CEO. The membership and terms of reference of these board committees are reviewed annually and are available on the company's website (**www.integrafin.co.uk**) or on request from the Company Secretary.

Matters reserved for the board

The board is the main decision making and review body for the company. It determines the overall strategic direction of the company and is responsible for the overall management of the company and the business operations for its subsidiaries.

The board's remit is documented in its terms of reference which include details of matters reserved for the board and matters delegated by the board. The terms of reference are reviewed and updated annually. Matters which are reserved for the board include strategy and management, structure and capital, financial reporting and controls, internal controls, contracts, communication, board membership and appointments, remuneration and corporate governance matters. The board makes decisions as to the delegating of matters to committees of the board and the management team. Matters which are delegated to the management team include changes to the company's management structure and the approval of resolutions and corresponding documentation to be put to shareholders at general meetings.

Setting the business model and strategy

The board retains responsibility for the overall management of the company and approval of any long-term objectives of the company. A review of performance against the company's strategy, objectives, business plans and budgets is considered at each board meeting. Maintaining oversight of the company's operations, ensuring competent and prudent management, sound planning, an adequate system of control, adequate accounting in addition to reviewing any significant risks faced by the company and establishing and maintaining risk management systems in co-ordination with the Audit and Risk Committee ensures the company fulfils its business objectives. The board also retains responsibility for considering the balance of interests between shareholders, employees, customers and the community.

Board effectiveness review - 2019

The board conducts an annual evaluation of its own effectiveness and that of individual board members. The evaluations are based upon data gathered in a questionnaire and are designed to review performance against the matters delegated in the terms of reference. The findings and any action points arising are discussed and addressed. Each board member is responsible for identifying training appropriate to their needs, and the non-executive directors maintain individual annual training logs.

The non-executive directors did not undertake a review of the interim Chair during the annual evaluation process. The purpose of the evaluation is to appraise the performance of the Chair over the financial year and to provide feedback to the Chair with a view to continuous improvement. Given that the company has identified and appointed a new Chair who assumed the role at the commencement of the new financial year, the board concluded that an appraisal of the interim Chair was not necessary.

The effectiveness of the board and its committees; the experience, independence and knowledge of the directors; the diversity of the board; how the board works together; and other factors relevant to its effectiveness were all considered as part of the performance evaluation. FTSE350 companies are required by the Code to have an externally facilitated board effectiveness evaluation at least every three years. The company will ensure this is done in 2020.

Election and re-election of directors

The company's articles of association require all existing directors to retire from office at each AGM and be eligible for re-election.

As non-executive directors appointed since the last AGM, Richard Cranfield and Robert Lister will be standing for election at the next AGM.

Annual General Meeting

The AGM provides shareholders with an opportunity to communicate with the board both formally during the AGM and informally afterwards. Notice of the AGM will be sent in accordance with the Companies Act 2006 and made available on our dedicated shareholder website **www.integrafin.co.uk/shareholder-information** along with any other relevant documentation.

By order of the board,

Christopher Munro
Interim Chair

17 December 2019

AUDIT AND RISK COMMITTEE REPORT

Statement from the Chair of the Audit and Risk Committee

I am pleased to present the Audit and Risk Committee's report for 2019. The report sets out committee governance and the work the committee has undertaken this year.

We meet at least four times each year, in line with the company's governance schedule. We met six times during this financial year and maintained focus on the Group's risk management internal controls and accounting procedures, to ensure there are continuing, appropriate levels of external and internal audit and risk assessment to cover all material controls, including financial, operational and compliance controls. We undertook an effectiveness review of the external auditor in August. We discussed performance and the FRC's Audit Quality Inspection on BDO LLP (BDO)'s audit of IHP for the year ended 30 September 2018, and have concluded that actions suggested by BDO address the FRC's findings.

There were a number of business critical audits undertaken throughout the year by the internal audit team, and we discussed and commented on the findings, requesting follow up actions where necessary. The audits included Group adherence to the Code, Group adherence to GDPR, corporate culture, cyber security controls, and Group business continuity plans.

The CEO, CFO, Group Counsel and the Group Head of Internal Audit were routinely invited to and attended the majority of committee meetings, although the committee reserves the right to request any of these individuals to leave the meeting. The Group's external auditor, BDO, also attended specific committee meetings for external audit planning and reporting purposes. I met privately with the CFO, Head of Internal Audit, external Audit Partner and Head of Assurance at BDO to discuss issued reports and relevant financial reporting and regulatory developments.

Caroline Banszky
Chair, Audit and Risk Committee

17 December 2019

Governance

Committee membership during the year

Name	Date of appointment
Caroline Banszky – Appointed Chair 02 February 2019	22 August 2018
Neil Holden	22 August 2018
Victoria Cochrane	28 September 2018
Robert Lister	04 September 2019

Role of the Audit and Risk Committee

The purpose of the committee is to provide oversight and advice to the IHP board and it has overall responsibility for the risk management and internal control processes of the Group. This aids the board of IHP in fulfilling its responsibilities of: presenting a fair, balanced and understandable assessment of the Group's position and prospects; and, establishing financial and operational controls and risk management across IHP and the companies within the Group.

The committee reports its findings to the board, identifying any matters in respect of which it considers that action or improvement is needed, and makes recommendations on the steps to be taken.

The role and responsibilities of the Audit and Risk Committee are set out in its terms of reference, which can be found at **www.integrafin.co.uk/corporate-governance/**

Composition of the Audit and Risk Committee

All members of the committee, including the Chair, are independent non-executive directors. In adherence with the Code both the Audit and Risk Committee Chair and Neil Holden have recent and relevant financial experience, and are also qualified accountants.

On an on-going basis, membership of the committee is reviewed by the Chair of the committee, in collaboration with the Nomination Committee, and any recommendations for new appointments are made to the board.

The Group also provides initial and on-going training for committee members to support them in carrying out their duties effectively.

The committee's work through the year

Risk management

- Oversight of the risk management framework and its effectiveness in relation to IHP, and on how Group companies have implemented the framework.
- Review and challenge of Risk Reports provided by the Head of Actuarial and Risk for IHP, and consideration of the progress of management action taken in order to address management points raised on IHP specific risks.
- Assurance was sought from the Chair of the IFAL Risk Committee that management points raised have been addressed through appropriate management actions.
- Assistance to the board in maintaining an appropriate culture within the Group which emphasises and demonstrates the benefits of the risk-based management of the Group.
- Consideration of the points escalated from the Group company boards or committees which affect IHP, or which may affect the Group as a whole.

Financial reporting

- Review and challenge of the financial reporting undertaken by the Group, with input and support from the Group's external auditor.
- Review of the Annual Report and Financial Statements, half-yearly reports, interim management statements and other formal announcements relating to financial performance.
- Review of and recommend the Annual Report to the board with an emphasis on ensuring that the report is fair, balanced and understandable.
- Consideration of the consistency of accounting policies and the financial reporting process.
- Review of the key accounting and financial risks and the steps taken by management to address them. Further information on the key financial and non-financial risks can be found on page 36.
- Review of the External Auditor report. The report confirmed that the External Auditor found no issues with non-compliance with Group accounting policies, and that there has been no material change to accounting policies during the financial year.

Internal audit effectiveness and reporting

- Receipt and challenge of internal audit reports at each committee meeting. The reports detail audits of IHP recently completed, including the co-sourced IT Audit, and any control recommendations made to management, and management response;
- Review of all formal internal audit reports escalated by the IFAL Audit Committee, or activities within other companies in the Group, which represent a significant risk to the Group as a whole.
- Approval of the Group Internal Audit Plan including specific areas of review on matters relating to IHP.
- Receipt of updates from the Chair of the IFAL Audit Committee on the management actions in response to the findings and recommendations of internal audit reports.
- Assurance sought annually on the adequacy and security of the Group's arrangements for employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

- Assurance sought that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- Receipt of reports on matters relevant to the financial reporting processes including assurances on internal controls, processes and fraud risk.
- Based on the scale and focus of the work conducted by Internal Audit during the year, and the committee's annual and ongoing review and ongoing discussion of the audit approach, work and findings, the committee concluded that the Internal Audit function is working effectively and independently and that the team is appropriately qualified and staffed.

Effectiveness and independence of the external auditor

- Monitoring of the external auditor's independence, objectivity and compliance with ethical and regulatory requirements.
- Making recommendations on appointment, reappointment and removal of external auditors to the board to be put to shareholders for approval at the AGM.
- Review of the external auditor's remuneration and whether fees for audit and/or non-audit services are appropriate.
- There are no contractual or similar obligations restricting the Group's choice of external auditor, and IHP's external auditor, BDO, has confirmed that it remains independent. BDO has been Group auditor for nine years, and company auditor since its incorporation. Given that public interest entities are required to put the external audit contract to tender at least every ten years, and BDO has been appointed for nine years, the company intends to do so during the financial year 2020. The committee concluded that it is satisfied with the performance and effectiveness of BDO and has concluded that BDO continues to display the necessary attributes of independence and objectivity. The company is in compliance with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, in the year ended 30 September 2019.
- Non-audit fees comply with the Group's non-audit services policy, and are disclosed in note 7. In addition, KPMG provide audit services to the company's life company subsidiaries, ILUK and ILInt.
- The FRC performed an Audit Quality Inspection on BDO's audit of IHP. The findings from the FRC have been addressed by BDO and agreed by the Group.

Whistleblowing

- The company encourages employees to raise their concerns within the existing line management structure but, recognising that not all concerns can be effectively managed through those channels, the company also provides the means for confidential reporting of concerns by contacting any of three nominated internal individuals who will investigate the issues raised. The company provides for employees to make anonymous reports of suspected wrongdoing by way of an email tool.
- Mr Holden, as a member of the Audit and Risk Committee, is a key contact in the Whistleblowing Policy and fulfils the role of "whistleblower's champion" under the Senior Managers' Regime.
- The committee reviewed the Whistleblowing Policy and the framework for reporting, and confirmed that they are appropriate to the Group structure and organisation.

Committee self-evaluation

The Audit and Risk Committee has conducted a self-assessment of its own effectiveness, as well as an evaluation of the Chair in the period, and was satisfied with the results achieved and has agreed actions where improvements were suggested.

NOMINATION COMMITTEE REPORT

Statement from the Chair of the Nomination Committee

I am pleased to present the Nomination Committee's report for 2019.

The primary purpose of the committee is to develop and maintain a formal, rigorous and transparent procedure and to lead the process for board and committee appointments and reappointments, including making recommendations to the board. To achieve optimal composition of the board, the committee has regard to the board's size and composition, the extent to which skills, experience and attributes are represented and the need to maintain high standards of corporate governance.

We meet at least once a year in accordance with the company's governance schedule and the committee's terms of reference. We met four times during the financial year and a key aspect of our work was the consideration of the appointment of a new Chair of the board. In accordance with the provisions of the Code, this process was led by the senior independent non-executive director.

We also reviewed the composition of the board to ensure that the necessary skills, knowledge and experience were available. In doing so, we considered the successful achievement of the company's long-term objectives whilst taking into account relevant regulatory requirements, market conditions and value for money.

In searching for a new Chair, we evaluated the composition of the board, and we recommended that the board appoint two non-executive directors during this financial year. In June, Richard Cranfield and Robert Lister were appointed and Mr Cranfield was subsequently appointed to the Nomination Committee in September.

To facilitate the search for a new Chair, the company used Nurole Ltd. Nurole Ltd does not have any other connection with the company or any director.

We have considered succession planning for the board members and the members of the senior management team and made recommendations to the board which will ensure orderly succession to both the board and senior management positions.

As set out in his review on page 6, Ian has decided to step down from the role of CEO during 2020. We have considered the plans for the transition of the role of CEO and assured the board that those plans will provide for the continuation of appropriate expertise on the board.

In all our activities we give due consideration to laws and regulations, the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.

Christopher Munro
Chair, Nomination Committee

17 December 2019

Committee membership during the year

The members of the Nomination Committee at 30 September 2019 were:

Name	Date of appointment
Christopher Munro (Chair)	02 February 2018
Ian Taylor	19 January 2018
Victoria Cochrane	28 September 2018
Richard Cranfield	1 August 2019

Role of the Nomination Committee

The role and responsibilities of the Nomination Committee are set out in its terms of reference which can be found at **www.integrafin.co.uk/corporate-governance/**

Composition of the Nomination Committee

In adherence with the Code, the majority of members of the Nomination Committee are independent non-executive directors. The Chair of the board chairs the committee. However, he does not chair when the committee is dealing with nominating a successor to the Chair.

The Group also provides initial and on-going training for committee members, to support them in carrying out their duties effectively. This is delivered by in-house technical staff, through the attendance at formal conferences as required, and an in-house training programme.

The committee's work through the year

Board appointments

- Identified potential candidates for the position of Chair of the board, undertook a selection process and made recommendations to the board.
- As part of that selection considered the skills and attributes required in a chair, the diversity of skills within the current board composition, the culture of the business and the strategic direction that the company wishes to take.
- Considered a range of candidates from a diverse demographic background with differing skills and experience, shortlisted with the help of an external search agency.
- Identified a candidate for Chair of the board.
- Identified a candidate who was recommended for the position of non-executive director of the board.
- Reviewed the composition of the board committees and made recommendations regarding further appointments.
- Considered the independence of the non-executive directors and made recommendations to the board.

Succession planning

- Reviewed the succession plans in place for the board and senior management team. Considering the succession plans for the CEO of the company and the orderly communication thereof.
- Provided the board with sufficient information to enable the board to assure itself that appropriate succession plans are in place to ensure the ongoing skills, expertise, stability and diversity of the board.

Diversity

When reviewing the composition of the board and considering the appointment of the Chair and non-executive director the committee:

- Considered the diversity of board members and, when possible, recommended appointments with a view to achieving a balance of skills with diversity.
- Considered the benefits of all aspects of diversity.
- Considered all candidates on merit against objective criteria with due regard to the balance of skills and experience and the benefits of diversity on the board.

Committee self-evaluation

The Nomination Committee conducted a self-assessment of its own effectiveness as well as an evaluation of the committee's chair in the period since formation and has agreed actions where improvements were suggested.

DIRECTORS' REMUNERATION REPORT

Statement by the Chair of the Remuneration Committee

Remuneration overview

On behalf of the board, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2019.

We were delighted to receive a vote of 98% for both our remuneration policy and our remuneration report at the 2019 AGM.

During the coming year we will be reviewing our remuneration policy in the context of the new UK Corporate Governance Code which applies from 1 October 2019. Given the recent focus on pensions, it is worth noting that, while executive directors are eligible to receive the same level of pension contribution as all employees, the current employer contributions in respect of executive directors' pensions are less than 4% of salary. The minimum employer contribution available to all employees in 2019 was 9% (or higher where employees make additional salary sacrifice). We also reviewed the UK Government changes to reporting regulations and chose voluntarily to disclose the CEO pay ratio in this year's report.

Since my 2018 report, Transact has expanded and, as at 30 September 2019 has 179,500 client investment portfolios, £37.80 billion of FUD and just under 500 staff across the Group companies.

We continued to retain a loyal work force, with more than 27% of our staff having been with the Group for longer than 10 years.

It remains one of our key principles to create, maintain and improve value provided to our principal stakeholders - customers, shareholders and employees. Whenever possible we are committed to sharing profits between all three of these stakeholders, and we believe all three should benefit from any of the Group's activities.

Against this background we take a very distinctive approach to remuneration. The key features of our reward framework are as follows:

- **Base salary** – Our remuneration is structured so the level of base salary represents a sufficiently high proportion of the total remuneration, so employees are not required to maximise their income through significant variable remuneration awards.
- **Relatively modest additional incentives** – Above basic salary, our maximum total additional incentive opportunity is only 100% of salary per annum. Ordinarily, we do not expect total annual variable remuneration awards to exceed 65% of salary.
- **Distinctive approach to performance measurement** – We do not have mechanical performance targets which apply to variable pay awards, because we believe that applying formulaic measures can lead to undesirable behaviours and/or outcomes. Instead, the committee exercises independent judgement and discretion when authorising remuneration outcomes, taking into account company and individual performance. Our performance measurement framework considers at least four "quantitative anchors" – profitability, stakeholder outcomes, risk and regulation and strategy delivery.
- **Alignment with wider workforce** – Our approach to remuneration for executive directors is consistent with that for all employees. Our incentive structure is aligned across the workforce and all employees are made awards under the same performance

framework. The pension policy for executive directors is equivalent to that of the workforce and at 1.25% for the CEO and 3.8% for the CFO, the actual employer pension contributions made in respect of executive directors are well below the 9% of salary contribution available to all employees. Employees (including the executive directors) may elect to sacrifice their remuneration and receive additional employer contributions. Our current pension arrangements therefore align with the new Corporate Governance Code.

