ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2020

IntegraFin Holdings plc

Company Registration Number: 08860879

PERFORMANCE HIGHLIGHTS

OPERATIONAL

Funds Under Direction*:

£41.09bn 9% ↑

(2019 – £37.80 billion)

Net inflows*:

£3.59bn 3% ↑

(2019 – £3.50 billion)

Client numbers:

191.9k 7% ↑

(2019 – 179.5k)

Adviser numbers:

6.2k 6% ↑

(2019 – 5.9k)

FINANCIAL

Revenue:

£107.3m 8% ↑

(2019 – £99.2 million)

Operating profit attributable to shareholders:

£55.3m 11% ↑

(2019 – £49.6 million)

Profit after tax:

£45.5m 11% ↑

(2019 – £41.1 million)

Earnings per share:

13.7p 10% ↑

(2019 – 12.4p)

Shareholder returns in 2020*:

8.3p 6% ↑

(2019 – 7.8p)

**Certain financial measures include alternative performance measures (APMs) which are indicated with an asterisk. APMs are financial measures which are not defined by IFRS. They are used in order to provide better insight into the performance of the Group. Further details are provided in the glossary, on page 168.*

CONTENTS

STRATEGIC REPORT

Richard Cranfield
Chair

CHAIR'S STATEMENT

Overview

Our last financial year saw dramatic events, the biggest being the global COVID-19 pandemic, but also continuing global trade tensions and a bad-tempered and divisive US Presidential election campaign. We now seem to be headed into a significant global recession and this is even before the more localised disruption of Brexit plays out. Equity markets have been buffeted by these difficulties, but have benefited from significant quantitative easing and been more resilient than many would have expected.

Given the prevailing economic instability, our performance has been gratifyingly robust. Alexander Scott comments on the results in more detail in his Chief Executive Officer's Review.

COVID-19

Discussing the emerging pandemic with Ian Taylor, Alex Scott and Jonathan Gunby back in January, I remember them expressing concerns about the possibility of being faced with a major lockdown. When it came to pass in March, the Group responded with immense hard work and application and got virtually everyone in the UK and Australia working remotely. It was a massive achievement by everyone involved, particularly the IT professionals, who managed this abrupt change in working practices. The board thanks everyone very much indeed for their efforts and courage in the face of real adversity.

The Group is proud that it did not furlough any staff, or take advantage of any other Government assistance.

The Board

The major change to management this year has been Ian stepping down in February, Alex becoming Group Chief Executive and Jonathan becoming Chief Executive of Integrated Financial Arrangements Ltd (IFAL) and joining the Group board. These changes have progressed smoothly and Ian remains on the board as Executive Director until he retires in February 2021.

It is difficult to overstate the crucial role played by Ian in the development of the Group and Transact since its foundation in 1999. From a standing start to a FTSE 250 Group employing over 500 staff; with 6,200 IFA clients and, through them, 192,000 ultimate investors; and Funds Under Direction (FUD) in excess of £41bn as at 30 September 2020; it is an immense achievement. We are hugely grateful for Ian's leadership, commitment and example, and will all have to work hard to maintain the standards he set. We wish Ian and Frances a very happy retirement.

The board is pleased that Alex accepted its invitation to lead the Group as its new Chief Executive and that Jonathan did likewise to become Chief Executive of IFAL. The board is confident that they both bring the right skills and knowledge to their respective roles.

Governance and culture

This is the first year that the 2018 UK Corporate Governance Code (the Code) has applied to the Group. Confirmation of how we have complied with the Code for the year under review is set out on page 63. Constructive, transparent and open engagement with our stakeholders outside of the boardroom forms a critical aspect of board-level activity. On pages 56 to 57, we present our first Section 172 (s172) statement, which sets out how we consider our key stakeholders in our decision making.

The board is focused on good governance and we continue to strengthen all aspects of this throughout the Group. We have rigorous Audit and Risk, 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. In particular, the Nomination Committee was closely involved in all aspects of the succession planning and appointment processes around the board changes referred to above.

The external board effectiveness review is discussed on page 67.

We take great care of our corporate culture and values – which are reflected both in our staff relations and in our interactions with customers and other key stakeholders. It is particularly pleasing that we continue to rank so highly in client service polls undertaken by Investment Trends and CoreData, and that our senior staff have such longevity with the Group.

Remuneration

The Remuneration Report is set out on page 76.

Dividend

In line with our dividend policy and in recognition of our financial performance, we have declared a second interim dividend of 5.6 pence. Together with our first interim dividend paid in June of 2.7 pence per ordinary share, this takes the total dividend to 8.3 pence.

Closing

This has been my first year as Chair and I have thoroughly enjoyed the challenge and the interaction with new colleagues across the business. In particular I have been struck by their professionalism and commitment to customers.

The members of the board would like to thank all our hard working colleagues for their extended efforts dealing with the continuing challenge posed by the pandemic and the social and financial consequences that are continuing to flow from it. These results, clients' satisfaction, and our ranking within the platform sector are the product of their efforts and play a vital part in the growth of the business.

Richard Cranfield
Chair

16 December 2020

Alexander Scott
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S REVIEW

I am pleased to introduce my first review as Chief Executive.

Mike Howard and Ian built the business on a foundation of recruiting high calibre staff to deliver the highest quality customer service as efficiently as possible. I picked up the mantle from Ian in early March as we entered a period of significant change to the operating environment and my primary concerns have been to ensure the ongoing wellbeing of our staff, and the continuing delivery of that service to our clients. This will be an ongoing theme as we negotiate our way through the coming months. With the secure foundation we have built over many years, I believe we can continue to develop our offering to the benefit of all our stakeholders.

Headlines

Given the events that unfolded over the second half of our financial year, we are very pleased to deliver a robust set of results.

Gross inflows of £5.75 billion remained at broadly the same level as last year, while net inflows of £3.59 billion were 3% higher. The increase in net inflows was driven by a reduction in outflows, as clients' spending patterns reduced in the second half of the year.

FUD at the year-end totalled £41.09 billion, an increase of 9% over the year. Other key metrics also continued to demonstrate positive performance, with client numbers passing 190k (+7%) and adviser numbers passing 6k (+6%). This drove an increase in revenue to £107.3 million (+8%) and, coupled with sensible expense management, has enabled us to report that profit before tax increased by 11% to £55.3 million.

Market background

Strong equity market performance, where the FTSE All Share Index rose 5% from October through to early March was matched by growth in inflows in the platform market, reversing the softening that had occurred throughout much of our previous financial year. This continued through to the tax year end, but changed rapidly as the impact of government measures to address COVID-19 took effect.

The second half, in a completely different, unparalleled operating environment, was difficult for clients and their advisers. Inflows fell across the retail advised platform sector as advisers focused on delivery of service to their current clients. Despite the difficulties, the market continued to function, with services previously provided face-to-face being provided virtually, and paper-based processes being replaced by digital processes.

Over the full year, the retail advised platform market FUD grew by 6% from £433.61 billion (restated September 2019. Revised from £427.7 billion, as stated in FY19's accounts, due to the inclusion of two more competitors) to £460.52 billion (September 2020).

Our activity

Against this backdrop, we have seen a small increase in our market share of FUD, and we consistently rank in the top three firms for gross inflows. According to Fundscape statistics we have achieved the highest 2020 net flows to date among retail advised platforms.

We achieved this by enhancing our service offering with incremental additions to functionality and responsible price reductions creating more value for money for our clients.