- **Share ownership** – Our executive directors are significant shareholders in the company and all staff with the required accrued service are invited to become shareholders by way of the all staff Share Incentive Plan (SIP) which we are delighted to report has, during financial year 2019, had a 100% uptake for Free Shares and 82.7% for Partnership and Matching shares. The company was nominated for New Share Incentive Plan of the year at the ProShare awards in recognition of the outstanding take up of the scheme.

  The Group launched the parallel plan for all eligible employees in Australia towards the end of the year, with all employees able to participate on terms as close as possible to the UK scheme.

  The Group also operates a discretionary deferred bonus share option scheme which is open to all employees, at the discretion of the Remuneration Committee or the CEO. In financial year 2019 awards were made to all members of the management team both in the UK and Australia.

In summary, we believe in simple and transparent reward linked to Group success and personal performance and delivered in a way that does not drive undesirable behaviours or encourage excessive risk taking:

- The Group's deferred bonus Performance Share Plan 2018 has a maximum award opportunity of 33% of salary.
- We do not operate a long-term incentive plan, as we believe long-term targets have the potential to drive inadvertent behaviours.
- For executive directors, we reference performance against four key areas – financial, stakeholder, risk and regulation and strategy, taking a holistic approach to reviewing performance.
- We operate an HM Revenue & Customs tax-advantaged Share Incentive Plan (SIP) for UK and Isle of Man employees, as well as a parallel scheme for our Australian employees.

We believe our distinctive approach to remuneration supports both the objectives of the Group, our shareholders and our other stakeholders and is aligned to the key principles shared between us.

Application of the Directors' Remuneration Policy

The Directors' Remuneration Policy ("the Policy"), as set out on pages 60 to 76 of the Annual Report and Financial Statements for the year ended 30 September 2018, was approved at the company's AGM held on 21 February 2019. The Policy will remain in force until the AGM in 2022, unless the board proposes a new policy for shareholder approval.

Directors' salary and bonus awards were made in accordance with the Policy. Salary increases were broadly in line with all employee awards at 3.8% for the CEO and 3.8% for the CFO, compared to the award of 3.6% to all UK and IoM based staff. Directors' bonuses were awarded within the parameters of the Policy. The CEO was awarded a cash bonus of 40% and a bonus award deferred into shares of 31%. The CFO was awarded a cash bonus of 30% and a bonus award deferred into shares of 30%. In making these awards the Remuneration Committee considered the quantitative anchors and in particular, the financial performance of the company over the financial year, the delivery of the business strategy, the impact of the reduction in charges to clients and maintenance of staff engagement as evidenced by the stable turnover levels. Taking into account investor proxy agency feedback we have sought to improve our annual bonus performance disclosure this year.

We were delighted to welcome Richard Cranfield to the board as non-executive director and Chair-elect as well as Robert Lister as a non-executive director. Details of their remuneration can be found on page 78 of this report.

Signed on behalf of the IHP Remuneration Committee.

Neil Holden
Chair of the IHP Remuneration Committee

17 December 2019

Governance

Committee membership during the year

The members of the Remuneration Committee at 30 September 2019 were:

Name	Date of appointment
Neil Holden (Chair)	19 January 2018
Christopher Munro	19 January 2018

Role of the Remuneration Committee

The purpose of the committee is to review, set and agree aspects of the overall remuneration policy and strategy for the Group and the total compensation package for certain officers and employees within the Group. It does so with a view to aligning remuneration with the successful achievement of the Group's long-term objectives while taking into account the Code, relevant regulatory requirements, market rates and value for money.

The Group monitors the list of employees who are considered to be Code Staff by reference to the Financial Conduct Authority (FCA) Remuneration Code. To the extent that the committee does not approve the remuneration of Code Staff individually, the committee considers whether the total reward for each Code Staff employee remains compliant with the provisions of the Remuneration Code. The committee is also responsible for reviewing a remuneration policy statement (RPS) prepared by IFAL setting out how the UK regulated companies within the Group comply with UK regulatory requirements on remuneration.

In all its activities, the committee gives due consideration to laws and regulations, the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and other applicable rules, as appropriate, and to shareholder feedback.

Composition of the Remuneration Committee

The Remuneration Committee composition does not currently comply with the requirements of the Code. The board intends to appoint Richard Cranfield as a non-executive member to the committee upon his appointment to the IFAL board, as a result of which the committee composition will comply with the Code provisions.

The committee ensures that members take individual responsibility for identifying training appropriate to their needs and for keeping appropriate records of such training. Each committee member provides copies of their training record to the Company Secretary annually and undertakes all regulatory training requested by the Group.

Committee meetings and attendance

The Remuneration Committee meets at least twice annually and more frequently when required. The committee has met five times during this financial year. Attendance by each member of the committee as at 30 September 2019 is set out in the board and committee attendance table above.

Only members of the committee have the right to attend committee meetings. However, other individuals such as the CEO, directors of subsidiaries, the Company Secretary, the Group Counsel, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting.

The committee's work throughout the year

The committee has performed its duties with a view to aligning remuneration with the successful achievement of the Group's long-term objectives while taking into account the Code, relevant regulatory requirements, market rates and value for money.

The committee has undertaken the following this financial year:

Governance

- Reviewing the Remuneration Committee Terms of Reference to ensure their continuing appropriateness.
- Considering the membership of the committee and the provisions of the Code.

Awards

- Reviewing the appropriateness of the proposed annual staff pay award by reference to the RPS and the Remuneration Policy.
- Approving the proposed remuneration for the executive directors and senior managers.
- Approving the annual fee for the Chair of the board.
- Considering the appropriateness of remuneration for Code staff and the staff pay award.
- Reviewing and approving the making of PSP awards to executive directors and senior managers.
- Approving the establishment of the Share Incentive Plan and granting the 2018 Free Share Award and making an evergreen award of Partnership and Matching shares.

Committee self-evaluation

The Remuneration Committee conducted a self-assessment of its own effectiveness as well as an evaluation of the Chair in the period since formation, was satisfied with the results achieved and has agreed actions where improvements were suggested.

Remuneration "at a glance"

Element	Operation	Out-turns financial year 2019 and implementation in financial year 2020
Base salary	▪ Increases will take into account a number of factors including the scale of the role and the individual's experience and wider workforce increases.	The salary increase awarded was 3.8% for the CEO and 3.8% for the CFO which was broadly in line with the UK and IoM workforce increase of 3.6%. Salary with effect from 1 June 2019: ▪ CEO: £410,000 ▪ CFO: £270,000
Benefits[1]	▪ Includes, for example, death in service and private medical insurance.	Benefits for CEO and CFO comprise private healthcare. Overnight accommodation in London is provided for the CEO.
Pension	▪ The pension policy is equivalent to that of the wider workforce. ▪ The CEO and CFO's current pension arrangements are lower than those of the workforce.	CEO received a £5,000 pension contribution (1.3%). CFO received a £10,000 pension contribution (3.8%).
Annual bonus and deferred bonus award of shares	▪ Total maximum opportunity is 100% of salary. ▪ The committee retains flexibility to adjust the balance between cash and deferred bonus awards. ▪ The deferred bonus awards will usually vest on the third anniversary of the grant date. ▪ Deferred bonus awards granted under the company's PSP are subject to malus and clawback provisions as described below.	▪ Ordinarily, we do not expect awards to be in excess of 65% of salary. ▪ The committee uses judgement and discretion when determining outcomes under the annual bonus and deferred bonus awards. ▪ Outcomes are made by reference to the four quantitative anchors - profitability; customer; risk and regulation and strategy delivery. ▪ For financial year 2019 the CEO was awarded a cash bonus of 40% and a bonus award deferred into shares of 31%. The CFO was awarded a cash bonus of 30% and a deferred share award of 30%.
All employee share incentive plan	▪ The plan is operated in line with HMRC guidance.	Executive directors are eligible to participate in the all-employee SIP on the same terms as all employees.

[1] Directors are entitled to receive an employee discount on platform charges, in line with all employees.

2019 remuneration outcomes for our executive directors (audited)

			Total remuneration
Ian Taylor, CEO			
Fixed – £459k	Cash bonus – £164k	Deferred bonus – £128k	£751k
Alexander Scott, CFO			
Fixed – £281k	Cash bonus – £81k	Deferred bonus – £82k	£444k

Directors' Remuneration Policy
The Directors' Remuneration Policy was approved by ordinary resolution at the company's AGM held on 21 February 2019 and can be found on pages 61 to 71 of the company's Annual Report and Financial Statements for the year ended 30 September 2018, which is available in the Investor Information section of the company's website **www.integrafin.co.uk**

Statement of voting at the AGM
The company remains committed to ongoing shareholder dialogue and takes a close interest in voting outcomes. The following table set out voting outcomes in respect of the resolutions relating to approving directors' remuneration matters at the company's AGM on 21 February 2019:

Resolution	Votes for / discretionary	% of vote	Votes against	% of vote	Votes withheld
Approve the Remuneration Policy	182,328,173	98.19	3,365,297	1.81	1,121,272
Approve the Remuneration Report	182,738,516	97.98	3,768,710	2.02	307,516

How the Policy was applied in financial year 2019

Summary of total remuneration – executive directors (audited)

Director	Year	Gross Basic Salary £'000	Benefits £'000	Annual Bonus: Cash bonus £'000	Annual Bonus: Deferred shares £'000	LTIP £'000	Pension £'000	Other[2] £'000	Total £'000
Ian Taylor	2019	400	47[1]	164	128	0	5	7	**751**
	2018	384	48[1]	200	125	0	10	2[3]	**769**
Alexander Scott	2019	263	1[1]	81	82	0	10	7	**444**
	2018	253	0[1]	100	80	0	10	2[3]	**445**
Michael Howard	2019	0	0	0	0	0	0	0	**0**
	2018	0	0	0	0	0	0	0	**0**

[1] Benefits for Ian Taylor were £46,945 for 2019 and £48,407 for 2018
Benefits for Alexander Scott were £630 for 2019 and £497 for 2018
The difference is the value of overnight accommodation for Ian Taylor.
[2] Other remuneration relates to Share Incentive Plan awards and the employee discount on platform charges.
[3] In the 2018 report these figures were reflected in the Deferred Shares award. They have been separated out in this year's report.

Note to the table:

Michael Howard receives nil remuneration from the company, but his employer, ObjectMastery Services Pty Ltd, receives a fee of AUD 80k for his executive appointment to IAD Pty, a company within the Group. The fee was reviewed in June 2019 and was increased from AUD 50k with effect from 1 July 2018 resulting in a backdated payment which adjusted the total fee paid in respect of the company's 2018 financial year to AUD 57k.

Base salary (audited)

The basic annual salaries for Ian Taylor and Alexander Scott were reviewed in June 2019 in accordance with the company's all-employee pay review resulting in the following changes to the annualised salary figures:

Director	Basic annual salary as at 1 June 2018	Salary effective as at 1 June 2019
	£'000	£'000
Ian Taylor	395	410
Alexander Scott	260	270

Benefits

The CEO is entitled to overnight accommodation in London during the working week. Otherwise, executive directors do not receive any benefits which are not available to all employees. Benefits for CEO and CFO comprise private health care and an employee discount on platform charges, in line with all employees.

Incentives

IntegraFin has a distinctive culture focussed on our principal stakeholders – customers, shareholders and employees. Our incentive structure has been developed to support this culture:

- **Alignment across all staff** - All staff are eligible for an annual cash bonus award. Our incentive structure is aligned across the workforce and all employees are made awards under the same performance framework.
- **Modest incentive opportunity** – Our maximum total variable remuneration opportunity for executive directors is only 100% of salary, and ordinarily in practice we do not expect awards to exceed 65% of salary.
- **Deferred bonus awards** – Part of the incentive award is in cash and part is in shares through deferred bonus awards. We maintain flexibility on the proportion of each. Deferred bonus awards is our preferred long-term alignment mechanism and we do not operate a long-term incentive plan, as we believe long-term targets have the potential to drive inadvertent behaviours.
- **Our performance framework is also distinctive.** We do not set predefined targets. Instead the committee considers qualitative and quantitative actual performance against at least four "quantitative anchors":
  - Profitability
  - Stakeholder outcomes
  - Risk and regulation (including Environmental Social and Governance)
  - Strategy delivery

We also consider individual performance.

Within those broad categories the Remuneration Committee considers a wide variety of management information available to the board and its committees. The committee is not constrained by the metrics it places particular emphasis on as this can change year on year. The essence of the process is to use the metrics to arrive at a balanced judgement as to whether an award is warranted and, if so, at what level.

Annual bonus (cash and deferred share) awards for financial year 2019 (audited)

Director		**Cash award**		**Deferred award**
		£'000		**£'000**
Ian Taylor	164	40% of salary	128	31% of salary
Alexander Scott	81	30% of salary	82	30% of salary

The cash and deferred award percentages are by reference to the basic salary on 30 September 2019.

The bonus for the CEO and CFO are recommended by the board Chair and the CEO respectively, after consultation with board members. The Remuneration Committee members considered detailed information which covers factors such as financial performance, risk, compliance, conduct, internal controls, client and client adviser metrics, and delivery of strategy.

This year, as in past years, the committee reviewed the board Chair's and the CEO's proposals in that context, and considered whether the executive directors had delivered appropriate stakeholder, financial and strategic performance, whilst also managing risk and maintaining internal controls.

Each year the committee refers to the "quantitative anchors" described previously to frame that discussion and challenge. The approach to performance assessment is part of our distinctive approach to incentives, with relatively modest incentive opportunity and a structure which is aligned across the workforce. The committee believes that applying formulaic measures and targets can lead to undesirable behaviours and outcomes which are not in the interests of long term sustained performance. Instead, the committee exercises independent judgement and discretion when considering remuneration outcomes.

For financial year 2019 the assessment of whether cash and deferred bonus awards were justified was in particular informed by the following metrics and performance in the year:

Quantitative anchor (metrics and performance)

Financial performance	▪ Costs and headcount well managed in a volatile market where growth of FUD is mainly from net inflows rather than market changes; ▪ Financial performance was delivered in the context of reduced platform fees from 1 March 2019; ▪ Dividend flow and distributable reserves/regulatory capital from subsidiaries to support group dividend managed effectively; and ▪ Improved financial performance in other metrics (net inflows, earnings per share, expense ratio, profit margin, share price and market cap) has also been delivered.
Stakeholder outcomes	Clients and advisers ▪ The business continues to maintain or improve its market share and achieve high standards of satisfaction with clients and their advisers; ▪ Market share has increased as set out in the Transact Business Model section of the Strategic Report; ▪ Transact is the top advised platform for net flows; ▪ Transact reduced its platform charges to clients on 1 March 2019 ensuring the clients share in the Group's success. This aligns with a key principle of sharing profits between our key stakeholders - customers, shareholders and employees; ▪ High net promoter score which at 60% is the highest of all platforms; ▪ The Group received 4 awards during the financial year - Financial Adviser Service Awards: 5* Investment award; - Professional Adviser: Best Platform for Advisers (AUA over £20billion); - PLC Awards: New Company of the Year 2018; - Professional Paraplanner: Best Platform; ▪ Topped the Platforum User Leaderboard in September 2019; and ▪ Achieved top position in both the CoreData Investment Platform Study and the Investment Trends UK Adviser Technology & Business Report for the tenth year running. Employees ▪ Employees remain loyal and committed to the organisation with over 46% having service of more than 5 years and over 27% having service of more than 10 years; ▪ 100% of eligible employees took up the SIP free share award and 82.7% took up the Partnership Share award; ▪ The company has been shortlisted for an award for the best new share plan at the ProShare awards. Shareholders ▪ The company has distributed dividends in accordance with its dividend policy.

Risk and regulation and ESG	▪ Implementation of SM&CR is on track to embed senior management accountability for customer outcomes; ▪ Complaint and error and fraud rates are low and stable; ▪ Internal Audit programme completed; ▪ Risks including regulatory compliance have been managed within appetite and minor risk appetite breaches have been promptly identified and addressed; and ▪ Inaugural culture audit completed, and confirmed business operating in accordance with board's approved values and principles. The above achievements are also underpinned by the following: ▪ The company has early adopted some new Corporate Governance Code provisions and has made progress with regard to compliance with the remainder. ▪ From a risk appetite and conduct perspective the Group has shown appropriate adherence to internal, legal and regulatory policies, laws and rules and board reports demonstrate appropriate understanding and implementation of regulatory change projects; ▪ Monitoring, auditing and other assurance activities demonstrate appropriate attention to maintaining the internal control environment.
Strategy delivery	▪ Continuous improvement in platform functionality for advisers and customers and resilience of core platform and associated services; ▪ The delivery of the Vertus project remains within plan and in accordance with forecast; The above achievements are also underpinned by the following: ▪ An assessment of the Group's delivery of the Overriding Business Principles did not identify any material indicators that actions are taken outside of the Principles.

Based on a holistic assessment of Group performance, including consideration of the quantitative anchors and in particular the 2019 outcomes set out in the table above; and individual performance, the committee granted Ian Taylor a cash bonus award equal to 40% of salary and a deferred bonus award of 31%. The committee granted Alexander Scott a cash bonus award equal to 30% salary and a deferred bonus award of 30% of salary.