For the eleventh year running, Transact retained the top spot in the annual independent research studies by Investment Trends and CoreData. This was especially rewarding as we have had to adapt to delivering our service whilst working from home. As owners of proprietary platform software, we were in full control of the realignment of our technology development – so, from early March, we concentrated on digital processing enhancements, better enabling clients and advisers to manage financial plans with reduced need for physical documents and wet signatures.

The outlook

The outlook is clearly heavily dependent upon the economic effects of the measures being taken to combat COVID-19 and their impact upon equity markets, FUD and flows. The operating environment has become more difficult and unpredictable and this seems likely to remain the case in the coming months. Additionally, there is still little certainty on the shape of the UK's trading relationship with the European Union, despite the proximity of the end of the transition period.

However, none of this changes the fundamental need of individuals and their families to plan and take care of their financial future, so we will continue to refine our systems and processes and further develop and expand the financial infrastructure and associated services that we have successfully delivered for twenty years, through both internal investment and consideration of acquisition opportunities. We will keep investing in our staff and supporting them, being especially mindful of their mental welfare in these difficult times. We will continue to manage our cost base prudently, to deliver fair returns for all of our stakeholders, and we will leverage the agility that has helped shape our approach to the events of the last few months, as we advance into the new year.

Alexander Scott
Chief Executive Officer

16 December 2020

TRANSACT – OUR BUSINESS MODEL

A specialist platform provider – 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, consistent 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 strive always to insource the components of our service and technology, to enable us to maintain 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 ▪ 180 highly trained client service staff ▪ Staff are not product-centric but are client-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 development company ▪ Full control of development direction and priorities and costs ▪ Full control of the client experience ▪ We set our own development priorities ▪ Agility
Open architecture	We are 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, financially secure, investment platform ▪ Consistently high level of service for 20 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 6,200 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 as they arise.

2. Building our infrastructure

Our systems and processes are designed 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 systems. The development and implementation of these enhancements has been carried out in a steady, controlled manner over the past twenty years and this proven 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 do not outsource any component of our service or technology which gives us absolute control over the quality and cost of our whole operation. By 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 has been consistently differentiated from its competitors over the years through sustained customer service excellence. It is a trusted investment platform and we currently work with over 6,200 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 97% of revenue, as detailed on page 29 in the Financial Review, is recurring and has been for many years.

5. Managing costs

Insourcing the key components of our service and technology means 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.

6. Delivering fair returns for all stakeholders

Central to our business model is the fair treatment of clients, employees, suppliers 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 by delivering on our dividend policy, in line with Strategic Objective 6 on page 15, whilst maintaining a strong and stable regulatory capital base.

Shareholder returns

In respect of financial year 2020, the first interim dividend of 2.7p per share (£8.9 million in total) was paid in June, and the second interim dividend, as detailed in the Chair's statement, of 5.6p per share (£18.6 million in total), has been declared.

The dividends in respect of financial year 2020 equate to a return to shareholders of 60.5% of post-tax profit, which is in line with our dividend policy.

OUR STRATEGIC OBJECTIVES

The IntegraFin Holdings plc (IHP Group) is focused on the delivery of financial services infrastructure and associated services to UK advisers and our mutual clients.

We aim to create, maintain and improve value for our four principal groups of stakeholders – our clients, our employees, our suppliers and our shareholders. To do this we need to maintain our reputation for delivering a high quality, value for money service. This is achieved by keeping our offering relevant to current and future new clients through ongoing development which ensures we meet the needs of clients and their advisers. The key risks mentioned below are described, along with risk management activities and controls, on pages 16 and 17.

1. Drive growth

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

The business considers developments to the core proposition and business plan, where such changes are likely to improve the operation of financial plans for clients and their advisers. The business targets the implementation of new wrappers and services where it can see opportunities that will benefit all customers.

We will also review and consider potential acquisition opportunities where there is an expectation of accelerated growth, or augmentation of the current proposition that would enhance shareholder value. We have a high hurdle for taking any such opportunities forward, applying a rigorous and disciplined approach.

Financial year 2020 progress:

FUD ended the year at £41.09 billion (2019: £37.80 billion), growing 9% over the year.

Financial year 2021 outlook:

We will continue to target advisers not yet using our service 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. Invest 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 recognise that high calibre, well-trained staff and an intuitive, progressive system are critical to our ongoing success.

Aside from the work required to keep up to date with statutory and regulatory change every year, 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 from 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 2020 progress:

£9.8 million (2019: £9.0 million) invested in platform development in the year. This is comprised of platform developer and management cost, acquisition of new equipment and training costs.

Financial year 2021 outlook:

We look forward to making further enhancements that benefit the client and adviser online experience in financial year 2021, as well as other system improvements which are already designed and timetabled.

Key risk:

- Diversion of resources

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 2020 progress:

Revenue increased by 8% to £107.3 million (2019: £99.2 million).

Financial year 2021 outlook:

Client numbers grew by 7% and adviser numbers by 6% in financial year 2020. We aim to maintain this level of growth and potentially increase both metrics in the coming year, but recognise that the economic outlook is 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 they become due. Combined with sensible expense management, we expect to continue generating cash profits.

Financial year 2020 progress:

Operating profit attributable to shareholders, generating profits from the cash received, in financial year 2020 was £55.3 million, which is an increase of 11% from £49.6 million in FY2019.

Financial year 2021 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
- Uncontrolled expenses

5. Maintain strong balance sheet

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

Financial year 2020 progress:

The Group capital position grew 16% and ended the year at £140.9 million, up from £121.9 million at 2019 year end.

Financial year 2021 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% of full year profit after tax as two interim dividends.

Financial year 2020 progress:

A first interim dividend was paid of 2.7p per ordinary share and a second interim dividend declared of 5.6p per share, in line with our dividend policy.

Financial year 2021 outlook:

Our dividend policy remains unchanged, but our income may be impacted by continuing market uncertainty, as a result of the ongoing COVID-19 pandemic and Brexit.

Key risks:

- Stock market volatility
- Uncontrolled expenses
- Capital strain

KEY RISKS

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

1. Stock market volatility:
The COVID-19 pandemic created immense uncertainty in stock markets throughout the year, with large fluctuations from day to day, as news emerged. The shape and implementation of the Brexit deal the UK agrees with the EU may also continue to have a negative impact on stock markets for some time. Stock market volatility 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 which ensures we are not wholly correlated with 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 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. This is achieved by 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. Service standards are also dependent on resilient operations, both current and forward looking, ensuring that risk management is in place. Please see the Risk and Risk Management section on page 38.

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 focusing 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 the value for money of our service by reducing client charges, subject to profit and capital parameters when deemed appropriate.

4. Diversion of resources:
Maintaining 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. UK Financial Services Compensation Scheme (FSCS) levies, which ensures we do not need to compromise on investment in our platform to a degree that affects our offering.

5. Uncontrolled expenses:
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:
We 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, we carry out an assessment of our capital requirements, which includes assessing the regulatory capital required. We retain a capital buffer over and above the regulatory minimum solvency capital requirements.

KEY PERFORMANCE INDICATORS

The key performance indicators that follow are the quantifiable measures that we use to gauge the performance of our business.

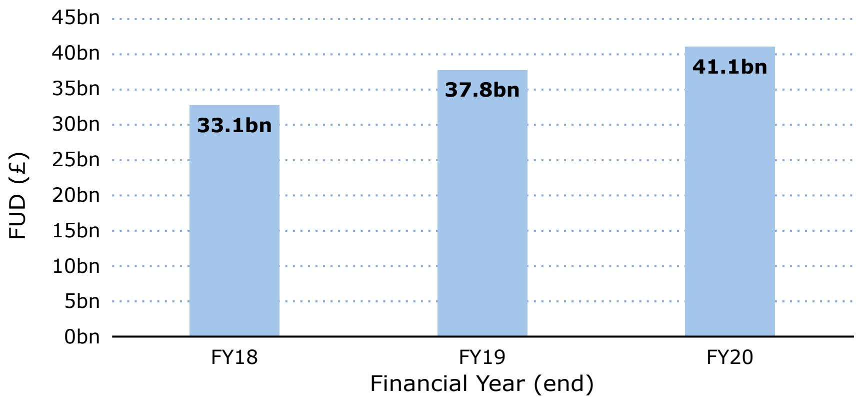
We consider the measures to be key to our business due to: our current and future revenue streams and market position are linked to FUD; increasing market share through new advisers and clients, and ensuring existing clients do not want to leave (client retention), is also key to our success; investment in the platform is crucial to ensure we continue to deliver and improve our outstanding customer service; and, we require sufficient capital to ensure we meet our regulatory requirements and can continue to support and invest in the business.

All metrics meet our expectations, taking into consideration the challenging economic environment in the second half of financial year 2020.

FUD* increased by £3.29 billion (9%)

The value of FUD is a primary driver of revenue as it forms the basis of annual commission payable which, as detailed on page 27 in the Financial Review, is the largest component of Group revenue.

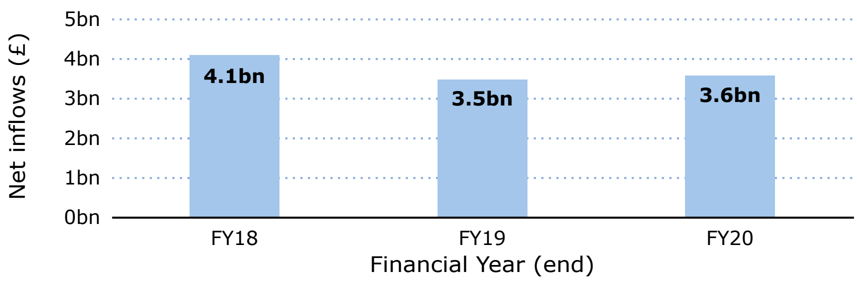
TOTAL FUD



Net inflows were up 3%, and Transact had 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 2020, according to Fundscape statistics.

NET INFLOWS

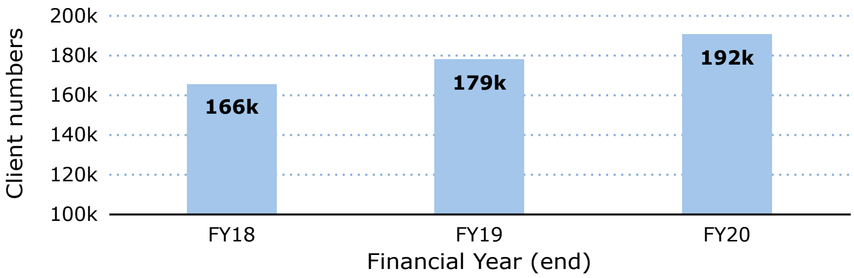


**Our KPIs include alternative performance measures (APMs) which are indicated with an asterisk. APMs are financial measures which are not defined by IFRS. They are used in order to provide better insight into the performance of the Group. Further details are provided in the glossary, on page 168.*

Client numbers were up 7% to 191,900

The increase in the number of clients is testament to the continued quality of our service.

CLIENT NUMBERS



Client retention remained at 96% per annum

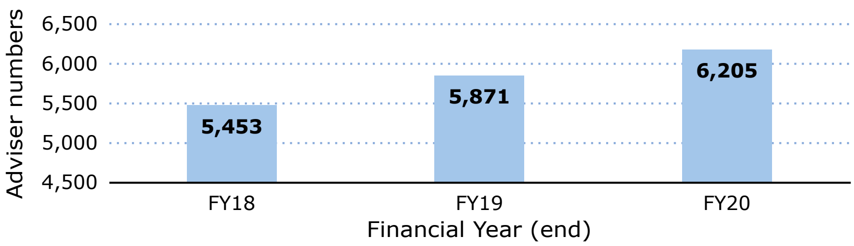
Client retention is an important measure of satisfaction. It is also a driver of ongoing revenue and we attribute our high level of client retention to satisfaction with our service and offering.

Financial year	2018	2019	2020
Levels of client retention	96%	96%	96%

Adviser numbers were up 6% to over 6,200

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 (until lockdown) and phone and online assistance via our extensive 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 continued*

In financial year 2020 we invested £9.8 million (2019: £9.0 million) in platform development, including software development, platform infrastructure and staff training. Ongoing investment ensures the proposition remains award winning and operationally resilient.

Operating profit attributable to shareholder returns increased to £55.3 million (11%)

We maintained income growth in a challenging market and expenses remained stable.

Capital stability was maintained

The Group maintained a strong balance sheet with capital increasing to £140.9 million. We retained 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 which are not defined by IFRS. They are used in order to provide better insight into the performance of the Group. Further details are provided in the glossary, on page 168.*

COVID-19

Principal risks and uncertainties

We are very aware of the potential impact on the health and safety of our colleagues, advisers and clients that follows recurring spikes of the COVID-19 pandemic and of the financial uncertainty that the current circumstances present. We have worked hard to support the wellbeing of our colleagues and to maintain the quality services expected of us. We continue to strive to make the management of client portfolios efficient and secure.

In our response to the pandemic we invoked parts of our business continuity measures. In addition, we reacted responsively by implementing a series of procedural and processing changes for employees, operating procedures and IT systems and infrastructure. These combined measures ensured we were able to continue the running of our operations throughout the period of government-imposed lockdowns. We continue to operate, in line with the recommended government guidelines in the UK, Isle of Man and Australia.

Our people

It is of paramount importance to us that we safeguard our colleagues. As mentioned above, we implemented, across the entire Group, a remote working operating model with only a small number of essential staff continuing to work at the London, Melbourne and Isle of Man offices. We made special efforts to ensure all our colleagues were kept informed and engaged through regular management communications. We established a dedicated staff portal, "Transact Together Hub", which provides a central point of information for process changes, key policies and useful tips to help colleagues make the transition and preserve our culture and collaborative team working ethos. We maintained an open and collaborative engagement with colleagues and actively sought their views. As a consequence, following the initial relaxation of the UK Government lockdown rules in July, we retained the remote working model. All our offices were modified to meet social distancing and health and safety standards. Our Isle of Man office reopened on 29 June following the IoM Tynwald removing restrictions. However, our UK and Melbourne offices still only have a presence for essential workers in order to maintain the continuity of the business operations and key systems. In all instances government advice and guidelines have been followed and strict premises controls are still in place.

Our operating procedures

The change in the operating model required a number of process and control changes to be put into place at short notice. These were assessed by Risk Management and detailed reports presented to the Audit and Risk Committee. The opportunity was taken to accelerate planned changes to our business processes and to refresh our continuity strategy and arrangements. In the event of any further lockdowns, we will respond in line with our updated business process and continuity arrangements.

Our IT systems and infrastructure

The increased threat from cyber-attacks remains high on the agenda and to this end we actively reinforced procedures on virus and phishing threats and increased the level of monitoring and surveillance controls. Our systems remained resilient and this allowed us to maintain all of our key business services throughout the period. We delivered enhancements to Transact Online (TOL), strengthening the adviser interface. By embracing other technology in conjunction with TOL, such as digital signatures and electronic document uploads, we further reduced our paper-based processing requirements. We ensured communication and video facilities were in place to enable colleagues and the business to interact effectively.