The deferred bonus award will be granted following the announcement of the Group's annual results. Awards will vest after three years and will be subject to malus and clawback provisions as detailed in the Remuneration Policy. In certain circumstances the committee has the right to reduce or withhold the deferred bonus award.

In determining the award for the CEO, the committee considered the performance of the Group in difficult market conditions and the extent to which the Group met its strategic objectives and exceeded the performance of the Group's competitors. In the light of these factors the committee concluded that it was appropriate to make a total bonus award in excess of 65%. The committee is satisfied that the performance of the CEO and the Group as a whole justifies an overall award of 71%.

LTIPs

In line with the Group's approach to remuneration, no awards will be made to executive directors that are dependent on performance conditions relating to more than one year and no such award was made in financial year 2019.

SIP

Executive directors are able to participate in the SIP. The board may make an award to participants of Free Shares up to the value of 3% of salary or £3,600 (whichever is lower) and may permit participants to subscribe for Partnerships Shares up to the value of 1.5% of salary or £1,800 (whichever is lower). For every Partnership Share purchased, two Matching Shares were awarded. The £3,600 and £1,800 limits are set by applicable legislation and will be revised automatically in the event of any changes to the legislation.

During financial year 2019, the maximum SIP award was granted to qualifying employees (including Ian Taylor and Alexander Scott). The Partnership and Matching Share Award was made on an evergreen basis and therefore all qualifying employees will be able to continue to participate in the plan unless it is revoked by the committee. Based on the Group's performance in 2019 the board has not revoked that award. The board has considered the Group's performance in financial year 2019 and, with the approval of the Remuneration Committee, has approved the making of a further maximum SIP Free Share award to qualifying employees (including Ian Taylor and Alexander Scott) when the company is not in a closed period. This will be following the announcement of the Group's financial results.

Pension contributions

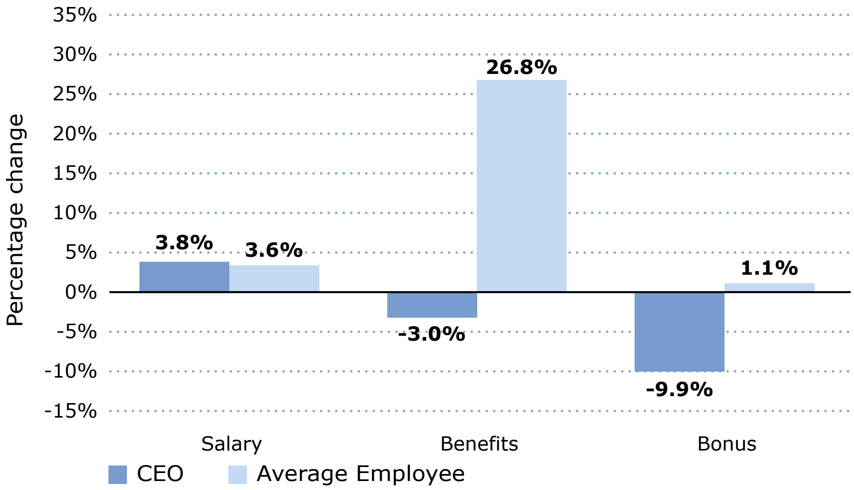
Pension contributions for Ian Taylor and Alexander Scott are currently made by reference to the relevant personal allowance. In the 2019 performance year the employer's pension contribution for Ian Taylor was £5,000 and for Alexander Scott was £10,000. In line with our remuneration principles, pension contributions for executive directors are aligned with those available to the wider workforce.

The minimum employer contribution available to all-employees in 2019 was 9%. For employees other than executive directors the Group has made contributions to personal pension arrangements for those employees who have sacrificed salary. Whilst this benefit is available to executive directors, neither the CEO nor the CFO has sacrificed salary.

Percentage change in CEO remuneration compared to average employee

The graph below shows the percentage movement in the salary, benefits and annual cash bonus for the Chief Executive between the current and previous financial year compared to that for the average Group employee.

PERCENTAGE CHANGE IN CEO REMUNERATION COMPARED TO AVERAGE EMPLOYEE



The SIP scheme is provided to all staff, including executive directors, and is not included above.

Notes to the table:

The CEO received a lower annual bonus in 2019 and his accommodation costs were reduced. The average staff annual cash bonus was 18.4% in 2019 compared to 19.1% in 2018. Some employees received a deferred share bonus award.

The table does not include salary and benefits movement for Australian employees as their employment benefit package differs from the UK staff package in recognition of different compensation and benefit rules in Australia. It has therefore been deemed inappropriate to include their remuneration in this comparison.

CEO pay ratio table

The following table sets out the ratio of the CEO's pay to each of the Group's median, lower quartile and upper quartile pay for UK employees.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Financial Year 2019	Option A	18:1	15:1	10:1

The CEO pay ratios were calculated using "Option A", set out in the Companies (Miscellaneous Reporting) Regulations 2018. Under this method, the full pay and benefits of each UK employee were used to identify those employees that represented the Group's median, lower quartile and upper quartile pay for UK employees. The full pay and benefits of these employees were then used to calculate the ratios as at 30 September 2019. The Group elected to use "Option A" as its method of calculation as it felt that using the full pay and benefits of all employees was the most accurate method of identifying those employees that represented the Groups' mean median, lower quartile and upper quartile pay for UK employees. To determine the full time equivalent pay and benefits of non-standard workers, part-time workers' remuneration was grossed up to the equivalent full time pay.

Executive director remuneration compared to wider workforce

Our approach to remuneration for executive directors is consistent with that for all employees.

- Incentives - Our incentive structure is aligned across the workforce and all employees are made awards under the same performance framework. For more senior employees a portion is deferred into shares.
- Pension - For all employees the maximum company contribution available in financial year 2019 was 15.2%. Whilst executive directors are eligible to receive the same level as (but no more than) all employees, the pension currently provided to executive directors is less than 4% of salary, considerably lower than the pension provided to the workforce.
- SIP - All employees receive SIP shares based on company performance. This year the maximum of 3% of salary (up to a maximum of £3,600) was awarded, with additional partnership and matching shares available.

Relative importance of spend on pay

The following table sets out the percentage change in profit, dividends paid and overall spend on pay in the year ending 30 September 2019, compared to the year ending 30 September 2018.

	2019 £'000	2018 £'000	Percentage Change
IFRS profit after tax	40,147	32,906	22.0%
Dividends	29,807[2]	30,780[1]	-3.1%
Employee remuneration costs	30,233	28,646	5.5%

[1] Full year interim dividend plus pre-IPO special dividend
[2] Full year interim dividend plus half year interim dividend

Payments to past directors

There were no payments to past directors

Payments for loss of office

There were no payments for loss of office

Share awards made during the year (audited)

	Type of interest awarded		Basis on which award made [1,2]		Face value awarded[3]	Percentage receivable for minimum performance	Number of shares awarded	End of deferral period
Ian Taylor	Deferred bonus	Conditional share award	33% salary less award of SIP Free and Matching shares	19/12/18	£124,252.32	100%	45,681	19/12/21
	SIP	Free Shares	3% (Free and Matching shares) of Salary subject to maximum of £3600 each per annum pro-rated for the period that the company was listed and 1.5% (for Partnership Shares) subject to a maximum of £1800 per annum	03/01/19	£2,101.20	100%	680 (Free)	N/A[4]
		Partnership Shares		21/01/19	£1,352.96			
		Matching Shares		21/01/19	£2,705.92			
Alexander Scott	Deferred bonus	Conditional share award	33% salary less award of SIP Free and Matching shares	19/12/18	£79,845.60	100%	29,355	19/12/21
	SIP	Free Shares	3% (Free and Matching shares) of Salary subject to maximum of £3600 each per annum pro-rated for the period that the company was listed and 1.5% (for Partnership Shares) subject to a maximum of £1800 per annum	03/01/19	£2,101.20	100%	680 (Free)	N/A[4]
		Partnership Shares		21/01/19	£1,353.96			
		Matching Shares		21/01/19	£2,705.92			

[1] Deferred share awards form part of the annual incentive, for which awards were determined based on performance to 30 September 2019.

[2] SIP Free Share awards were determined based on Group performance to 30 September 2018. SIP Partnership and Matching awards are loyalty awards and were granted in January 2019 and will continue unless revoked by the Remuneration Committee.

[3] The face-value of the deferred bonus share award is calculated using average share price from 14/12/2018 to 18/12/2018 which was £2.72. The face value of the Free Shares is calculated using the share price paid by the SIP administrator on the date of purchase which was £3.09. The face value of the Partnership and Matching Share award is calculated using the total number of Partnership and Matching Shares bought on behalf of the relevant individuals during the financial year and an average share price for matching share purchases.

[4] The SIP is operated in line with HMRC guidance.

Shareholding requirements and Directors' share interests

No share awards other than the all staff Share Incentive Plan and the deferred bonus Performance Share Plan share award were awarded to executive directors during the financial year.

There are no minimum shareholding requirements in place for the company's directors.

Director/ Connected person	1p ordinary shares	SIP Shares	Deferred bonus share Scheme (no performance conditions)	Vested but unexercised	Options exercised	Shares held at 30.09.2019 Total	Shares held at 30.09.2018 Total
Ian Taylor	12,805,258	206,874[1]	45,681	0	0	13,057,813	12,805,258
Michael Howard	50,038,247	0	0	0	0	50,038,247	50,038,247
Alexander Scott	1,148,260	1,774	29,355	0	0	1,179,389	1,148,260
Christopher Munro	1,426,324	0	0	0	0	1,426,324	1,426,324
Neil Holden	15,000	0	0	0	0	15,000	0
Caroline Banszky	7,500	0	0	0	0	7,500	0
Victoria Cochrane	0	0	0	0	0	0	0
Richard Cranfield	10,000	0	0	0	0	10,000	-
Robert Lister	0	0	0	0	0	0	-

[1] Includes 205,100 shares held in the company's 2005 Share Incentive Plan prior to the IPO

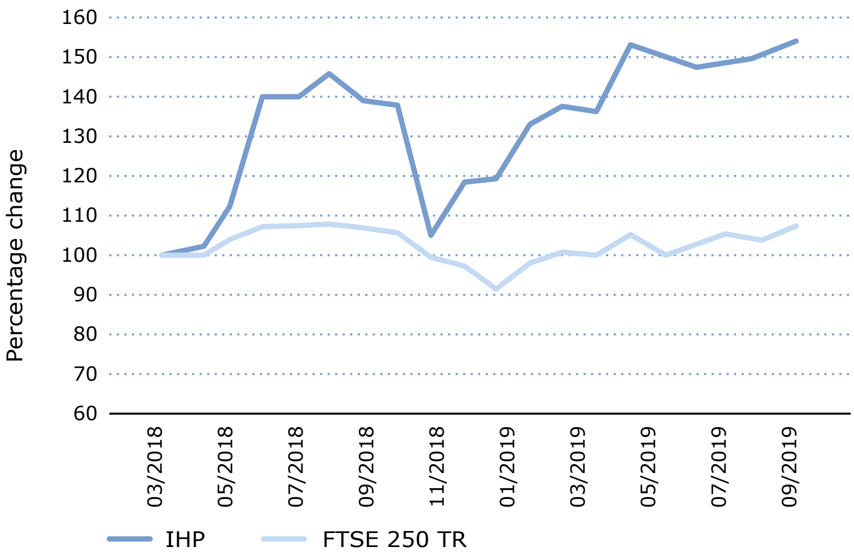
Shareholder return performance graph and CEO pay over the same period

This graph shows the company's total shareholder return performance from Admission to 30 September 2019.

The company has chosen to show total shareholder return against the FTSE 250 total return over the same period, as the board considers this to be the most appropriate comparator.

Total shareholder return performance vs FTSE250 since 2 March 2018

IHP vs FTSE250 Total return



The following table shows the Chief Executive Officer's remuneration for financial year 2019:

CEO remuneration	CEO single figure of remuneration	Annual bonus payout (as a % of maximum opportunity)	LTIP vesting out-turn (as a % of maximum opportunity)
2019	£751k	71%	N/A
2018	£769k	82%[1]	N/A

[1] At the point of the 2018 award the annual bonus was operated on an uncapped basis. In order to facilitate comparison, the current 100% of salary cap has been applied retrospectively.

Chair and non-executive director remuneration (audited)

There has been no increase to the remuneration paid to the Chair and non-executive directors during the financial year. In respect of the financial year ending 30 September 2019 the amounts are as follows.

Element of remuneration by director	Year	Fees £'000	Expenses £'000
Christopher Munro	2019	100	0
	2018	57	0
Neil Holden	2019	60	0
	2018	52	0
Caroline Banszky	2019	60	0
	2018	7	0
Victoria Cochrane	2019	60	0
	2018	-	-
Richard Cranfield	2019	27	0
	2018	-	-
Robert Lister	2019	16	0
	2018	-	-

De minimis expenses are for reimbursement of extraordinary communication costs and taxable travel expenses grossed up for the tax payable thereon.

ADVISERS

Deloitte LLP ("Deloitte") is retained as adviser to the Remuneration Committee. Deloitte was appointed by the committee, and the committee is satisfied the advice provided by Deloitte is objective and independent. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK.

Deloitte has provided advice on the content of this Directors' Remuneration Report. For financial year 2019, total fees were £21,800, with fees on a time and materials basis. Deloitte has provided no other services to the company during the financial year.

In addition to Deloitte the following people have provided material advice or services to the committee during the year:

David Johnson – Group Counsel; and

Helen Wakeford – Head of Legal and Company Secretary.

DIRECTORS' REPORT

The directors present their report and Financial Statements for the year ending 30 September 2019.

The content of the "Management Report" required by the FCA Disclosure and Transparency Rule DTR4.1 is in the Strategic Report and the Governance section of the Annual Report and Financial Statements, which also contains details of likely future developments identified by the board.

The Corporate Governance Report on page 49 forms part of the Directors' Report.

Information disclosed in accordance with the requirements of the applicable sections of the FCA Listing Rule LR9.8 (Annual Financial Report) can be found here:

Details of long-term incentive schemes
– *The Directors' Remuneration Report*

Directors' interests in the company's shares
– *The Directors' Remuneration Report*

Major shareholders' interests
– *Directors' Report*

Directors' unexpired contract terms
– *Directors' Report*

Directors transactions in the company's shares
– *Director's Report*

Details of non-financial reporting
– *Corporate Social Responsibility Report*

The review of the business and principal risks and uncertainties are disclosed in the Strategic Report.

Directors

The Directors who served during the financial year were as follows:

Christopher Munro

Caroline Banszky

Victoria Cochrane

Richard Cranfield
(from 26 June 2019)

Neil Holden

Michael Howard

Robert Lister
(from 26 June 2019)

Alexander Scott

Ian Taylor

According to the Register of Directors' Interests in the company, no rights to subscribe for shares were granted or exercised by any of the directors or their immediate families during the financial year.

Rights for share options were granted to Ian Taylor and Alexander Scott under the company's deferred bonus Performance Share Plan.

Richard Cranfield and Robert Lister are standing for election at the upcoming AGM.

All other directors are standing for re-election at the upcoming AGM.

The appointment and replacement of directors is governed by the company's Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. The directors may exercise all the powers of the company.

Details of unexpired contract terms

The following non-executive directors will have the stated unexpired contract terms when they stand for re-election at the AGM

Director	Unexpired Contract Term (years)
Christopher Munro	1 year
Neil Holden	2 years
Caroline Banszky	1.75 years
Victoria Cochrane	1.75 years
Richard Cranfield	2.25 years
Robert Lister	2.25 years

Status of company

The company is registered as a public limited company under the Companies Act 2006.

Stakeholders

The Group considers its principal stakeholders to be the customers using the platform, the employees of the Group and the company's shareholders. The Group also has longstanding relationships with a number of key suppliers.

Diversity and inclusion

The Group recognises the benefits of companies having a diverse board and sees diversity at board level as important in maintaining good corporate and board effectiveness. The Group has an established diversity policy dealing with appointments to the board.

The objective of the Group's diversity policy is to ensure that new appointments to any board within the Group are made on merit, taking into account the different skills, industry experience, independence, knowledge and background required to achieve a balanced and effective board.

When determining the composition of the board, consideration is given to the diversity of board members and, when possible, appointments are made with a view to achieving a balance of skills with diversity.

Share capital

Structure of the company's capital

The company has 331,322,014 ordinary £0.01 shares in issue. There are no treasury shares, other than those held by the Employee Benefit Trust to satisfy options awarded under the PSP scheme.

Voting rights

At any General Meeting, on a show of hands, any member present in person has one vote and every proxy present who has been duly appointed by a member entitled to vote on a resolution has one vote. On a poll vote every person present in person or by proxy has one vote for every share held. All shares carry equal voting rights and there are no restrictions on voting rights.