We remain confident that our business processes and controls are resilient and sufficiently responsive to meet the uncertainties under current conditions.

BUSINESS REVIEW

A game of two halves

The evolving platform market

Even in this most challenging of years, the advised platform market grew to £460.52 billion from £433.61 billion (revised from £427.70 billion as reported in 2019) a year earlier. Investors continued to place great value on financial planning and advice, and advisers continued to place the majority of their clients' investment flows via investment platforms.

How the year unfolded

First half
(October 2019 to March 2020)

The FTSE All Share Index started the year at 4,038 (1 October 2019) and, by 17 January 2020, had reached 4,258. Advisers are usually very busy ahead of the tax year end and early 2020 saw business as usual. Gross inflows were £3.23 billion, our highest ever in the first half of the year (first half of 2019 (1H19): £2.84 billion) and net inflows were £2.06 billion (1H19: £1.81 billion). Client numbers grew to 187,000 and FUD to £34.99 billion.

However, the seriousness of COVID-19 then became apparent, the UK went into lockdown, and, by 23 March, the FTSE All Share Index had fallen to a low of 2,728.

Second half
(April 2020 to September 2020)

With advisers and their colleagues working from home, they did remarkably well to continue servicing clients and managing their businesses. Correspondingly, at £797.3 million, our net flows for the April to June quarter were consistent with the same period in FY19.

By 23 June, the FTSE All Share Index had risen to 3,498 and our FUD was £39.71 billion. We were delighted to be rated the top overall platform in two independent research surveys (CoreData and Investment Trends), at a time when the vast majority of our people were working from home.

The July to September quarter was more challenging in terms of gross flows, as advisers across the industry were focused on servicing their existing clients and were spending less time engaging with new ones. However, the quarter still resulted in positive net flows of £730.8 million (albeit lower than FY19 June to September net flows of £891.0 million).

At the end of our financial year, the FTSE All Share Index had fallen to 3,282. By contrast, our FUD had risen to its highest ever level of £41.09 billion. Other metrics were also robust: the number of clients had risen to 192,000, brought to us by over 6,200 advisers.

In conclusion, it was a challenging year, which still produced many positive results that stand as testament to the strength and stability of the business.

Transact vs the market

FUD growth

Market FUD at 30 September 2020 was £460.52 billion, growth of 6% on prior year. Transact FUD at 30 September 2020 was £41.09 billion, growth of 9% on prior year (£37.80 billion).

Pension business continues to represent a higher proportion of assets year on year, now making up 46% of FUD on Transact, whilst GIAs and ISAs are at 22% and 25% respectively. Insurance bonds as a proportion have remained steady at 7%, with the offshore bond making up the majority.

Inflows

Despite the first and second halves of the financial year being very different, we were pleased to finish the year with both gross and net inflows very slightly ahead of the prior year.

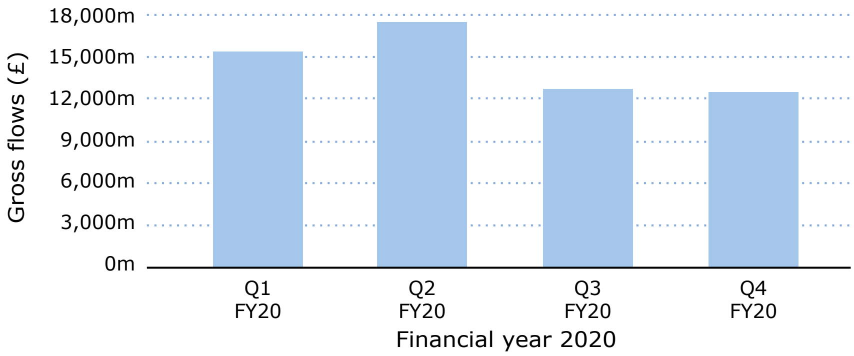
Market gross inflows were £58.22 billion, growth of 1% on prior year. Transact gross inflows for the year were £5.75 billion, which was a shade ahead of £5.70 billion achieved in the prior year.

Market net inflows were £24.26 billion, growth of 8% on prior year. Transact net inflows for the year were £3.59 billion, which was an increase of 3% on prior year (£3.50 billion).

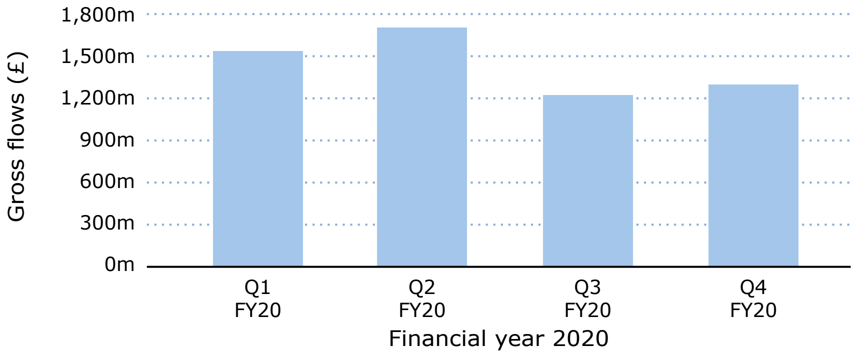
We have consistently ranked in the top three firms for gross inflows and we have achieved the highest 2020 net flows to date of all retail advised platforms according to Fundscape statistics. This has been sourced in four ways:

- 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 percentage of opening FUD and comparing favourably with the rest of the industry.

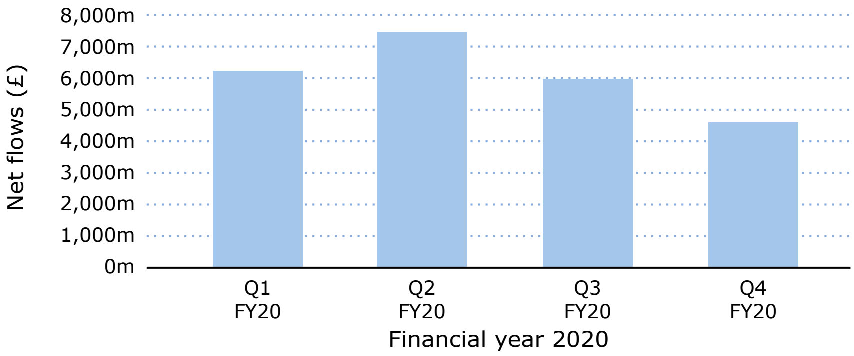
MARKET GROSS FLOWS



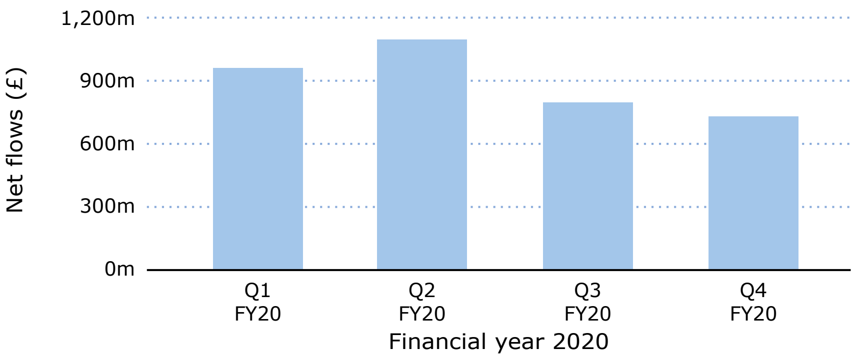
TRANSACT GROSS FLOWS



MARKET NET FLOWS



TRANSACT NET FLOWS



Our market share among retail advised platforms was 10% of gross inflows and 15% of net inflows.

Another positive indicator was the ratio of client asset transfers onto the platform versus off the platform. For the financial year, this was 5.1:1 in our favour. Defined contribution pension transfers onto the platform made up almost 75% of our pension transfers in financial year 2020.

Award-winning service

Our performance is attributable to the power of the overall offering including the consistently superior levels of service we achieve, and this has resulted in Transact retaining the top spot in annual independent research studies, Investment Trends and CoreData, for the eleventh year running (2010-2020 inclusive), 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)*
2020	**1st**	**1st**	**1st**
2019	**1st**	**1st**	**1st**
2018	**1st**	**1st**	**1st**
2017	**1st**	**1st**	**1st**
2016	**1st**	**1st**	**1st**
2015	**1st**	**1st**	**1st**

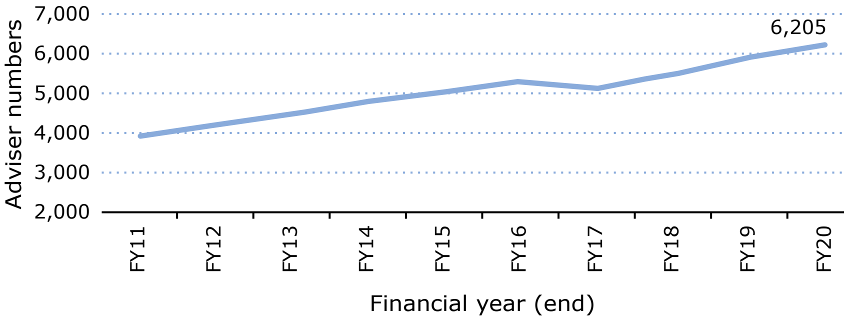
A core element of our proposition is the ownership of our software. We regularly deploy releases of new software (eleven in financial year 2020), which contain enhancements to existing code, as well as new functionality which benefits our clients and their advisers.

Adviser and client numbers

The number of advisers using our platform increased by 6% over the financial year to 6,205. The rate of growth is steady, year on year, and represents a sustainable level of change that enables us to help advisers efficiently "onboard" their clients.

Our adviser Net Promoter Score increased marginally to 61%, and remained the highest score for an advised platform.

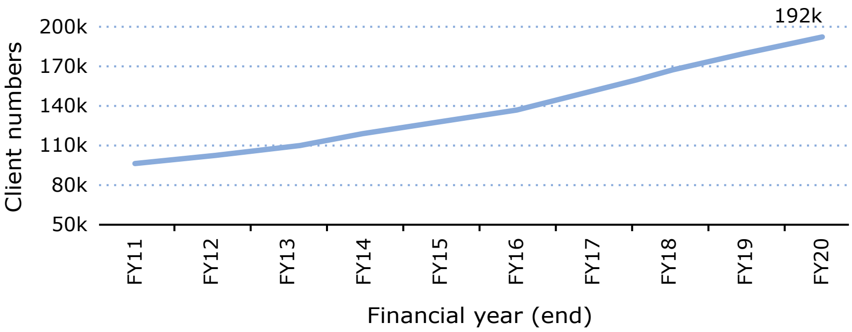
ADVISER NUMBERS



Client numbers have also grown solidly, increasing by 7% during the year to 192,000.

In our own client satisfaction survey, in which over 2,000 clients participated, 90% of respondents rated Transact's quality of service as either "very good", or "good", and 80% of respondents stated they were "very likely" or "likely" to recommend Transact to friends, family or colleagues.

CLIENT NUMBERS



Jonathan Gunby
Executive Director

16 December 2020

FINANCIAL REVIEW

A robust set of results

The FTSE All Share Index was buoyant at the end of our first quarter, in part due to the decisive UK election result in December 2019. It peaked in mid-January, at 4,258 points, before crashing 36% by late March, as the COVID-19 pandemic took hold, many countries went into lockdown and the economic impact was priced into the markets. Recovery from the March low point was erratic, but FUD ended the year 9% up, aided by solid net flows. This has resulted in increased revenue and increased profits.

FUD increased to £41.09 billion (2019: £37.80 billion) with gross inflows of £5.75 billion (2019: £5.70 billion). Outflows decreased slightly to £2.16 billion (2019: £2.20 billion) resulting in increased net inflows of £3.59 billion (2019: £3.50 billion).

Income continued to grow. We generated revenue of £107.3 million (2019: £99.2 million) up 8%, leading to an 11% increase in operating profit attributable to shareholders of £55.3 million (2019: £49.6 million).

This performance was achieved through continuing focus on doing what we do well, and continuing to make it better and more efficient for the future. We continued to develop the delivery of our high quality service by investing in our people and our proprietary technology. These developments allowed 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	2020 £m	2019 £m
Opening FUD	**37,799**	**33,113**
Inflows	5,750	5,700
Outflows	(2,160)	(2,203)
Net flows	**3,590**	**3,497**
Market movements	(224)	1,197
Other movements[1]	(72)	(8)
Closing FUD	**41,093**	**37,799**

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

Financial year 2020 saw extreme levels of market volatility. Despite this, the level of client inflows onto Transact marginally improved when compared with FY19. Outflow rates for the year, as a percentage of opening FUD, fell slightly from FY19, resulting in strong net flows which were up 3% year on year. FUD ended the year at £41.09 billion, up £3.29 billion from 2019, an increase of 9%.

Financial performance

Financial year 2020 was another year of robust 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, resulted in increased profits.

Income

For the financial year ended 30 September	2020 £m	2019 £m
Revenue	107.3	99.2
Cost of sales	(0.8)	(0.8)
Gross profit	106.5	98.4
Operating expenses	(51.2)	(48.8)
Operating profit attributable to shareholder returns	55.3	49.6
Net interest income	0.0	0.3
Profit before tax attributable to shareholder returns	55.3	49.9
Change in investment contract liabilities	82.9	(554.8)
Fee and commission expenses	(137.6)	(125.6)
Investment returns	54.7	680.4
Net policyholder income attributable to policyholder returns	(3.1)	7.1
Policyholder tax	3.1	(7.0)
Tax on ordinary activities	(9.8)	(8.9)
Profit after tax	**45.5**	**41.1**

Total gross profit in the financial year to 30 September 2020 increased by £8.1 million, or 8%, to £106.5 million from £98.4 million. This increase was achieved after reductions in the annual commission income charge and the threshold at which we rebate buy commission, and reflects the increases in the value of FUD, number of clients and number of tax wrappers held on the platform.

Profit after tax for financial year 2019 has been restated to £41.1 million, an increase from £40.1 million, and an adjustment to 2019 opening retained earnings has been made of £5.4 million.

The restatement of profit after tax across prior years is due to the identification of an error in the calculation of the policyholder tax provision (over) in the subsidiary, IntegraLife UK Limited (ILUK), which is one of the elements of the Group's insurance and life assurance segment. The error was due to corporate expenses being deducted in the policyholder tax calculation resulting in an overprovision of tax reserves due back to policyholders. As a result, there has been a release of the policyholder tax provision to the retained earnings as at 1 October 2018 and to the statement of profit or loss and other comprehensive income in 2019.

In addition to the restatement explained above, certain comparatives have been reclassified due to an error in presentation in prior years. This has the effect of reflecting items of income, expenses, gains and losses relating to the Group's insurance and life assurance segment on a gross basis, rather than on a net basis. In addition, cash held by the Group's insurance and life assurance segment for the benefit of policyholders has been separately disclosed in cash and cash equivalents.