Restrictions on share transfers

There are no restrictions on the transfer of shares held by executive directors and senior managers.

Purchase of own shares

At the 2019 AGM, shareholders authorised the company to buy back up to 10% of its own ordinary shares by market purchase at any time prior to the conclusion of the AGM to be held in 2020.

Whilst such authority would only be used if the board was satisfied that to do so would be in the interests of shareholders, the board considers it desirable to have the general authority in order to maintain compliance with the regulatory capital requirements or targets applicable to the Group.

The company did not purchase any of its own shares during the financial year.

Substantial shareholders

As at 16 December 2019, the company had been notified of the following interests in 3% or more of the company's issued ordinary share capital disclosed to the company under Disclosure Guidance and Transparency Rule 5. The information provided below was correct as at the date of notification. It should be noted that these holdings are likely to have changed since notified to the company. However notification of any change is not required until the next applicable threshold is crossed.

Shareholder	Nature of Holding	Number of Ordinary Shares at 30 September 2019	% of Voting Rights at 30 September 2019	Number of Ordinary Shares at 16 December 2019	% of Voting Rights at 16 December 2019
BlackRock Inc	Indirect	19,238,883	5.80%	19,238,883	5.80%
	Securities Lending	2,726,710	0.82%	2,726,710	0.82%
	Contracts for difference	2,437,303	0.73%	2,437,303	0.73%
Montanaro Asset Management Limited	Direct	10,015,000	3.02%	10,015,000	3.02%
Michael Howard	Direct	43,950,000	13.26%	37,950,000	11.45%

The percentage provided was correct at the date of notification.

The interests of the directors, and any persons closely associated, in the issued share capital of the company are shown on page 76.

Directors' interests

Save for the shareholding details set out in the Directors' Remuneration Report, there has been no change to the interests of any of the directors or their Persons Closely Associated during the financial year.

Dividends

In financial year 2019 the company paid two interim dividends. Both dividends were paid by reference to the company's issued and allotted share capital on the record date.

An interim dividend of 6.4 pence per share, which equates to £21.2 million, was paid on 18 January 2019.

An interim dividend of 2.6 pence per share, which equates to £8.6 million, was paid on 21 June 2019.

An interim dividend of 5.2 pence per share, which equates to £17.2 million, has been declared by the board and will be paid in January 2020.

Indemnity provision

Directors' and officers' insurance is in place to indemnify the directors against liabilities arising from the discharge of their duties as directors of the company.

Employee information and engagement

The company has no employees (2018: nil), but the Group has 486 employees (2018: 519). The Group continues to promote a culture whereby employees are encouraged to develop and contribute to the overall aims of the business.

The company has considered the requirements of section 172 of the Companies Act to ensure that the interests of employees are considered by the board in discussions and decision making, and the associated provisions of the 2018 Corporate Governance Code regarding the method of engagement with the workforce.

The company and individual directors engage with the work force on an informal and regular basis. The work force is predominantly based in the London office and the CEO and CFO provide opportunities for all UK based staff to attend presentations following the publication of the interim and year end results during which updates are provided on the Group's performance. A recording of the presentations is made available on the Group's staff intranets for those who cannot attend. The CEO also communicates with all staff following each quarterly market announcement, and in the event of any developments within the business. The CEO and CFO are available to all staff and the Group's culture is one of openness and inclusivity.

Given the size and location of the workforce; the flat and accessible nature of the hierarchy; and the many long and close working relationships that exist within the Group; the board has determined that it is appropriate to continue to establish and take into account the interest of the workforce by way of extensive informal engagement combined with occasional quantitative research and feedback.

Engagement with suppliers

The Group monitors its relationships with key suppliers and relationship meetings are held with suppliers of critical business services. The Group monitors its payment performance with suppliers and further details are set out in the Corporate Social Responsibility report on page 44.

Articles of Association

The Articles of Association may be amended by special resolution of the shareholders.

Greenhouse gasses

For commentary on greenhouse gasses, please see the Corporate Social Responsibility report on page 45.

Political donations

As per the Corporate Social Responsibility report on page 45 the Group does not make political donations.

Employment of disabled people

For commentary on the Group's policy regarding the employment of disabled people, please see the Corporate Social Responsibility report on page 44.

Post year end events

Events after the reporting date are detailed in note 29. There are no reportable events (2018: none).

Auditor

BDO LLP has indicated its willingness to continue in office, however, the audit contract will be up for tender in 2020 in compliance with the requirements of the The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

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

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the board,

Ian Taylor
Chief Executive Officer

Alexander Scott
Chief Financial Officer

17 December 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with the Companies Act 2006 and for being satisfied that the Annual Report and Financial Statements, taken as a whole, give a fair, balanced and understandable view which provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

The directors are also responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and Group and of the profit or loss of the Group for that year.

In preparing the Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company and Group will continue in business.

The directors are responsible for keeping adequate accounting records that show and explain the Group's transactions, disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The current directors, whose names and functions are listed on pages 46 to 48, at the date of approval of this report, confirm that:

- they have taken all of the steps that they ought to have taken as directors to make themselves aware of any information needed by the company's auditor for the purposes of the audit, and to establish that the auditor is aware of that information;
- they are not aware of any relevant audit information of which the auditor is unaware;
- to the best of their knowledge, the financial statements, 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 issuer and the undertakings included in the consolidation taken as a whole;
- the management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- 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 performance, strategy and business model of the company and Group.

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated Financial Statements as they believe the Group will continue to be in business, and meet any liabilities as they fall due, for a period of at least twelve months from the date of approval of the Financial Statements.

By order of the board,

Helen Wakeford
Company Secretary

17 December 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRAFIN HOLDINGS PLC

Opinion

We have audited the financial statements of IntegraFin Holdings plc (the "parent company") and its subsidiaries (the "Group") for the year ended 30 September 2019 which comprise the Consolidated and company Statement of Profit and Loss and Other Comprehensive Income, Consolidated and company Statement of Financial Position, Consolidated and company Statement of Cash Flows, Consolidated and company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2019 and of the Group's and parent company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, 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 principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether 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 period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	**How we addressed the key audit matter in the audit**
Revenue Recognition The Group's revenue is made up of distinct components which comprises of: ▪ Annual commission income of £86.7m charged for the administration of products on the Transact platform ("IAS"); ▪ Wrapper fee income of £9m charged for each of the tax wrappers held by clients; and ▪ Other income of £3.5m comprising buy commission and dealing charges. *Refer to page 26 of the Strategic report, note 1 (d) (accounting policies) and note 5 (financial disclosures).* Annual commission and wrapper fees comprise majority of the Group's revenue and constitute the recurring revenue. There is a presumption associated with revenue that a fraud risk exists due to its nature as the main driver of profit for the Group. Revenue is automatically calculated by the IT system based on Transact published rates. Due to the high level of automation involved, any fraud or error associated with revenue recognition may result in a material misstatement of the financial statements. Because of the level of automation involved and because of the significant effect that a weakness or failure in the IT system over revenue may cause, this is considered to be a key audit matter.	Our procedures focused on the key IT processes and controls over IT systems critical to the recognition and calculation of revenue. We updated our understanding of the Group's key IT applications, processes and controls that drive the recognition and calculation of revenue by carrying out walk-through procedures. We then performed the following procedures: ▪ We tested the operating effectiveness of the IT General Controls (ITGCs) governing Logical Access Control, Program Change Control and Data Processing Management; ▪ We tested the operational effectiveness of relevant application interfaces; and ▪ We performed testing on relevant reports and information extracted from the IT system to ensure accuracy and completeness of information produced by the entity ("IPE"); and Controls testing: We tested the controls in place over accuracy of inputs into the IAS IT platform, as these represent key controls over the accuracy and completeness of revenue recognition. These procedures included: ▪ Testing the controls over the opening of new client portfolios, as the number of clients impacts the value of FUD and the number of wrappers on which revenue is generated from; ▪ Testing the execution controls in place over trade instructions from clients to provide assurance over accuracy and validity of revenue generated from these trades; ▪ Testing the controls in place covering the identification and resolution of rejected trades to provide assurance over revenue recognised; and ▪ Testing the controls in place covering the approval of fee exceptions (i.e. staff discounts), as changes in rates could affect revenue recognised. We tested the controls in place covering client money and asset records held within the IAS IT system as revenue is generated from these balances which comprise FUD. The control procedures provided assurance over the integrity of the data within the IAS IT system. These procedures included: ▪ Testing the controls over external and internal client money reconciliations, with external client money balances being agreed to external bank statements; ▪ Testing the controls over external custody asset reconciliations and agreeing the asset balances to external custodian confirmations; and ▪ Testing the controls in place covering the Internal System Evaluation Monitoring procedures ("ISEM") which encompasses management's controls in place over completeness and accuracy of IAS records, for both individual client records and for aggregate records of assets. These controls also cover the systems and controls in place that identify and resolve discrepancies in any records of custody assets. Tests of detail procedures: ▪ We tested the accuracy and completeness of revenue by performing a recalculation of key income streams including annual commission; buy commission and wrapper fee income. This was then compared against the amount recognised in the financial statements; ▪ We validated the key inputs into the revenue recalculation by corroborating them to supporting documentation and testing the report logic within the IAS IT system, and ▪ We assessed the revenue accounting policies and confirmed they are applicable to International Financial Reporting Standards (IFRSs) as adopted by the European Union. Our results: From testing we have found no material exceptions over this matter.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	Overall materiality: £2.45m (2018: £2.05m) Performance materiality: £1.84m (2018: £1.54m)	Overall materiality: £415k (2018: £418k) Performance materiality: £311k (2018: 314k)
Basis for determining materiality	The principal measure considered in both the current and prior year was a benchmark of 5% of profit on ordinary activities before taxation attributable to shareholders of £48.9 million (2018: £40.9m). Profit on ordinary activities before taxation attributable to shareholders has been used as it is the most significant determinant of the Group's financial performance used by shareholders. Performance materiality was calculated using 75% of overall materiality based on our risk assessment procedures and the expectation of a low number of misstatement.	We used 1% of total assets of £41.5m (2018: £41.8m) as the basis of materiality as the company is the parent entity of the Group, and does not earn any income other than dividends from subsidiary entities. Performance materiality was calculated using 75% of overall materiality based on our risk assessment procedures and the expectation of a low number of mis-statement.
Materiality for policyholder assets and liabilities and associated income statement line items	Overall materiality: £168.86m (2018: £146.89m) Performance materiality: £126.6m (2018: £110.17m)	Not applicable
Basis for determining materiality	Based on the guidance on the audit of insurers issued in the United Kingdom issued by the Financial Reporting Council we have applied a higher materiality for the policyholder assets and liabilities, solely for the purpose of identifying and evaluating the effect of misstatements that are likely only to lead to a reclassification between line items within assets and liabilities. The entities manage investment linked assets on behalf of their clients (long term insurance business). Any liability owed to its client is covered by the assets held by the entities and the investment return derived on the associated assets is offset by the change in provision for investment contract liabilities. Therefore using 1% of total assets is appropriate for determining this materiality level.	Not applicable

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall group materiality.

Audits of the components were performed at a materiality level calculated by reference to a proportion of group materiality appropriate to the relative scale of the business concerned. For the two components not audited by the group audit team, an overall materiality of £2.21m was used for each component, and £151.97m was used for the application of a higher materiality for the policyholder assets and liabilities.

For components out of scope of our Group audit and considered non-significant, these components were principally subject to analytical review procedures, together with additional testing over audit risk areas.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of £49,000. For policyholder assets and liabilities and associated income statement line items we agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of £3.4 million. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material in terms of their absolute monetary value or on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Group's activities and the overall control environment. Based on this understanding we assessed those aspects of the Group's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements.

We performed an assessment to determine which components were significant to the Group. All components which financially contributed greater than 15% of the Group's profit before tax, net assets or total expenses were identified as significant and requiring a full scope audit of their complete financial information.

Five components were considered to be financial significant to the Group, with four of them being located in the United Kingdom and one being located in the Isle of Man. All five components were subject to a full scope audit. The work for three of the components (all within the United Kingdom) was performed by the group audit team and the other two was performed by the component auditors.

Based on our assessment, there were three insignificant components of the Group. Two components required an audit due to company law requirements and were subject to a full scope audit performed by the group audit team. The other insignificant component was subject to analytical review procedures by the Group audit team.

Our assessment performed is consistent with the prior year, with no significant changes identified in the Group structure or analysis of components.

During the course of the audit, we issued detailed Group instructions to the component auditors, we visited their offices in the Isle of Man to conduct a full review of their work, we engaged regularly with them, we attended the component audit committee meeting held on the 28 November 2019 and we reviewed their component reporting. A dedicated member of the Group audit team was assigned to facilitate an effective and consistent approach to component oversight.

These procedures were performed to an appropriate level of materiality having regard to the level of group materiality descripted above as well as aggregation risk. All significant components of the Group have conterminous year ends.

Capability of the audit to detect irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, IFRSs as adopted by the European Union, the Financial Conduct Authority's regulations and the Listing Rules.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of correspondence with the regulator;
- review of minutes of board meetings throughout the period; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable – by the directors that they 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 performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with 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 those reports have been prepared in accordance with applicable legal requirements; and
- the strategic report and the directors' report have been prepared in accordance with the applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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 Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the board of directors to audit the financial statements for the year ending 30 September 2011 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ending 30 September 2011 to 30 September 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Fung-On
(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

December 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2019 £'000	2018 £'000
Revenue			
Fee income	**5**	99,165	91,194
Cost of sales		(806)	(824)
Gross profit		**98,359**	**90,370**
Administrative expenses	**7**	(49,726)	(49,651)
Impairment losses on financial assets		(20)	(32)
Net income attributable to policyholder returns	**9**	7,115	5,309
Operating profit		**55,728**	**45,996**
Operating profit attributable to policyholder returns	**9**	**7,115**	**5,309**
Operating profit attributable to shareholder returns		**48,613**	**40,687**
Investment returns		37	23
Interest income		308	211
Profit on ordinary activities before taxation		**56,073**	**46,230**
Profit on ordinary activities before taxation attributable to policyholder returns	**9**	**7,115**	**5,309**
Profit on ordinary activities before taxation attributable to shareholder returns		**48,958**	**40,921**
Policyholder tax	**8**	(7,115)	(5,178)
Tax on profit on ordinary activities	**8**	(8,811)	(8,146)
Profit for the financial year		**40,147**	**32,906**
Other comprehensive income			
Exchange losses arising on translation of foreign operations		(20)	(66)
Total other comprehensive income for the financial year		**(20)**	**(66)**
Total comprehensive income for the financial year		**40,127**	**32,840**
Earnings per share			
Earnings per share – basic and diluted	**6**	12.1p	9.9p

All activities of the Group are classed as continuing.

Notes 1 to 30 form part of these Financial Statements

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2019 £'000	2018 £'000
Revenue		-	-
Cost of sales		-	-
Gross profit		**-**	**-**
Administrative expenses	**7**	(1,096)	(3,377)
Impairment losses on financial assets		(24)	-
Operating loss		**(1,120)**	**(3,377)**
Dividend income	**30**	30,118	40,130
Interest income		66	93
Profit on ordinary activities before taxation		**29,064**	**36,846**
Tax on profit on ordinary activities	**8**	-	-
Profit for the financial year		**29,064**	**36,846**
Other comprehensive income		-	-
Total comprehensive income for the financial year		**29,064**	**36,846**

All activities of the company are classed as continuing.