These changes have no effect on net assets or overall profit.

Components of revenue

For the financial year ended 30 September	2020 £m	2019 £m
Annual commission income	94.5	86.7
Wrapper fee income	9.7	9.0
Other income	3.1	3.5
Total fee income	**107.3**	**99.2**

Our revenue comprises three elements and 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. The third element is other income and includes buy commission charged on asset purchases.

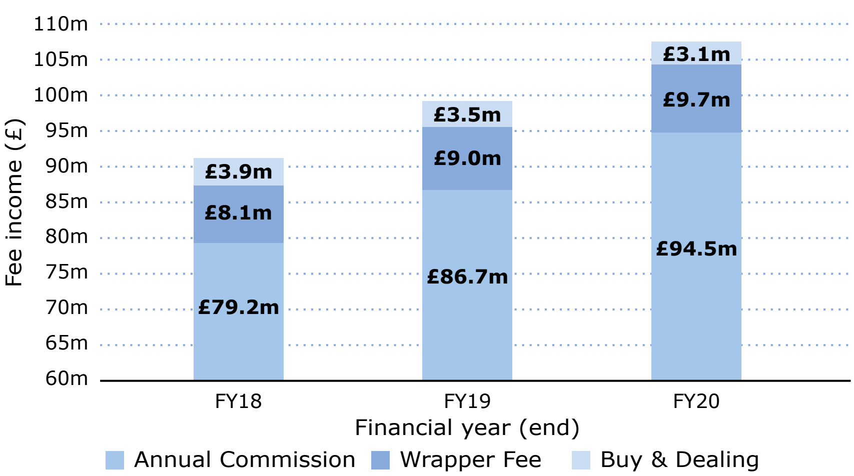
Annual commission income increased by £7.8 million, or 9%, to £94.5 million (2019: £86.7 million). This growth was achieved through growth in average FUD of 12%, despite volatile market conditions affecting asset values throughout the year.

Wrapper administration fee income increased by £0.7 million, or 8%, to £9.7 million (2019: £9.0 million). This reflects the net increase in the number of open tax wrappers on the platform.

Recurring revenue streams constituted 97% (2019: 97%) of total fee income.

Other income, mainly buy commission and dealing charges, reduced by 11%, £0.4 million, to £3.1 million (2019: £3.5 million). The primary reason for this fall was the reduction in the buy commission rebate threshold, this was introduced to make our charging structure more competitive. The required portfolio value for clients to receive the rebate was reduced from £0.5 million to £0.4 million, with effect from March 2020.

IHP FEE INCOME



Operating expenses

Total operating expenses increased by £2.4 million, or 5%, to £51.3 million (2019: £48.8 million). The increase was mainly due to an increase in regulatory fees, professional fees and staff costs.

Operating expenses

For the financial year ended 30 September	2020 £m	2019 £m
Staff costs	36.9	36.3
Occupancy	2.0	3.6
Regulatory and professional fees	7.0	5.5
Other income – tax relief due to shareholders	(1.1)	(1.0)
Other costs	3.8	3.7
Total expenses	**48.6**	**48.1**
Depreciation and amortisation	2.6	0.7
Total operating expenses	**51.2**	**48.8**

Staff costs

Staff costs increased by £0.6 million, or 2%, to £36.9 million (2019: £36.3 million).

Average staff numbers decreased from 509 to 492, a drop of 3%. The reduction was the result of natural attrition and efficiency gains delivered through platform development. The small rise in staff costs in the period was attributable to the net effects of general inflationary increases.

Staff share scheme costs, both the Share Incentive Plan (SIP) for all staff and the Performance Share Plan (PSP) for management, did not increase materially.

We operate a defined contribution pension scheme for our staff. The company-paid contribution was increased to 9% of annual salary in FY19, it was not further increased in FY20.

Occupancy

Occupancy costs decreased by £1.6 million due to the implementation of the new lease accounting standard, IFRS 16, which came into effect on 1 October 2019.

IFRS 16 brings leases on-balance sheet and, in our case, applies to the IHP Group property leases for offices in London, the Isle of Man and Australia.

The accounting standard replaces rent expense with straight line depreciation on a right of use asset and notional interest expense on a corresponding lease liability.

Regulatory and professional fees

Regulatory and professional fees increased by £1.5 million, or 27%, to £7.0 million. The most significant increase was in FSCS levies, which increased by £0.9 million, or 82%, year on year. There was a smaller increase in professional fees of £0.6 million, attributable to ad hoc project work performed throughout the year.

Other income – tax relief due to shareholders

This relates to the release of tax provisions due back to policyholders. Details of the 2019 restatement can be seen on page 28.

Depreciation and amortisation

Depreciation and amortisation charges increased by £1.9 million and £1.6 million of this was attributable to the depreciation arising on the right of use asset on the balance sheet, required by IFRS 16.

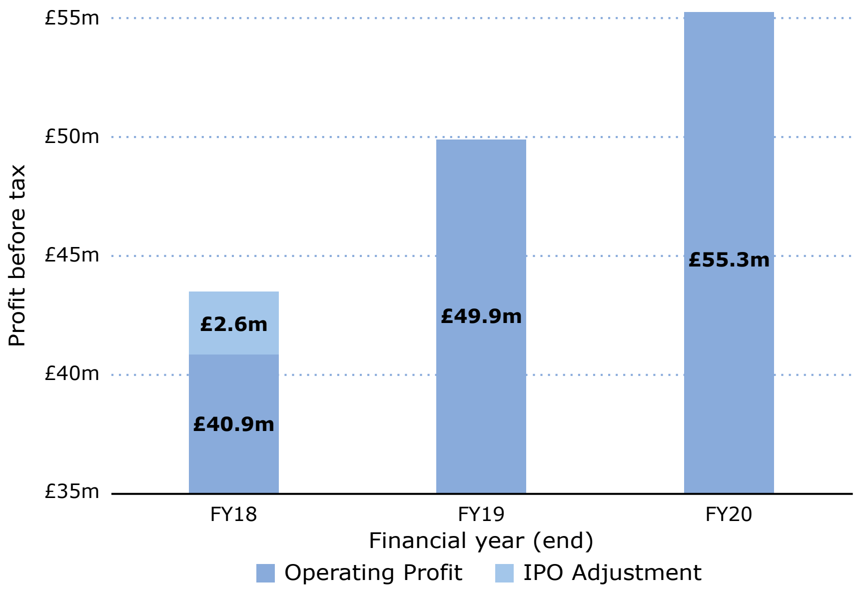
An element of the remaining £300k increase in depreciation was due to the purchase of new equipment required to enable staff to work from home, but the majority was due to a full year of deprecation on equipment bought in the latter half of financial year 2019.

Total capitalised expenditure for the financial year was £0.9 million compared with £1.3 million in the prior year.

Net income attributable to policyholder returns, and policyholder tax

Net income attributable to policyholder returns decreased by £10.1 million, from income of £8.1 million in FY19 to an expense of £2.0 million in FY20. Policyholder tax decreased by £10.0 million, from a tax charge of £7.0 million in FY19 to a tax credit of £3.1 million in FY20. Both of these reductions were due to a decrease in the gains on investments held for the benefit of policyholders, as a result of the downturn in financial markets during FY20.

IHP – PROFIT BEFORE TAX



Profit before tax attributable to shareholder returns

In the financial year to 30 September 2020 our operating margin increased to 52%.

After including interest income on corporate cash, the interest expense arising from the implementation of IFRS 16, and returns on corporate gilt holdings, profit before tax in the financial year to 30 September 2020 was £55.3 million, an increase of 11% on the prior year.

Tax

The Group has operations in three tax jurisdictions, being UK, Australia and Isle of Man, meaning profits are subject to tax at three different rates. However, the vast majority of the Group's income, 95%, 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 £0.8 million, or 9%, to £9.8 million (2019: £9.0 million) due to increased profits. Our effective rate of tax over the period remained stable at 18%.

Our tax strategy can be found at: **www.integrafin.co.uk/legal-and-regulatory-information/**

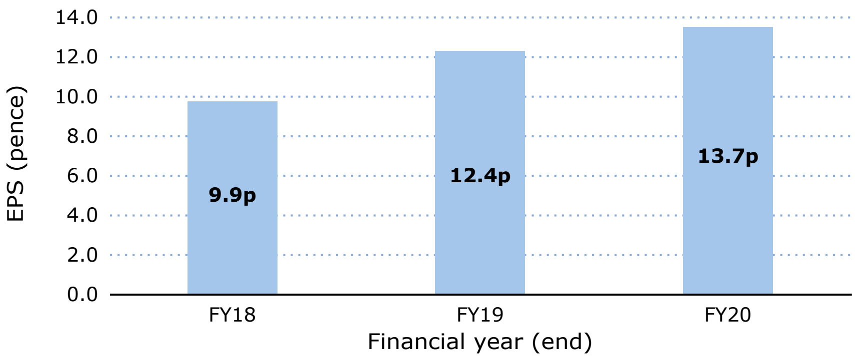
Earnings per share

	2020 £m	2019 (restated) £m
Operating profit attributable to shareholder returns	55.3	49.6
Net interest income	0.0	0.3
Profit before tax attributable to shareholder returns	55.3	49.9
Net policyholder income attributable to policyholder returns	(3.1)	7.1
Policyholder tax	3.1	(7.0)
Tax on ordinary activities	(9.8)	(8.9)
Profit after tax for the period	45.5	41.1
Number of shares in issue	331.3m	331.3m
Earnings per share – basic and diluted	13.7p	12.4p

Earnings per share increased to 13.7 pence, an increase of 10% on prior year.

The 2019 EPS has been restated in line with the restatement of profit after tax noted on page 28.

IHP – EARNINGS PER SHARE



Consolidated statement of financial position

In the consolidated statement of financial position, the material items that merit comment include the following:

Intangible assets (note 13)

The Group’s intangible asset as at 30 September 2020 of £13.0 million (2019: £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.

Right of use asset and corresponding lease liability (notes 15 and 26)

On 1 October 2019, the Group recognised a right of use asset and a lease liability on adoption of IFRS 16. The right of use asset has been depreciated through the year and ends the year at £4.0 million. The lease liability has also reduced from the net effect of rent payments under the terms of the respective lease agreements and interest charges, and ends the year at £6.1 million.

Deferred acquisition costs and deferred income liability (notes 17 and 27)

Deferred acquisition costs and deferred income liability arise in our life insurance subsidiaries, IntegraLife UK Limited (ILUK) and IntegraLife International Ltd (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 in each of the companies and in the consolidated statements of financial position. Both items increased by £3.1 million to £53.5 million over the financial year.

Investments and cash held for the benefit of policyholders and liabilities for linked investment contracts (notes 19, 20 and 21)

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 profit or loss, the consolidated statement of financial position and the consolidated statement of cash flows, but have zero net effect.

Investments and cash held for the benefit of policyholders have increased to £16.73 billion (2019: £15.45 billion) and £1.38 billion (2019: £1.21 billion) respectively. Liabilities for linked investment contracts increased to £18.11 billion (2019: £16.66 billion). This reflects the increase in the value of FUD held in life insurance wrappers.

Deferred tax liabilities (note 28)

Deferred tax liabilities decreased by £4.2 million to £9.0 million (2019: £13.2 million). This decrease 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.

Provisions (note 30)

Provisions have increased in financial year 2020 by £6.9 million. This is largely due to tax charges deducted from clients not becoming payable to HMRC due to the downturn in the financial markets. If no tax liability arises in the future then these charges will be refunded to policyholders.

Cash and cash equivalents (note 21)

Shareholder cash increased from £132.3 million at 30 September 2019 to £154.1 million at 30 September 2020. The increase of 16% reflects the cash-generative nature of the business and the strength of the liquidity within the Group.

Liquidity and capital management

At 30 September 2020 the Group held cash and cash equivalents of £154.1 million (2019: £132.3 million). Cash generated through trading also covered dividend payments totaling £26.2 million. This comprised £17.2 million second interim dividend in respect of the financial year 2019, paid in January 2020 and £8.9 million first interim dividend in respect of the first half of financial year 2020 (2019: £8.6 million), paid in June 2020.

To enable the Group to offer a wide range of tax wrappers there are three regulated entities within the Group; a UK investment firm, a UK life insurance company and an Isle of Man life insurance company. Each regulated entity maintains capital well above the minimum level of regulatory capital required, 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 IFAL's expense-based regulatory capital requirements. These bases are determined by the appropriate regulations that apply for each of the companies.

Regulatory Capital

For the financial year ended 30 September 2020	Regulatory Capital requirements £m	Regulatory Capital resources £m	Regulatory Cover %
IFAL	24.0	34.1	141.8
ILUK	170.4	239.3	140.4
ILInt	18.5	33.4	180.7

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 2020	£m
Total equity	140.9
Loans and receivables, intangible assets and property, plant and equipment	(22.0)
Available capital pre dividend	118.9
Interim dividend declared	(18.6)
Available capital post dividend	100.3
Additional risk appetite capital	(63.5)
Surplus	36.9

Additional risk appetite capital is capital the IHP Board 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 the Going Concern and Viability Statement on page 48.

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 5.6 pence per ordinary share, taking the total dividend for the year to 8.3 pence per share (2019: 7.8 pence).

Given the net cash, liquidity and capital coverage positions as set out above, the Group is well positioned to fund the £18.6 million dividend.

Dividend Type	Share Class	2020 £m	2019 £m
Ordinary	All	27.5	25.8
Per share			
Ordinary – first interim	All	2.7 pence	2.6 pence
Ordinary – second interim	All	5.6 pence	5.2 pence

16 December 2020

RISK AND RISK MANAGEMENT

"The process which aims to help us understand, assess, assign ownership, manage and take action on all our risks. This allows us to perform risk monitoring and reporting, with a view to increasing the probability of success and reducing the likelihood of failure of the Group or its regulated subsidiaries."

Overview

The risk management framework defines the risk principles of the Group and is designed to support the delivery of the Group's strategic objectives. It 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. In this context, the key risks facing the business given the nature of the activities we undertake, 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).

How risks are managed

The risk management framework is developed, managed and embedded throughout the Group in a consistent manner, promoting a culture of risk awareness and risk ownership. It comprises our systems of governance, risk appetite and risk management processes.

Governance

The board is responsible for establishing the risk strategy and approving the risk appetite.

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 Group 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 emphasizes and demonstrates the benefits of a risk-based approach to management of the Group.

The framework is supported by the Risk Management Policy which provides general guidelines for the design and implementation of risk, with the senior management responsible for its implementation. The Risk Management Policy is overseen by the IHP Chief Executive Officer (CEO) 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 Group Risk Committee.

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 aim to have a zero 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 risk appetite for zero 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 Group Risk Committee and senior management.