Notes 1 to 30 form part of these Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2019 £'000	2018 £'000
Non-current assets			
Loans		1,185	1,189
Intangible assets	**10**	12,951	12,966
Property, plant and equipment	**11**	2,405	1,813
Deferred tax asset	**20**	157	44
Deferred acquisition costs	**13**	50,443	46,073
		67,141	62,085
Current assets			
Financial assets at fair value through profit or loss	**15**	5,066	6,219
Other prepayments and accrued income	**16**	13,082	11,471
Trade and other receivables	**17**	6,510	4,058
Investments and cash held for the benefit of policyholders	**14**	16,665,048	14,489,933
Cash and cash equivalents		132,340	116,849
		16,822,046	14,628,530
Current liabilities			
Trade and other payables	**18**	17,024	14,764
Liabilities for linked investment contracts	**14**	16,665,048	14,489,933
Current tax liabilities		3,342	3,195
		16,685,414	14,507,892
Non-current liabilities			
Provisions for liabilities	**22**	24,564	19,137
Deferred income liability	**19**	50,443	46,073
Deferred tax liabilities	**20**	13,248	12,570
		88,255	77,780
Net assets		**115,518**	**104,943**
Capital and reserves			
Called up equity share capital	**23**	3,313	3,313
Capital redemption reserve		2	2
Share-based payment reserve	**24**	1,008	530
Employee Benefit Trust reserve	**25**	(275)	-
Foreign exchange reserve		(44)	(24)
Non-distributable reserves	**26**	5,722	5,722
Non-distributable insurance reserves		501	501
Profit or loss account		105,291	94,899
Total equity		**115,518**	**104,943**

These Financial Statements were approved by the Board of Directors on 17 December 2019 and are signed on their behalf by:

Ian Taylor
Director
Company Registration Number: 08860879

Notes 1 to 30 form part of these Financial Statements

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2019 £'000	2018 £'000
Non-current assets			
Investment in subsidiaries	**12**	15,800	14,563
Loans		1,184	1,189
		16,984	15,752
Current assets			
Prepayments	**16**	30	33
Other receivables	**17**	86	52
Cash and cash equivalents		24,342	26,309
		24,458	26,394
Current liabilities			
Trade and other payables	**18**	518	723
		518	723
Net assets		**40,924**	**41,423**
Capital and reserves			
Called up equity share capital	**23**	3,313	3,313
Profit or loss account		37,006	37,760
Share-based payment reserve	**24**	880	350
Employee Benefit Trust reserve	**25**	(275)	-
Total equity		**40,924**	**41,423**

These Financial Statements were approved by the Board of Directors on 17 December 2019 and are signed on their behalf by:

Ian Taylor
Director
Company Registration Number: 08860879

Notes 1 to 30 form part of these Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	2019 £'000	2018 £'000
Cash flows from operating activities		
Profit before tax	56,073	46,230
Adjustments for:		
Amortisation and depreciation	669	608
Share-based payment charge	1,237	350
Interest on cash held	(308)	(211)
Investment returns	(37)	(23)
Increase in trade and other receivables	(4,064)	(3,871)
Increase/(decrease) in trade and other payables	2,260	(444)
Decrease in current asset investments	1,153	2,676
Increase in provisions	5,993	9,101
Increase in liabilities for linked investment contracts	2,175,115	2,542,281
Increase in investments and cash held for the benefit of policyholders	(2,175,115)	(2,542,281)
Cash generated from operations	**62,976**	**54,416**
Income taxes paid	(15,779)	(12,932)
Net cash flows from operating activities	**47,197**	**41,484**
Investing activities		
Acquisition of tangible assets	(1,246)	(542)
Decrease in loans	3	684
Interest on cash held	308	211
Investment returns	37	23
Net cash used in investing activities	**(898)**	**376**
Financing activities		
Purchase of own shares in Employee Benefit Trust	(275)	-
Settlement of share-based payment reserve	(706)	-
Equity dividends paid	(29,807)	(30,780)
Net cash used in financing activities	**(30,788)**	**(30,780)**
Net increase in cash and cash equivalents	**15,511**	**11,080**
Cash and cash equivalents at beginning of year	**116,849**	**105,829**
Exchange losses on cash and cash equivalents	(20)	(60)
Cash and cash equivalents at end of year	**132,340**	**116,849**

Notes 1 to 30 form part of these Financial Statements

COMPANY STATEMENT OF CASH FLOWS

	2019 £'000	2018 £'000
Cash flows from operating activities		
Loss before tax and dividends	(1,054)	(3,284)
Adjustments for:		
Interest	(66)	(93)
Increase in trade and other receivables	(30)	(78)
Decrease in trade and other payables	(205)	(433)
Net cash flows from operating activities	**(1,355)**	**(3,888)**
Investing activities		
Dividends received	30,118	40,130
Interest received	66	93
Decrease in loans	3	684
Net cash generated from investing activities	**30,187**	**40,907**
Financing activities		
Purchase of own shares in Employee Benefit Trust	(275)	-
Settlement of share-based payment reserve	(706)	-
Equity dividends paid	(29,818)	(30,791)
Net cash used in financing activities	**(30,799)**	**(30,791)**
Net increase in cash and cash equivalents	**(1,967)**	**6,228**
Cash and cash equivalents at beginning of year	**26,309**	**20,081**
Cash and cash equivalents at end of year	**24,342**	**26,309**

Notes 1 to 30 form part of these Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Other reserves £'000	Share-based payment reserve £'000	Non-distributable reserves £'000	Non-distributable insurance reserves £'000	Employee Benefit Trust £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2017	**57**	**44**	**308**	**5,722**	**501**	**-**	**95,894**	**102,526**
Comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	32,906	32,906
Movement in currency translation	-	(66)	-	-	-	-	-	(66)
Total comprehensive income for the year	**-**	**(66)**	**-**	**-**	**-**	**-**	**32,906**	**32,840**
Distributions to owners:								
Issue of share capital	3,256	-	-	-	-	-	(3,256)	-
Dividends	-	-	-	-	-	-	(30,780)	(30,780)
Other movement	-	-	222	-	-	-	135	357
Total distributions to owners	**3,256**	**-**	**222**	**-**	**-**	**-**	**(33,901)**	**(30,423)**
Balance at 1 October 2018	**3,313**	**(22)**	**530**	**5,722**	**501**	**-**	**94,899**	**104,943**
Comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	40,147	40,147
Movement in currency translation	-	(20)	-	-	-	-	-	(20)
Total comprehensive income for the year	**-**	**(20)**	**-**	**-**	**-**	**-**	**40,147**	**40,127**
Distributions to owners:								
Dividends	-	-	-	-	-	-	(29,807)	(29,807)
Share-based payment expense	-	-	1,237	-	-	-	-	1,237
Settlement of share-based payment expense	-	-	(707)	-	-	-	-	(707)
Purchase of own shares in EBT	-	-	-	-	-	(275)	-	(275)
Other movements	-	-	(52)	-	-	-	52	-
Total distributions to owners	**-**	**-**	**478**	**-**	**-**	**(275)**	**(29,755)**	**(29,552)**
Balance at 30 September 2019	**3,313**	**(42)**	**1,008**	**5,722**	**501**	**(275)**	**105,291**	**115,518**

Notes 1 to 30 form part of these Financial Statements

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share-based payment reserve £'000	Employee Benefit Trust £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2017	**57**	-	-	**34,961**	**35,018**
Comprehensive income for the year:					
Profit for the year	-	-	-	36,846	36,846
Total comprehensive income for the year	**-**	**-**	**-**	**36,846**	**36,846**
Distributions to owners:					
Issue of share capital	3,256	-	-	(3,256)	-
Dividends	-	-	-	(30,791)	(30,791)
Other movement	-	350	**-**	-	350
Total distributions to owners	**3,256**	**350**	**-**	**(34,047)**	**(30,441)**
Balance at 1 October 2018	**3,313**	**350**	**-**	**37,760**	**41,423**
Comprehensive income for the year:					
Profit for the year	-	-	-	29,064	29,064
Total comprehensive income for the year	**-**	**-**	**-**	**29,064**	**29,064**
Distributions to owners:					
Dividends	-	-	-	(29,818)	(29,818)
Share-based payment expense	-	1,237	-	-	1,237
Settlement of share-based payments	-	(707)	-	-	(707)
Purchase of own shares in EBT	-	-	(275)	-	(275)
Total distributions to owners	**-**	**530**	**(275)**	**(29,818)**	**(29,563)**
Balance at 30 September 2019	**3,313**	**880**	**(275)**	**37,006**	**40,924**

Notes 1 to 30 form part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and significant accounting policies

a) Basis of preparation

The Financial Statements have been prepared and approved by the directors in accordance with Part 15 of the Companies Act 2006, Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and International Financial Reporting Standards (IFRSs) as adopted by the EU.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, which are stated at their fair value, have been prepared in pound sterling, which is the functional currency of the company and are rounded to the nearest thousand.

The Financial Statements have been prepared on a going concern basis following an assessment by the directors. The company has a positive net asset position, strong solvency position, is currently profitable and, based on the latest forecasts, expects to remain profitable. As a result, the board has reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of approving these Financial Statements.

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the company and its subsidiaries. Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are fully consolidated from the date on which control is obtained by the company and are deconsolidated from the date that control ceases. Acquisitions are accounted for under the acquisition method. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

The Financial Statements of all of the wholly owned subsidiary companies are incorporated into the consolidated Financial Statements. Two of these subsidiaries, IntegraLife International Limited (ILInt) and IntegraLife UK Limited (ILUK) issue contracts with the legal form of insurance contracts, but which do not transfer significant insurance risk from the policyholder to the company, and which are therefore accounted for as investment contracts. In accordance with IFRS 9, the contracts concerned are therefore reflected in the consolidated statement of financial position as investments held for the benefit of policyholders, and a corresponding liability to policyholders.

b) New accounting standards

The Group has adopted both IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the period. These standards are effective for accounting periods beginning on or after 1 January 2018, and have therefore been adopted for the accounting period beginning on 1 October 2018.

Due to the method of transition selected comparative figures have not been restated in order to reflect the requirements of these new standards.

IFRS 9 Financial Instruments

(i) Reclassification and re-measurement

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities, introduces a new expected loss model for recognising impairments and requires enhanced disclosures in the financial statements. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

Debt instruments that meet the following two conditions are measured at amortised cost:

- Business model test: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Cash flow characteristics test: the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Reclassification and re-measurement requirements have been assessed against the financial instruments of the Group and, whilst certain financial instruments have been reclassified in line with the new categories, no financial instruments required re-measurement.

The below table highlights the key financial instruments and their reclassifications:

Financial instrument	**IAS 39 classification**	**IFRS 9 classification**	**IAS 39 carrying value £'000**	**IFRS 9 carrying value £'000**
Trade and other receivables	Loans and receivables	Amortised cost	6,510	6,510
Accrued fees	Loans and receivables	Amortised cost	9,783	9,768
Cash and cash equivalents	Loans and receivables	Amortised cost	132,340	132,340
Unit-linked investments	Fair value through profit or loss	Fair value through profit or loss	16,665,048	16,665,048
Other investments	Fair value through profit or loss	Fair value through profit or loss	5,066	5,066
Trade and other payables	Amortised cost	Amortised cost	17,024	17,024
Loans	Loans and receivables	Amortised cost	1,209	1,185

(ii) Impairment model

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss model. For assets within the scope of the IFRS 9 impairment model, impairment losses have generally increased and become more volatile.

Accrued fees

For fees owed by clients, the impairment policy adopted by the Group, in line with IAS 39, was to fully impair all pending fees three months or more past due, as well as fees due on portfolios made up of limited liquidity assets. Both of these were considered to be current indicators of impairment. In the current year the group recognised an impairment reversal of £20k (2018: impairment of £32k) as a number of old pending fees were collected.

Under IFRS 9, a forward-looking approach is required, and consideration has therefore also been given to potential losses on pending fees one and two months past due. For these, historical loss rates have been used to estimate expected future losses. This led to an additional impairment of £15k.

Loans

Whilst there have been no indications of impairment or financial difficulty with regard to any of the loans held by the company, management has concluded that, based on the new expected credit loss model, an impairment should be recognised to account for future uncertainty. On a forward looking basis, the maximum credit loss associated with the recoverability of the loans has been assessed to be £24k.

IFRS 15 Revenue from Contracts

The standard provides a comprehensive new model for revenue recognition, based on the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the obligations in the contract; and
- Recognise revenue when the entity has satisfied its performance obligations.

It is the view of management that the revenue recognition methods previously employed by the company already satisfied the requirements of IFRS 15. This is because the contract, performance obligations and transaction price for all revenue streams can be clearly identified in the Transact terms and conditions, and all revenue has always been recognised only after all performance obligations have been satisfied. There was therefore no impact on the Group on adoption of the standard.

Further information regarding the performance obligations for each of the company's revenue streams is set out in section d of this note.

c) Future standards, amendments to standards, and interpretations not early-adopted in the 2019 annual Financial Statements.

At the date of authorisation of these Financial Statements the following standards, amendments to standards, and interpretations, which are relevant to the Group, have been issued by the International Accounting Standards Board.

IFRS 16 Leases

IFRS 16 brings most leases on-balance sheet for lessees under a single lessee accounting model, eliminating the distinction between operating and finance leases.

The Group adopted IFRS 16 on 1 October 2019. The Group used the cumulative catch-up method of transition, which uses the net effect of applying IFRS 16 on the first day of the first accounting period in which the new standard is applied. The net effect is recognised through an adjustment of retained earnings or other relevant parts of shareholder's equity.

On adoption the Group recognised right of use assets of £5.6m and lease liabilities of £8.4m. Liabilities of £2.5m previously recognised in relation to the rent free reserve were also derecognised and adjusted through retained earnings.

The overall reduction in retained earnings on 1 October 2019 was therefore £0.1m, which is the cumulative effect of recognising the asset and corresponding liabilities for each of the leases, and the release of the rent free reserve.

This reduction is caused by a change in the timings of expenses, as operating lease accounting requires straight line recognition of expenses, whereas under IFRS 16 the effective interest method is used. This means that the interest expense on the lease liability is higher at first and reduces year on year. The negative impact will therefore reverse over the lives of the leases.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and will replace IFRS 4 Insurance Contracts. An exposure draft was issued in June 2019. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The Group would be required to provide information that faithfully represents those contracts, such that users of the Financial Statements can assess the effect insurance contracts have on the entity's financial position, financial performance and cash flows. The standard is effective for accounting periods beginning on or after 1 January 2021, subject to EU endorsement, though the IASB has proposed that the effective date is deferred to 1 January 2022.

The Group has performed a preliminary assessment regarding the impact of IFRS 17 on the Financial Statements and, due to the vast majority of contracts written by the business being investment contracts, it is expected such impact will be negligible.

d) Principal accounting policies

Revenue from contracts with customers

Revenue represents the fair value of services supplied by the company. All fee income is recognised as revenue in line with the provision of the services.

Fee income comprises:

Annual commission income

Annual commission is charged for the administration of products on the Transact platform, and is levied monthly in arrears on the value of assets and cash held on the platform.

Wrapper fee income

Wrapper fees are charged for each of the tax wrappers held by clients, and are levied quarterly in arrears based on fixed fees for each wrapper type.

Annual commission and wrapper fees relate to services provided on an on-going basis, and revenue is therefore recognised on an on-going basis to reflect the nature of the performance obligations being discharged.

Other income

This comprises buy commission and dealing charges. These are charges levied on the acquisition of assets, due upon completion of the transaction. Revenue is recorded on the date of completion of the transaction, as this is the date the services are provided to the customer.

Deferred acquisition costs and deferred income liabilities

Incremental costs directly attributable to securing investment contracts are deferred. These costs consist of fees paid to policyholders' financial advisers. In line with IFRS 15, the costs relating to Pension, Onshore Life and Offshore Life contracts are capitalised as deferred acquisition costs and are amortised over the directors' best estimates of the lives of the contracts which are deemed to be fourteen, sixteen and eighteen years respectively (2018: fourteen, sixteen and eighteen years), over which the services are provided. Equal service provision is assumed over the lifetime of the contract and, as such, the deferred costs are amortised on a linear basis over the expected life of the contract, adjusted for expected persistency.

A corresponding deferred income liability is recognised in respect of charges taken from customers of the company at the contract's inception to meet obligations to financial advisers. Deferred income liabilities are also amortised over the directors' best estimates of the lives of the contract, which are again deemed to be fourteen, sixteen and eighteen years.

At the end of each reporting period, deferred acquisition costs are reviewed for recoverability, against future margins from the related contracts at the statement of financial position date. An impairment loss is recognised in the statement of profit or loss and other comprehensive income if the carrying amount of the deferred acquisition costs is greater than the future margins from the related contracts.

Investment income

Interest on cash and coupon on shareholder gilts are the two sources of investment income received. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that financial asset's carrying amount.

Investments

Fixed asset investments in subsidiaries are stated at cost less any provision for impairment.

Other investments comprise UK Government fixed interest securities backing insurance contracts or held as shareholder investments. All investments are classified as "fair value through profit or loss" at initial recognition and are stated at quoted bid prices which equates to fair value, with any resultant gain or loss recognised in profit or loss. Purchases and sales of securities are recognised on the trade date.

Investment contracts - investments and cash held for the benefit of policyholders

Investment contracts are comprised of unit-linked contracts in ILInt and ILUK. Investment contracts result in financial liabilities whose fair value is dependent on the fair value of underlying financial assets. They are designated at inception as financial liabilities at "fair value through profit or loss".

Valuation techniques are used to establish the fair value at inception and each reporting date. The company's main valuation techniques incorporate all factors that market participants would consider and are based on observable market data. The financial liability is measured both initially and subsequently at fair value. The fair value of a unit-linked financial liability is determined using the fair value of the financial assets contained within the funds linked to the financial liability.

Dividends

Equity dividends are recognised in the accounting period in which the dividends are declared and become payable.

Liquid resources

For the purposes of the statement of cash flows, liquid resources are defined as current asset investments and short term deposits.

Intangible non-current assets

Intangible non-current assets, excluding goodwill, are stated at cost less accumulated amortisation and comprise intellectual property software rights. Intellectual property rights are amortised over seven years on a straight line basis as it is considered that the code is replaced every seven years, and therefore has a finite useful life. Goodwill is held at cost and is not amortised, but is subject to annual impairment reviews in accordance with IAS 36.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred.

The major categories of property, plant, equipment and motor vehicles are depreciated as follows:

Asset class	All UK and Isle of Man entities	Australian entity
Leasehold Land and Buildings	Straight line over the life of the lease	Straight line over 40 years
Fixtures & Fittings	Straight line over 10 years	Reducing balance over 2 to 8 years
Equipment	Straight line over 3 to 5 years	Reducing balance over 3 to 10 years
Motor vehicles	N/A	Reducing balance over 2 to 8 years

Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset).

The company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Goodwill is tested for impairment annually, and once an impairment is recognised this cannot be reversed. For more detailed information in relation to this, please see note 2.

Pensions

The Group makes defined contributions to the personal pension schemes of its employees. These are chargeable to profit or loss in the year in which they become payable.

Foreign currencies

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

The assets and liabilities of foreign operations are translated to sterling using the year end closing exchange rate. The revenues and expenses of foreign operations are translated to sterling at rates approximating the foreign exchange rates ruling at the relevant month of the transactions. Foreign exchange differences arising on retranslation are recognised in reserves as other comprehensive income.

Taxation

The taxation charge is based on the taxable result for the year. The taxable result for the year is determined in accordance with enacted legislation and taxation authority practice for calculating the amount of corporation tax payable.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets/liabilities are recovered/settled.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the chief executive officer of the company.

For the year ended 30 September 2019, the business of ILUK and ILInt was the direct insurance of investment linked pensions business, written by single premium in the United Kingdom, single premium life assurance linked bonds and linked qualifying investment plans written in the United Kingdom. Insurance risk is minimal as all contracts have been classed as investment contracts.

ILInt and ILUK policyholder assets and liabilities

Investments held for the benefit of policyholders are stated at fair value and reported on a separate line in the statement of financial position. The assets are classified using the "fair value through profit or loss" option with any resultant gain or loss recognised through the income statement. Investments held for the benefit of policyholders also includes cash and cash equivalents held within policyholders' portfolios of assets.

Investment inflows received from policyholders are invested in funds selected by the policyholders. The resulting liabilities for linked investment contracts are accounted for under the "fair value through profit or loss" option, in line with the corresponding assets as permitted by IFRS 9.

As all investments held for the benefit of policyholders are matched entirely by corresponding linked liabilities, any gain or loss on assets recognised through the income statement are offset entirely by the gains and losses on linked liabilities. The net impact on profit is therefore £nil.

Client assets and client monies

IFAL client assets and client monies are not recognised in the parent and consolidated statements of financial position (see note 21) as they are owned by the clients of IFAL.

Operating lease agreements

Rental costs under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. Where an incentive to sign the lease has been taken, the incentive is spread on a straight line basis over the lease term. Details of the operating lease commitments are set out in note 27.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, money market OEIC funds and other short-term deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the company classifies its financial instruments in the following categories, based on the business model in which the assets are managed and their cash flow characteristics:

(i) Financial assets and liabilities at fair value through profit or loss

This category includes financial assets and liabilities acquired principally for the purpose of selling or repurchasing in the short-term.

Financial instruments in this category are recognised on the trade settlement date, and subsequently, at fair value. Purchases and sales of securities are recognised on the trade date. Transaction costs are expensed in the consolidated profit and loss and other comprehensive income statement. Gains and losses arising from changes in fair value are presented in the consolidated profit and loss and other comprehensive income statement within "administrative expenses" for corporate assets and "net income attributable to policyholder returns" for policyholder assets in the period in which they arise. Financial assets and liabilities at "fair value through profit or loss" are classified as current except for the portion expected to be realised or paid beyond twelve months of the balance sheet date, which are classified as long-term.

(ii) Financial assets at amortised cost

This category includes non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This is comprised of accrued fees, trade and other receivables, loans, and cash and cash equivalents. These are included in current assets due to their short-term nature, except for loans which are included in non-current assets.

Assets held at amortised cost are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest method less any expected credit losses.

(iii) Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise trade and other payables. These are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest method. They are classified as current liabilities due to their short-term nature.

Impairment of financial assets

Expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses from possible default events within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses from all possible default events over the life of the financial instrument).

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction.

For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

Impairment losses on financial assets carried at amortised cost are reversed in subsequent periods if the expected credit losses decrease.

Provisions

Provisions are recognised when the company has an obligation, legal or constructive, as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are estimated at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present values where the effect is material.

Trade and other payables

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

Share-based payments

Equity-settled share-based payment awards granted to employees are measured at fair value at the date of grant. The awards are recognised as an expense, with a corresponding increase in equity, spread over the vesting period of the awards, which accords with the period for which related services are provided.

The total amount expensed is determined by reference to the fair value of the awards as follows:

(i) SIP shares

The fair value is the market price on the grant date. There are no vesting conditions, as the employees receive the shares immediately upon grant.

(ii) PSP share options

The fair value of share options is determined by applying a valuation technique, usually an option pricing model, such as Black Scholes. This takes into account factors such as the exercise price, the share price, volatility, interest rates, and dividends.

At each reporting date, the estimate of the number of share options expected to vest based on the non-market vesting conditions is assessed. Any change to original estimates is recognised in the statement of comprehensive income, with a corresponding adjustment to equity reserves.

2. Critical accounting estimates and judgements

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Group's business that typically require such estimates are the determination of the fair value for financial assets, impairment charges, deferred acquisition costs, deferred fee income and deferred taxes. Each of these is discussed in more detail in the relevant accounting policies and notes to the Financial Statements.

In preparing these Financial Statements, management has made judgements, estimates and assumptions about the future that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Impairment of financial assets

As noted in note 1, financial assets are assessed for impairment based on the requirements of IFRS 9, using an expected loss model. This has led to additional impairments of £39k in the year.

Goodwill impairment assessment

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The goodwill relates to the acquisition of IAD Pty in July 2016.

The carrying amount of goodwill is allocated to the two cash generating units that are benefiting from the acquisition as follows:

	2019 £'000	**2018 £'000**
Investment administration services	7,313	7,314
Insurance and life assurance business	5,638	5,637
Total	**12,951**	**12,951**

Other assumptions are as follows:

	2019	**2018**
Discount rate	4.6%	4.5%
Period on which detailed forecasts are based	5 years	5 years

The recoverable amounts of the above cash generating units have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 30 September 2024. It was not considered necessary to extrapolate the projections beyond this period as the results showed no indication of impairment, so no terminal value has been included. Based on experience, the key assumptions on which management has calculated its projections are net inflows, market growth and expense inflation.

The results of this showed that no impairment has taken place throughout the historical financial period.

A sensitivity analysis has been performed, which showed that there were no reasonable foreseeable changes in the assumptions which would result in the recoverable amount falling below the carrying amount.

3. Financial instruments

(i) Principal financial instruments

The principal financial instruments, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Accrued fees
- Cash and cash equivalents
- Investments in quoted debt instruments
- Listed shares and securities
- Trade and other payables
- Loans

(ii) Financial instruments by category

As explained in note 1, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognised in the statement of profit or loss and other comprehensive income. The following tables show the carrying values of assets and liabilities for each of these categories.

Financial assets:

	Fair value through profit or loss		Amortised cost	
	2019 £'000	**2018 £'000**	**2019 £'000**	**2018 £'000**
Cash and cash equivalents	-	-	132,340	116,849
Listed shares and securities	69	48	-	-
Loans	-	-	1,185	1,189
Investments in quoted debt instruments	4,997	6,171	-	-
Accrued income	-	-	9,768	8,857
Trade and other receivables	-	-	2,766	1,519
Investments and cash held for the policyholders	16,665,048	14,489,933	-	-
Total financial assets	**16,670,114**	**14,496,152**	**146,059**	**128,414**

Financial liabilities:

	Fair value through profit or loss		Amortised cost	
	2019 £'000	**2018 £'000**	**2019 £'000**	**2018 £'000**
Trade and other payables	-	-	5,889	3,157
Accruals	-	-	6,908	6,599
Liabilities for linked investments contracts	16,665,048	14,489,933	-	-
Total financial liabilities	**16,665,048**	**14,489,933**	**12,798**	**9,756**

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, accrued fees, loans, trade and other receivables, and trade and other payables. Due to their short-term nature and/or expected credit losses recognised, the carrying value of these financial instruments approximates their fair value.

(iv) Financial instruments measured at fair value - fair value hierarchy

The table over the page classifies financial assets that are recognised on the statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels of hierarchy are disclosed on the next page.

Investments held for the benefit of policyholders are stated at fair value and reported on a separate line in the statement of financial position. The assets are classified using the "fair value through profit or loss" option with any resultant gain or loss recognised through the statement of profit or loss and other comprehensive income.

Assets held at fair value also comprises investments held in gilts, and these are held at fair value through profit and loss.

The following table shows the Group's assets measured at fair value and split into the three levels described below:

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

2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments and assets held for the benefit of policyholders				
Policyholder cash	1,213,371	-	-	1,213,371
Investments and securities	444,076	140,991	2,447	587,514
Bonds and other fixed-income securities	4,485	9,320	3,005	16,810
Holdings in collective investment schemes	14,731,562	109,714	6,077	14,847,353
	16,393,494	**260,025**	**11,529**	**16,665,048**
Other investments	5,066	-	-	5,066
Total	**16,398,560**	**260,025**	**11,529**	**16,670,114**

2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments and assets held for the benefit of policyholders				
Policyholder cash	1,115,223	-	-	1,115,223
Investments and securities	394,768	127,537	2,655	524,960
Bonds and other fixed-income securities	14,167	504	14	14,685
Holdings in collective investment schemes	12,684,265	141,279	9,521	12,835,065
	14,208,423	**269,320**	**12,190**	**14,489,933**
Other investments	6,219	-	-	6,219
Total	**14,214,642**	**269,320**	**12,190**	**14,496,152**

Level 1 valuation methodology

Financial assets included in Level 1 are measured at fair value using quoted mid prices that are available at the reporting date and are traded in active markets. These financial assets are mainly collective investment schemes and listed equity instruments.

Level 2 and Level 3 valuation methodology

The Group regularly reviews whether a market is active, based on available market data and the specific circumstances of each market. Where the Group assesses that a market is not active, then it applies one or more valuation methodologies to the specific financial asset. These valuation methodologies use quoted market prices where available, and may in certain circumstances require the Group to exercise judgement to determine fair value.

Financial assets included in Level 2 are measured at fair value using observable mid prices traded in markets that have been assessed as not active enough to be included in Level 1.

Otherwise, financial assets are included in Level 3. These are assets where one or more inputs to the valuation methodology are not based on observable market data. The key unobservable input is the pre-tax operating margin needed to price asset holdings.

Level 3 sensitivity to changes in unobservable measurements

For financial assets assessed as Level 3, based on its review of the prices used, the company believes that any change to the unobservable inputs used to measure fair value would not result in a significantly higher or lower fair value measurement at year end, and therefore would not have a material impact on its reported results.

Changes to valuation methodology

There have been no changes in valuation methodology during the year under review.

Transfers between Levels

The company's policy is to assess each financial asset it holds at the current financial year end, based on the last known price and market information, and assign it to a Level.

The company recognises transfers between Levels of the fair value hierarchy at the end of the reporting period in which the changes have occurred. Changes occur due to the availability of (or lack thereof) quoted prices, whether a market is now active or not, and whether there are indications of impairment.

Transfers between Levels between 30 September 2019 and 30 September 2018 are presented in the table below at their valuation at 30 September 2019:

Transfers from	Transfers to	2019 £'000	2018 £'000
Level 1	Level 2	9,642	16,153
Level 2	Level 1	38,194	19,172

The reconciliation between opening and closing balances of Level 3 assets are presented in the table below:

	2019 £'000	2018 £'000
Opening balance	**12,190**	**4,214**
Unrealised gains or losses in the year	(218)	(737)
Transfer in to Level 3	5,938	8,644
Transfer out of Level 3	(6,040)	(173)
Purchases, sales, issues and settlement	(341)	242
Closing balance	**11,529**	**12,190**

Any resultant gains or losses on financial assets held for the benefit of policyholders are offset by a reciprocal movement in the linked liability.

(v) Capital maintenance

The regulated companies in IntegraFin Group are subject to capital requirements imposed by the relevant regulators. As detailed in the CFOR, Group capital requirements for 2019 were £216.3 million (2018: £179.7 million).

The Group has complied with the requirements set by the regulators during the year. The Group's policy for managing capital is to ensure each regulated entity maintains capital well above the minimum requirement.

4. Risk and risk management

This note supplements the details provided in the Risk and Risk Management section of this report on pages 36 to 41.

Risk assessment

Risk assessment is the determination of quantitative values and/or qualitative judgements of risk related to a concrete situation and a recognised threat. Quantitative risk assessment requires calculations of two components of risk, the magnitude of the potential impact, and the likelihood that the risk materialises. There are also qualitative aspects that are more difficult to express quantitatively, but are still taken into account in order to fully evaluate the impact of the risk on the organisation.

(1) Market risk

Description of risk

Market risk is the risk of loss arising either directly or indirectly from fluctuations in the level and in the volatility of market prices of assets, liabilities and other financial instruments.

Market risk from reduced income

The company's dividend income from its regulated subsidiary IFAL is exposed to market risk. The Group's main source of income is derived from annual management fees and transaction fees which are linked to the value of the clients' portfolios.

The Group mitigates the second order market risk by applying fixed per tax wrapper charges in addition to the charges determined based on clients' linked portfolio values, offering an element of diversification to its income stream.

Market risk from direct asset holdings

The Group and the company have limited exposure to primary market risk as capital is invested in high quality, highly liquid, short-dated investments.

(a) Interest rate risk

The Group and the company's balance sheet and capital requirements are relatively insensitive to first order impacts from movements in interest rates.

(b) Currency risk

The company is not directly exposed to significant currency risk. The table below shows a breakdown of the material foreign currency exposures for the unit-linked policies within the Group:

Currency	**2019 £'000**	**2019 %**	**2018 £'000**	**2018 %**
GBP	16,564,270	99.4	14,404,344	99.4
USD	79,716	0.5	67,799	0.5
EUR	14,263	0.1	11,180	0.1
Others	6,799	0.0	6,610	0.0
Total	**16,665,048**	**100.0**	**14,489,933**	**100.0**

99.4% of investments and cash held for the benefit of policyholders are denominated in GBP, its base currency. Remaining currency holdings greater than 0.1% of the total are shown separately in the table. A significant rise or fall in sterling exchange rates would not have a significant first order impact on its results since any adverse or favorable movement in policyholder assets is entirely offset by a corresponding movement in the linked liability.

(c) Inflation risk

The Group and the company has exposure related to expense inflation risk, where actual inflation deviates from expectations. The Group and the company have no exposures to defined benefit staff pension schemes or client related index linked liabilities.

Expense inflation risk is mitigated through monitoring of expenditure and closely managing expenses in line with the business plan.

(2) Credit (counterparty default) risk

Credit risk is the risk that the company is exposed to a loss if another party fails to meet its financial obligations. For the company, the exposure to counterparty default risk arises primarily from loans directly held by the company.

Counterparty default risk exposure to loans

The company has loans of £1,185k (2018: £1,189k). There are no other loans held by the Group.

Counterparty default risk exposure to Group companies

As well as inconvenience and operational issues arising from the failure of the other Group companies, there is also a risk of a loss of assets. The company is due £86k (2018: £52k) from other Group companies.

Counterparty default risk exposure to other receivables

The Group has prepayments of £3,314k (2018: £2,614k) and the company has prepayments of £30k (2018: £33k).

The company has no other receivables arising, due to the nature of its business, and the structure of the Group.

Across the Group, there is exposure to counterparty default risk arising primarily from:

- corporate assets directly held by the Group;
- exposure to clients; and
- exposure to other receivables.

The other exposures to counterparty default risk include a credit default event which affects funds held on behalf of clients and occurs at one or more of the following entities:

- a bank where cash is held on behalf of clients;
- a custodian where the assets held on behalf of clients; and
- Transact Nominees Limited (TNL), which is the legal owner of the assets held on behalf of clients.

There is no first order impact on the Group from one of the events in the preceding paragraph. This is because any credit default event in respect of these holdings will be borne by clients, both in terms of loss of value and loss of liquidity. Terms and conditions have been reviewed by external lawyers to ensure that these have been drafted appropriately. However, there is a second order impact where future profits for the Group are reduced in the event of a credit default event which affects funds held on behalf of clients.

There are robust controls in place to mitigate credit risk, for example, holding corporate cash across a range of banks in order to mitigate the risk of a single point of counterparty default failure. Additionally, maximum counterparty limits and minimum credit quality steps are set for banks.

Corporate assets and funds held on behalf of clients

There is no significant risk exposure to any one UK clearing bank.

Counterparty default risk exposure to clients

The Group is due £9.8m (2018: £8.9m) from fee income owed by clients.

Impact of credit risk on fair value

Due to the limited direct exposure that the Group and the company have to credit risk, credit risk does not have a material impact on the fair value movement of financial instruments for the year under review. The fair value movements on these instruments are predominantly due to changes in market conditions.

(3) Liquidity risk

Liquidity risk is the risk that funds are not accessible such that the company, although solvent, does not have sufficient liquid financial resources to meet obligations as they fall due, or can secure such resources only at excessive cost.

As a holding company, the company's main liquidity risk is related to paying out shareholder dividends and operating expenses it may incur. Additionally, the company has made short term commitments, in the form of a capped facility arrangement, to Vertus Capital SPV1 Limited ("Vertus") (as one of Vertus' sources of funding) to assist Vertus in developing its business, which is to provide tailored niche debt facilities to adviser firms to fund acquisitions, management buy-outs and other similar transactions.

Across the Group, the following key drivers of liquidity risk have been identified:

- liquidity risk arising due to failure of one or more of the Group's banks;
- liquidity risk arising due to the bank's system failure which prevents access to Group funds; and
- liquidity risk arising from clients holding insufficient cash to settle fees when they become due.

The Group's liquidity risk arises from a lack of readily realisable cash to meet debts as they become due. This takes two forms – clients' liabilities coming due and other liabilities (e.g. expenses) coming due.

The first of these, clients' liabilities is in the main covered through the terms and conditions as clients take their own liquidity risk, if their funds cannot be immediately surrendered for cash.

Payment of other liabilities depends on the Group having sufficient liquidity at all times to meet them as they fall due. This requires access to liquid funds, i.e. working banks and it also requires that the Group's main source of liquidity, charges on its clients' assets, can also be converted into cash.

Thus the company has two requirements: first, to ensure that clients maintain a percentage of liquidity in their funds at all times, and second, to maintain access to cash through a spread of cash holdings in bank accounts.

There are robust controls in place to mitigate liquidity risk, for example, through regular monitoring of expenditure, closely managing expenses in line with the business plan, and, in the case of the Vertus facility, capping the value of loans. Additionally, the Group holds corporate cash across a range of banks in order to mitigate the risk of a single point of counterparty default failure.

Maturity schedule

The following table shows an analysis of the financial assets and financial liabilities by remaining expected maturities as at 30 September 2018 and 30 September 2019.

Financial assets:

2018	**Up to 3 months £'000**	**3-12 months £'000**	**1-5 years £'000**	**Over 5 years £'000**	**Total £'000**
Investments and cash held for the policyholders	14,489,933	-	-	-	14,489,933
Investments	-	6,219	-	-	6,219
Accrued income	8,857	-	-	-	8,857
Trade and other receivables	1,462	50	7	-	1,519
Loans	-	-	1,189	-	1,189
Cash	116,849	-	-	-	116,849
Total	**14,617,101**	**6,269**	**1,196**	**-**	**14,624,566**

2019	**Up to 3 months £'000**	**3-12 months £'000**	**1-5 years £'000**	**Over 5 years £'000**	**Total £'000**
Investments and cash held for the policyholders	16,665,048	-	-	-	16,665,048
Investments	69	-	4,997	-	5,066
Accrued income	9,768	-	-	-	9,768
Trade and other receivables	2,571	188	7	-	2,766
Loans	-	-	1,185	-	1,185
Cash	132,340	-	-	-	132,340
Total	16,809,796	188	6,189	-	16,816,173

Financial liabilities:

2018	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Liabilities for linked investment contracts	14,489,933	-	-	-	14,489,933
Trade and other payables	6,568	3,188	-	-	9,756
Total	**14,496,501**	**3,188**	**-**	**-**	**14,499,689**

2019	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Liabilities for linked investment contracts	16,665,048	-	-	-	16,665,048
Trade and other payables	9,391	3,407	-	-	12,798
Total	16,674,439	3,407	-	-	16,677,846

Financial assets held in portfolio investments and the corresponding liabilities are deemed to have a maturity of up to three months since the liabilities are repayable on demand. In practice the contractual maturities of the underlying assets may be longer than three months, but the majority of assets held within portfolios are highly liquid.

(4) Outflow risk

Outflows occur when funds are withdrawn from the platform for any reason. Outflows typically occur where clients' circumstances and requirements change. However, these outflows can also be triggered by operational failure, competitor actions or external events such as regulatory or economic changes.

Outflow risk is mitigated by focussing on providing exceptionally high levels of service. Outflow rates are closely monitored and unexpected experience is investigated. Despite the current challenging and uncertain economic and geopolitical environment, outflow rates remain stable and within historical norms.

(5) Expense risk

Expense risk arises where costs increase faster than expected or from one-off expense "shocks". As a significant percentage of the Group's expenses are staff related the key inflationary risk arises from salary inflation.

The Group's expenses are governed at a high level by the Group's Expense Policy. The monthly management accounts are reviewed against projected future expenses by the board and by senior management and action is taken where appropriate.

5. Segmental reporting

The revenue and profit before tax are attributable to activities carried out in the UK.

The Group has two classes of business as follows:

- provision of investment administration services
- transaction of ordinary long term insurance and underwriting life assurance

Analysis by class of business is given below:

Revenue	2019 £'000	2018 £'000
Investment administration services	52,045	48,833
Insurance and life assurance business	47,120	42,361
	99,165	**91,194**
Administrative expenses		
Investment administration services	29,304	29,705
Insurance and life assurance business	20,422	19,946
	49,726	**49,651**
Interest income		
Investment administration services	145	101
Insurance and life assurance business	163	110
	308	**211**
Shareholder tax on profit on ordinary activities		
Investment administration services	4,230	3,890
Insurance and life assurance business	4,581	4,256
	8,811	**8,146**
Profit before tax		
Investment administration services	22,392	18,700
Insurance and life assurance business	33,682	27,530
	56,073	**46,230**
Net assets		
Investment administration services	61,009	57,857
Insurance and life assurance business	54,509	47,086
	115,518	**104,943**

The figures above comprise the results of the companies that fall directly into each segment, as well as a proportion of the results from the other Group companies that only provide services to the revenue-generating companies. This therefore has no effect on revenue, but has an effect on the profit before tax and net assets figures.

6. Earnings per share

	2019	2018
Profit		
Profit for the year and earnings used in basic and diluted earnings per share	£40.1m	£32.9m
Number of shares		
Number of shares used in basic and diluted earnings per share	331.3m	331.3m
Earnings per share		
Earnings per share - basic and diluted	12.1p	9.9p

On 2 March 2018, as part of the IntegraFin Holdings plc listing process, a bonus share issue occurred resulting in the number of shares in issue increasing from 1,137,278 to 331,322,014. The nominal value of each share was also reduced through the bonus share issue process, from £0.05 to £0.01. The calculation of earnings per share for the comparative period presented has been adjusted retrospectively to reflect the new share structure as if it were in place for the full year.

Earnings per share is calculated based on the share capital of IntegraFin Holdings plc and the earnings of the consolidated Group.

7. Expenses by nature

The following expenses are included within administrative expenses:

	2019 £'000	2018 £'000
Group		
Depreciation	654	588
Amortisation	15	20
Wages and employee benefits expense	36,093	34,282
Other staff costs	241	704
Auditor's remuneration (BDO):		
▪ Auditing of the Financial Statements of the company pursuant to the legislation	70	49
▪ Auditing of the Financial Statements of subsidiaries	91	84
▪ Other assurance services	100	90
▪ Non-audit services	-	502
Other Auditor's remuneration (KPMG):		
▪ Auditing of the Financial Statements of subsidiaries	115	146
▪ Other assurance services	147	141
Other professional fees	2,314	3,681
Regulatory fees	2,689	2,058
Operating lease costs:		
▪ Land and buildings	1,822	2,044
▪ Equipment	3	9
Other occupancy costs	1,817	1,580
Other costs	3,555	3,673
Total administrative expenses	**49,726**	**49,651**

	2019 £'000	2018 £'000
Company		
Wages and employee benefits expense	514	523
Other staff costs	59	141
Auditor's remuneration:		
▪ Auditing of the Financial Statements of the company pursuant to the legislation	70	49
▪ Other assurance services	17	16
▪ Non-audit services	-	502
Other professional fees	314	1,796
Regulatory fees	16	19
Other costs	106	331
Total administrative expenses	**1,096**	**3,377**

Wages and employee benefits expense

The average number of staff (including executive directors) employed by the Group during the financial year amounted to:

	2019 No.	2018 No.
CEO	1	1
Client services	230	232
Finance	57	59
Legal and compliance staff	30	29
Sales, marketing and product development staff	43	41
Software development staff	96	92
Technical and support staff	52	53
	509	**507**

The company has no employees (2018: nil).

Wages and employee (including executive directors) benefits expenses during the year, included within administrative expenses, were as follows:

	2019 £'000	2018 £'000
Wages and salaries	28,987	28,296
Social security costs	3,203	3,074
Other pension costs	2,657	2,562
Share-based payment costs	1,246	350
	36,093	**34,282**

Compensation of key management personnel

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

	2019 £'000	2018 £'000
Short term employee benefits	2,331	2,130
Post employment benefits	47	41
Other benefits	192	48
	2,570	**2,219**
Highest paid director:		
Short term employee benefits	564	584
Post employment benefits	5	11
Other benefits	86	48
Number of directors for whom pension contributions are paid	5	2

8. Tax on profit on ordinary activities

Group

a) Analysis of charge in year

The income tax expense comprises:

	2019 £'000	2018 £'000
Corporation tax		
Current year – corporation tax	8,856	8,173
Adjustment in respect of prior years	7	(33)
	8,863	**8,140**
Deferred Tax		
Current year	29	6
Adjustment in respect of prior years	(96)	-
Change in deferred tax (credit)/charge as a result of lowered tax rate	15	-
Total tax charge for the year	**8,811**	**8,146**

b) Factors affecting tax charge for the year

The tax on the Group's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	56,073	46,230
Less: policyholder tax	(7,115)	(5,178)
Effect of gross overseas withholding tax	-	(133)
	48,958	40,919
Profit on ordinary activities multiplied by the standard rate of Corporation Tax 19% (2018: 19%)	9,302	7,775
Effects of:		
Non-taxable dividends	(71)	(106)
Group relief	-	-
Expenses not deductible for tax purposes	12	604
Adjustments in respect of prior years	(459)	(75)
Effect of lower tax rate	15	(185)
Rate differences	12	-
Overseas tax	-	133
	8,811	**8,146**

Changes in tax rates

The main rate of UK Corporation Tax is due to be reduced to 17% with effect from 1 April 2020. The reduction in Corporation Tax rates does not impact on the policyholder rate.

Company

a) Analysis of charge in year

There is no tax charge for the current year or prior year.

b) Factors affecting tax charge for the year

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	29,064	36,846
Profit on ordinary activities multiplied by the standard rate of Corporation Tax 19% (2018: 19%)	5,522	7,001
Effects of:		
Non-taxable dividends	(5,722)	(7,625)
Group relief	181	156
Expenses not deductible for tax purposes	19	468
Total tax charge for the year	**-**	**-**

9. Policyholder income and expenses - Group

	2019 £'000	2018 £'000
Net income attributable to policyholder returns	7,115	5,309
Policyholder tax charge	(7,115)	(5,178)

This relates to income and expenses, and the associated tax charges, on policyholder assets and liabilities. As any gains and losses on assets are offset entirely by the gains and losses on linked liabilities, the net impact on profit is £nil. The remaining difference in the prior year related to the overseas tax charge and the movement on policyholder deferred tax, which were included within the shareholder tax charge in the statement of profit or loss and other comprehensive income.

10. Intangible assets - Group

	Software and IP rights	Goodwill	Total
Cost	**£'000**	**£'000**	**£'000**
At 1 October 2018	12,505	12,951	25,456
At 30 September 2019	**12,505**	**12,951**	**25,456**
Amortisation			
At 1 October 2018	12,490	-	12,490
Charge for the year	15	-	15
At 30 September 2019	**12,505**	**-**	**12,505**
Net Book Value			
At 30 September 2018	15	12,951	12,966
At 30 September 2019	-	12,951	12,951
Cost	**£'000**	**£'000**	**£'000**
At 1 October 2017	12,505	12,951	25,456
At 30 September 2018	**12,505**	**12,951**	**25,456**
Amortisation			
At 1 October 2017	12,470	-	12,470
Charge for the year	20	-	20
At 30 September 2018	**12,490**	**-**	**12,490**
Net Book Value			
At 30 September 2017	35	12,951	12,986
At 30 September 2018	15	12,951	12,966

Amortisation of the software and IP rights is recognised within administrative expenses in the statement of profit or loss and comprehensive income. The goodwill is not amortised, but is assessed for impairment on an annual basis in accordance with IAS 36. As detailed in note 2, this assessment showed that no impairment is required for 30 September 2019 (2018:nil).

11. Property, plant and equipment - Group

Cost	Leasehold Land and Buildings £'000	Equipment £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
At 1 October 2018	1,731	2,461	208	120	4,520
Additions	-	1,228	-	38	1,266
Disposals	-	(1,077)	(22)	(46)	(1,145)
Foreign exchange	(3)	(5)	-	(1)	(9)
At 30 September 2019	**1,728**	**2,607**	**186**	**111**	**4,632**
Depreciation					
At 1 October 2018	842	1,705	130	30	2,707
Charge in the year	167	395	19	73	654
Disposals	-	(1,077)	(22)	(31)	(1,130)
Foreign exchange	(1)	(3)	-	-	(4)
At 30 September 2019	**1,008**	**1,020**	**127**	**72**	**2,227**
Net Book Value					
At 30 September 2018	889	756	78	93	1,813
At 30 September 2019	720	1,587	59	39	2,405

Cost	£'000	£'000	£'000	£'000	£'000
At 1 October 2017	1,708	2,072	263	100	4,143
Additions	42	502	2	26	572
Disposals	-	(85)	(57)	-	(142)
Foreign exchange	(19)	(28)	-	(6)	(53)
At 30 September 2018	**1,731**	**2,461**	**208**	**120**	**4,520**
Depreciation					
At 1 October 2017	680	1,433	165	7	2,285
Charge in the year	164	379	22	23	588
Disposals	-	(85)	(57)	-	(142)
Foreign exchange	(2)	(22)	-	-	(23)
At 30 September 2018	**842**	**1,705**	**130**	**30**	**2,707**
Net Book Value					
At 30 September 2017	1,028	639	98	93	1,858
At 30 September 2018	889	756	78	90	1,813

The company holds no property, plant and equipment.

12. Investment in subsidiaries

	Total £'000
Company	
At 1 October 2018	14,563
Capital contributions in the year	1,237
At 30 September 2019	**15,800**
Net Book Value	
At 30 September 2018	14,563
At 30 September 2019	15,800

	Total £'000
At 1 October 2017	14,213
Capital contributions in the year	350
At 30 September 2018	**14,563**
Net Book Value	
At 30 September 2017	14,213
At 30 September 2018	14,563

Name of Company	Holding	% Held	Incorporation and significant place of business	Business
Direct holdings				
Integrated Financial Arrangements Ltd	Ordinary Shares	100%	United Kingdom	Investment Administration
IntegraFin Services Limited	Ordinary Shares	100%	United Kingdom	Services Company
Transact IP Limited	Ordinary Shares	100%	United Kingdom	Software provision & development
Integrated Application Development Pty Ltd	Ordinary Shares	100%	Australia	Software maintenance
Objective Asset Management Limited	Ordinary Shares	100%	United Kingdom	Dormant
Indirect holdings				
IntegraFin Limited	Ordinary Shares	100%	United Kingdom	Non-trading
Transact Nominees Limited	Ordinary Shares	100%	United Kingdom	Non-trading
IntegraLife UK Limited	Ordinary Shares	100%	United Kingdom	Life Assurance
IntegraLife International Limited	Ordinary Shares	100%	Isle of Man	Life Assurance
ObjectMastery (UK) Limited	Ordinary Shares	100%	United Kingdom	Consultancy
Objective Funds Limited	Ordinary Shares	100%	United Kingdom	Dormant
Objective Wealth Management Limited	Ordinary Shares	100%	United Kingdom	Dormant
IntegraFin (Australia) Pty Limited	Ordinary Shares	100%	Australia	Non-trading
Transact Trustees Limited	Ordinary Shares	100%	United Kingdom	Non-trading

The Group has 100% voting rights on shares held in each of the subsidiary undertakings.

All the UK subsidiaries have their registered office address at 29 Clement's Lane, London, EC4N 7AE. ILInt's registered office address is at 18-20 North Quay, Douglas, Isle of Man, IM1 4LE. IntegraFin (Australia) Pty's registered office address is at Level 4, 854 Glenferrie Road, Hawthorn, Victoria, Australia 3122. Integrated Application Development Pty Ltd's registered office address is 19-25 Camberwell Road, Melbourne, Australia.

The above subsidiaries have all been included in the consolidated Financial Statements. The results of ILInt and ILUK are included as described in the basis of consolidation accounting policy in note 1.

Integrated Financial Arrangements Ltd is authorised and regulated by the Financial Conduct Authority. The principal activity of the company and its subsidiaries is the provision of "Transact", a wrap service that arranges and executes transactions between clients, their financial advisers and financial product providers including investment managers and stockbrokers.

IntegraFin Services Limited (ISL), is the Group services company. All intra-group service contracts are held by this services company.

Integrated Application Development Pty Ltd (IAD Pty) provides software maintenance services to the Group.

IntegraFin Limited is the trustee of the IntegraSIP Share Incentive Plan, which was set up to allocate Class C Shares in the capital of the company to staff. IntegraFin Limited undertakes no other activities.

Transact Nominees Limited holds customer assets as a nominee company on behalf of Integrated Financial Arrangements Ltd.

IntegraFin (Australia) Pty Limited is currently non-trading.

Transact IP Limited licenses its proprietary software to other members of the IntegraFin Group.

IntegraLife UK Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Its principal activity is the transaction of ordinary long term insurance business within the United Kingdom.

IntegraLife International Limited is authorised and regulated by the Isle of Man Financial Services Authority and its principal activity is the transaction of ordinary long term insurance business within the United Kingdom through the Transact Offshore Bond.

13. Deferred acquisition costs

	2019 £'000	**2018 £'000**
Opening balance	46,073	38,295
Capitalisation of deferred acquisition costs	11,668	14,836
Amortisation of deferred acquisition costs	(7,298)	(7,058)
Change in deferred acquisition costs	4,370	7,778
Closing balance	**50,443**	**46,073**

14. Investments and cash held for the benefit of policyholders

ILInt	**2019 Cost £'000**	**2019 Fair value £'000**	**2018 Cost £'000**	**2018 Fair value £'000**
Cash and cash equivalents held for the benefit of the policyholder	101,065	101,065	83,494	83,494
Investments held for the benefit of the policyholder	1,218,143	1,440,852	1,124,244	1,324,860
	1,319,208	**1,541,917**	**1,207,738**	**1,408,354**
ILUK				
Cash and cash equivalents held for the benefit of the policyholder	1,109,214	1,109,214	1,029,957	1,029,957
Investments held for the benefit of the policyholder	11,994,153	14,013,917	10,249,290	12,051,622
	13,103,367	**15,123,131**	**11,279,247**	**13,081,579**
Total		**16,665,048**		**14,489,933**

All amounts are current as customers are able to make same-day withdrawal of available funds and transfers to third-party providers are generally performed within a month.

These assets are held to cover the liabilities for unit linked investment contracts. All contracts with customers are deemed to be investment contracts and, accordingly, assets are 100% matched to corresponding liabilities.

15. Financial assets at fair value through profit or loss

	Group 2019 £'000	Group 2018 £'000
Listed shares and securities	69	48
Gilts	4,997	6,171
	5,066	**6,219**

Investments are all UK and sterling based and held at fair value.

16. Other prepayments and accrued income

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Accrued income	9,768	-	8,857	-
Prepayments	3,314	30	2,614	33
	13,082	**30**	**11,471**	**33**

17. Trade and other receivables

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Amounts owed by Group undertakings	-	86	-	52
Other receivables	6,510	-	4,058	-
	6,510	**86**	**4,058**	**52**

18. Trade and other payables

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Trade payables	498	-	129	6
PAYE and other taxation	1,343	70	1,301	44
Due to Group undertakings	-	9	-	367
Other payables	8,242	49	6,712	50
Accruals and deferred income	6,941	390	6,622	256
	17,024	**518**	**14,764**	**723**

19. Deferred income liability

	2019 £'000	2018 £'000
Opening balance	46,073	38,295
Capitalisation of deferred income	11,668	14,836
Amortisation of deferred income	(7,298)	(7,058)
Change in deferred acquisition costs	4,370	7,778
Closing balance	**50,443**	**46,073**

20. Deferred tax – Group

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17% (2018: 19%).

Deferred Tax Liability	**Accelerated capital allowances £'000**	**Share based payments £'000**	**Policyholder tax £'000**	**Total £'000**
At 1 October 2017	-	-	10,781	10,781
Charge to income	-	-	1,789	1,789
At 30 September 2018	**-**	**-**	**12,570**	**12,570**
Charge to income	61	-	617	678
At 30 September 2019	**61**	**-**	**13,187**	**13,248**

Deferred Tax Asset	**Accelerated capital allowances £'000**	**Share based payments £'000**	**Other deductible temporary differences £'000**	**Total £'000**
At 1 October 2017	50	-	-	50
Charge to income	(6)	-	-	(6)
At 30 September 2018	44	-	-	44
Charge to income	(44)	110	47	113
At 30 September 2019	**-**	**110**	**47**	**157**

The company has no deferred tax assets or liabilities.

21. Client monies and client assets

2019	£'000		£'000
Client monies	2,626,624	Amounts due to clients	2,626,624
Client assets	35,172,798	Corresponding liability	35,172,798
2018	**£'000**		**£'000**
Client monies	2,356,438	Amounts due to clients	2,356,438
Client assets	30,756,997	Corresponding liability	30,756,997

The above client monies are held separately in client bank accounts and the above client assets are held on behalf of Integrated Financial Arrangements Ltd by Transact Nominees Limited.

22. Provisions

	Group 2019 £'000	Group 2018 £'000
Balance brought forward	19,137	11,831
Increase in dilapidations provision	38	52
Increase in ILInt non-linked unit provision	3	7
Increase/(Decrease) in ILUK tax provision	5,585	7,150
Release of rent provision	(102)	-
Other provisions	(97)	97
Balance carried forward	**24,564**	**19,137**
Dilapidations provisions	413	374
ILInt non-linked unit provision	39	36
ILUK tax provision	24,112	18,527
Rent provision	-	102
Other provisions	-	97
	24,564	**19,137**

The dilapidation provisions relate to the current leasehold premises at 29 Clement's Lane, and the current ILInt leasehold premises at 18/20 North Quay, on the Isle of Man. The Group is committed to restoring the premises to their original state at the end of the lease term. Whilst it is probable that payments will be required for dilapidations, uncertainty exists with regard to the amount and timing of these payments, and the amounts provided represent management's best estimate of the Group's liability.

The rent provision related to potential litigation regarding disputed rent. This was released in March 2019 as the legal time frame for making a claim had passed.

ILUK tax provision comprises claims received from HMRC that are yet to be returned to policyholders, charges taken from unit-linked funds and claims received from HMRC to meet current and future policyholder tax obligations.

23. Called up share capital - Company and Group

Allotted, called up and fully paid	2019 Number	2018 Number	2019 £'000	2018 £'000
Ordinary shares of £0.01 each	331,322,014	331,322,014	3,313	3,313

Prior to admission to the London Stock Exchange in March 2018, the share capital of the company was increased from £56,863.90 to £3,313,220.14 by virtue of a bonus issue of a further: 122,017,456 A Ordinary Shares of £0.01 each; 102,244,000 B ordinary Shares of £0.01 each; 97,063,720 C ordinary shares of £0.01 each; and 6,859,560 D ordinary Shares of £0.01 each.

Immediately prior to admission each A, B, C and D share was then re-designated an Ordinary Share of £0.01 each.

All Ordinary Shares have full voting and dividend rights.

24. Share-based payment

Share-based payment reserve

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Balance brought forward	530	350	308	-
Movement in the year	531	530	350	350
Transfer to profit and loss reserve	(53)	-	(128)	-
Balance carried forward	**1,008**	**880**	**530**	**350**

The reduction in reserves of £53k (2018: £128k) is due to former members of staff leaving the SIP 2005 scheme.

Share schemes

(i) SIP 2005

The company implemented a SIP trust scheme for its staff in October 2005. The SIP is an approved scheme under Schedule 2 of the Income Tax (Earnings & Pensions) Act 2003.

This scheme entitles all the staff who were employed in October 2005 to Class C shares in the company, subject to their remaining in employment with the company until certain future dates.

The Trustee for this scheme is IntegraFin Limited, a wholly owned non-trading subsidiary of Integrated Financial Arrangements Ltd.

Shares issued under the SIP may not be sold until the earlier of three years after issue or cessation of employment by the Group. If the shares are held for five years they may be sold free of income tax or capital gains tax. There are no other vesting conditions.

The cost to the company in the financial year to 30 September 2019 was £nil (2018: £nil). All options have been exercised, and there have been no new share options granted.

(ii) SIP 2018

The company implemented an annual SIP awards scheme in January 2019. This is an approved scheme under Schedule 2 of the Income Tax (Earnings & Pensions) Act 2003, and entitles all eligible employees to ordinary shares in the company. The shares are held in a UK Trust.

The scheme includes the following awards:

Free Shares

The company may give Free Shares up to a maximum value, calculated at the date of the award of such Free Shares, of £3,600 per employee in a tax year.

The share awards are made by the company each year, dependent on 12 months continuous service at 30 September. The cost to the Group in the financial year to 30 September 2019 was £641k (2018: £350k).

Partnership and Matching Shares

The company provides employees with the opportunity to enter into an agreement with the company to enable such employees to use part of their pre-tax salary to acquire Partnership Shares. If employees acquire Partnership Shares, the Board grants relevant Matching Shares at a ratio of 2:1.

The cost to the Group in the financial year to 30 September 2019 was £427k (2018: £nil).

(iii) Performance Share Plan

The company implemented an annual PSP scheme in December 2018. Awards granted under the PSP take the form of options to acquire Ordinary Shares for nil consideration. These are awarded to executive directors, senior managers and other employees of any Group company, as determined by the Remuneration Committee.

The exercise of the PSP awards is conditional upon the achievement of a performance condition set at the time of grant and measured over a three year performance period.

The cost to the Group in the financial year to 30 September 2019 was £194k (2018: £nil). This is based on the fair value of the share options at grant date, rather than on the purchase cost of shares held in the Employee Benefit Trust reserve, in line with IFRS 2 Share-based Payment.

Details of the share awards outstanding are as follows:

SIP 2018	2019 Shares (number)	2018 Shares (number)
Shares in the plan at start of the year	-	-
Granted	264,661	-
Shares withdrawn from the plan	(13,120)	-
Shares in the plan at end of year	251,541	-
Available to withdraw from the plan at end of year	61,446	-

Details of the share options outstanding during the year are as follows:

SIP 2005	2019 Weighted average exercise price (pence)	2019 Share options	2018 Weighted average exercise price (pence)	2018 Share options
Outstanding at start of the year	-	2,307,274	-	3,948,175
Shares withdrawn from the plan	342.39	(677,084)	322.48	(1,640,901)
Outstanding at end of year	-	1,630,190	-	2,307,274
Available to withdraw from the plan at end of year	-	1,630,190	-	2,307,274

PSP	2019 Weighted average exercise price (pence)	2019 Share options (number)	2018 Weighted average exercise price (pence)	2018 Share options (number)
Outstanding at start of the year	-	-	-	-
Granted	272.9	261,396	-	-
Forfeited	-	(5,970)	-	-
Outstanding at end of year	272.9	255,426	-	-
Exercisable at end of year	**-**	**-**	**-**	**-**

The expected remaining lives of all outstanding PSP share options are 2-3 years.

The fair value of options granted during the year has been estimated using the Black-Scholes model. The principal assumptions used in the calculation were as follows:

PSP	**2019**	**2018**
Share price at date of grant	276.5	
Exercise price	-	-
Expected life	3 years	-
Risk free rate	0.73%	-
Dividend yield	1.4%	-
Weighted average fair value per option	265.1 p	**-**

25. Employee Benefit Trust reserve

	2019 £'000	**2018 £'000**
Balance brought forward	-	-
Purchase of own shares	(275)	-
Balance carried forward	**(275)**	**-**

The Employee Benefit Trust ("EBT") was established by the company pursuant to a trust deed entered into between the company and Intertrust Employee Benefit Trustee Limited ("Trustee"). The company has the power to remove the Trustee and appoint a new trustee. The EBT is a discretionary settlement and is used to satisfy awards made under the PSP.

The Trustee purchases existing Ordinary Shares in the market, and the amount held in the EBT reserve represents the purchase cost of IHP shares held to satisfy options awarded under the PSP scheme. The EBT is being accounted for as an agent of IHP, rather than as a subsidiary. The shares held in the trust are therefore treated as treasury shares in both the individual IHP financial statements and the consolidated financial statements.

26. Non-distributable reserves – Group

	2019 £'000	**2018 £'000**
Balance brought forward	5,722	5,722
Balance carried forward	**5,722**	**5,722**

This relates to share premium held by one of the company's subsidiaries, IFAL, which is classified within other reserves on a Group level.

27. Operating lease commitments

The total future minimum lease payments of operating leases are due as follows:

Group	Land and Buildings 2019 £'000	Land and Buildings 2018 £'000
Within 1 year	2,511	2,704
Within 2-5 years	6,257	9,555
Over 5 years	-	-

The lease commitments relate to the current leasehold premises at 29 Clement's Lane, the current ILInt leasehold premises at 18/20 North Quay on the Isle of Man, and the current IAD Pty leasehold premises at 19-25 Camberwell Road, Melbourne, Australia.

28. Related parties

During the year the company did not render nor receive any services with related parties within the Group, and at the year end the company had the following intra-Group receivables:

	Amounts owed by/(to) related parties	
Company	**2019 £'000**	**2018 £'000**
Integrated Financial Arrangements Ltd	11	53
IntegraFin Services Limited	70	(358)
IntegraFin Limited	(9)	(9)
IntegraLife UK Limited	4	1
Integrated Application Development Pty Limited	1	-

Intercompany balances are interest free and settled on a monthly basis.

The Group has not made any allowance for bad or doubtful debts in respect of related party receivables nor has any guarantee been given or received during 2019 or 2018 regarding related party transactions.

Payments to key management personnel, defined as members of the Board, are shown in the Remuneration Report and note 7. Directors of the company received a total of £3.6m (2018: £7.3m) in dividends during the year. At the end of the year key management personnel held 54,440,708 (2018: 16,319,523) IHP shares.

All of the above transactions are commercial, arm's length transactions undertaken in the normal course of business.

During the year the executive directors received beneficial staff rates in relation to personal portfolios of £4k.

29. Events after the reporting date

There are no events subsequent to the year end that require disclosure in, or amendment to, the Financial Statements.

30. Dividends

During the year to 30 September 2019 the company paid interim dividends of £21.2m and £8.6m (2018: £19.4m) and no special dividend (2018: £11.4m) to shareholders. The company received dividends from subsidiaries of £30.1m (2018:£40.1m).

OTHER INFORMATION

DIRECTORS, COMPANY DETAILS, ADVISERS

Executive Directors

Ian Taylor

Michael Howard

Alexander Scott

Non-executive Directors

Richard Cranfield

Christopher Munro

Neil Holden

Caroline Banszky

Victoria Cochrane

Robert Lister

Company Secretary

Helen Wakeford

Independent Auditors

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Solicitors

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Corporate Advisers

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EC2Y 5ET

Principal Bankers

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EC2M 3UR

Registrars

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Crawley
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Registered Office

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Investor Relations

Jane Isaac
020 7608 4900

Website

www.integrafin.co.uk

Company number

08860879

GLOSSARY OF TERMS

AGM	Annual General Meeting
CASS	Client Assets Sourcebook
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
COREP	Common Reporting, as required by the Capital Requirements Directive IV
COSO	Committee of Sponsoring Organisation of the Treadway Commission
ETF	Exchange-traded Fund
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FUD	Funds Under Direction
GDPR	General Data Protection Regulation
GIA	General Investment Account
HMRC	Her Majesty's Revenue and Customs
IAD	Integrated Application Development Pty Ltd
ICA	Individual Capital Assessment
ICAAP	Internal Capital Adequacy Assessment Process
IFAL	Integrated Financial Arrangements Ltd
IFRS	International Financial Reporting Standards
ILInt	IntegraLife International Limited
ILUK	IntegraLife UK Limited
Inflow	Gross new business onto the platform
IntegraFin	IntegraFin Holdings Limited
IP	Intellectual Property
ISA	Individual Savings Account
ISAs (UK)	International Standards on Auditing (UK)
IT	Investment Trust
MiFID II	Second Markets in Financial Instruments Directive
NED	Non-executive Director
Net inflow	Net new business onto the platform
OEIC	Open Ended Investment Company
ORSA	Own Risk and Solvency Assessment
Outflow	Business leaving the platform
SCR	Solvency Capital Requirement
TCF	Treating Customers Fairly
The company	IntegraFin Holdings plc
The Group	IntegraFin Holdings plc and its subsidiaries
VCT	Venture Capital Trust

M137 September 2019

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(Registered office: as above; Registered in England and Wales under number: 08860879)
The holding company of the Integrated Financial Arrangements Ltd group of companies.