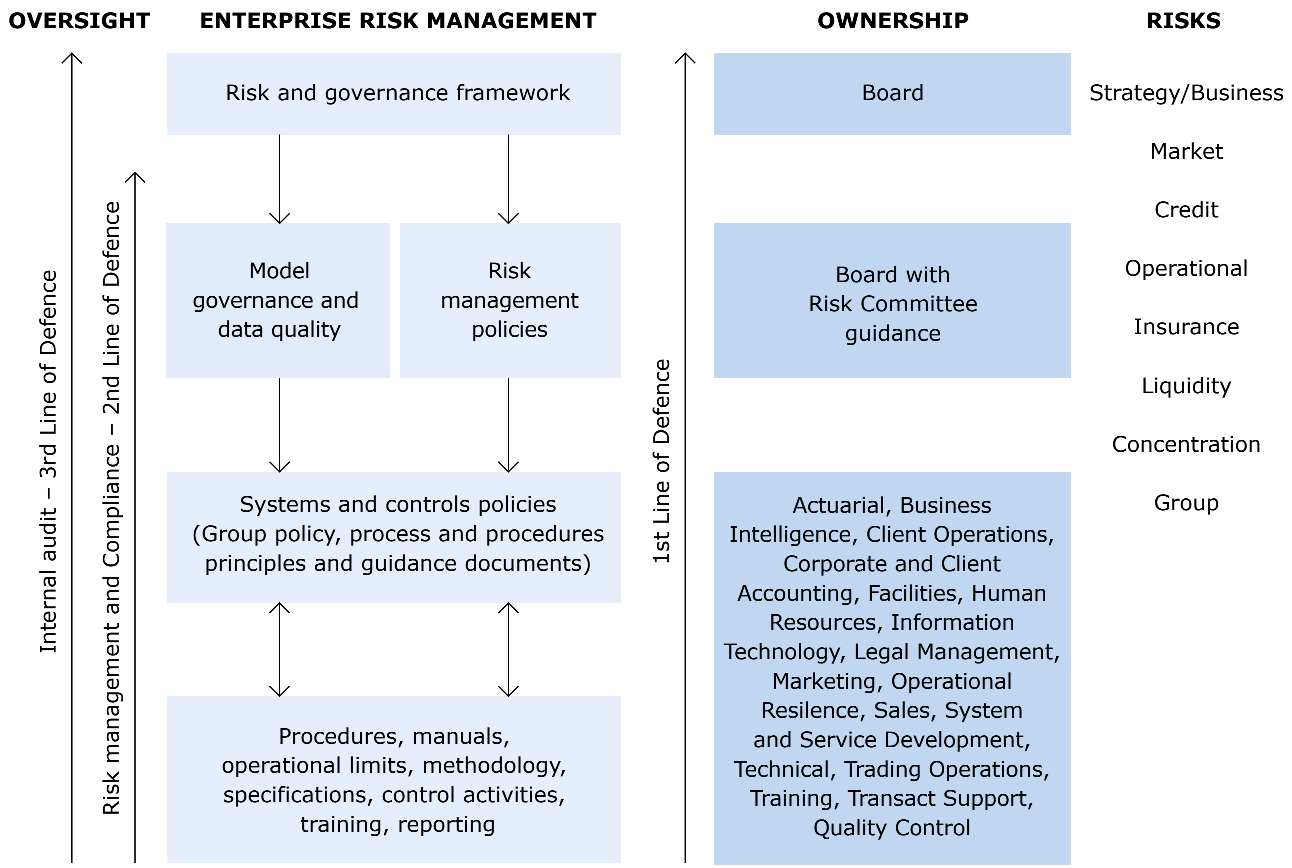
The risk management process

The CEO, with support from the senior management team, is accountable to the board and the Group's regulators for the effective management of risk across the business. 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.

The CEO is responsible for ensuring an embedded and consistent approach is adopted for the 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. In this regard, we have implemented 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.

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.

Our Risk Management Framework is shown below:



The "three lines of defence" risk governance model

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 business, recorded into the Group risk register with each key risk owned by the member of the management team responsible for the strategic management of that risk across the Group.

The directors consider the totality of the risk register and carry out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity.

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. Additional risk responsibilities include ensuring that the business risk owners maintain up to date and accurate risk and control data within the Group risk register. The output from the risk register forms part of the risk management reporting process to the Audit and Risk Committee and IFAL Group Risk Committee.

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

The Risk Management and Compliance functions provide reports to the Audit and Risk Committee and the IFAL Group Risk Committee, on at least a quarterly basis, with information and analysis on the key risks the Group faces (including forward-looking risks), capital requirements and comparison against risk appetite. The chairs of the Committees then provide a summary to the members of the boards.

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 Audit Committees on the implementation and effectiveness of the Risk Management Policy, framework and internal controls. The Head of Internal Audit reports directly to the Audit Committee chairs.

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

Emerging risk focus

Our stakeholders expect us to be resilient in our operations. We actively manage our risk exposure against appetite across our defined principal risk categories. These are overseen by management and governance committees to ensure exposures are adequately identified and acted upon in a timely manner. In this regard we ensure through our Risk Capital frameworks that our regulated entities hold adequate capital to meet obligations.

The management approach to risk ensures that we identify and monitor a series of emerging risks. These have a degree of uncertainty around the likelihood and impact on the business. The more significant emerging risks in the near, medium and longer term are set out below and are regularly reported and assessed through the governance committees.

Near-term risks	Cyber-attack	The threat of malicious external 3rd party attacks on our systems, leading to ransom threats, denial of service or loss of client data and information.
	Financial Crime Fraud	The emergence of more sophisticated instances of financial crime impacting our security and reputation across the client base.
Medium-term risks	Prolonged economic downturn	Severe and prolonged worldwide economic downturn resulting in volatile equity markets. Investors losing confidence in equity markets and seeking alternative investment assets impacting our FUD.
	Regulatory changes and a shifting focus	Changing expectations of the UK and Isle of Man regulators especially in the light of the impending departure from the EU. Increasing regulatory scrutiny or focus impacting our business model.
Longer-term risks	Disruptive market influences	The independent adviser model is dramatically impacted as a result of prolonged economic factors, new technological entrants and a more aggressive acquisition by vertically integrated firms reducing our adviser/client base.
	Environmental, Social and Governance (ESG) requirements	Increasing government and stakeholder focus on requirements for ESG metrics. The emerging uncertainty and complexity of the data requirements and disclosure obligations of environmental factors, such as climate change, are likely to require additional significant investment of effort across our business.

We use the emerging risk insight from management and other reliable external sources, to undertake stress and scenario testing. These are used to identify additional impacts on the ability of the Group and its regulated subsidiaries to meet capital and liquidity needs as a result of changes in the external environment that are over and above the amount of capital held. More details of these are set out in our viability statement.

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 Financial Conduct Authority's (FCA) Prudential sourcebook for Investment Firms (IFPRU), IFAL is an IFPRU 125K limited licence firm. IFPRU requires that such firms as IFAL comply with the European Union's (EU) 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 Capital Requirements Regulation (CRR).

As at 30 September 2020, IFAL has regulatory capital resources of £34.1 million (2019: £30.9 million) and a regulatory capital requirement of £24.0 million (2019: £23.5 million) which gives a capital requirement coverage ratio of 142% (2019: 131%).

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.

Solvency II

ILUK, a UK based life company in the Group, 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 2020, ILUK has own funds of £239 million (2019: £227 million) and an SCR of £170 million (2019: £173 million) which gives a solvency coverage ratio of 140% (2019: 131%).

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 Prudential Regulation Authority (PRA) on a quarterly basis.

Isle of Man Risk Based Capital regime

As at 30 September 2020, ILInt, an Isle of Man based life company in the Group, has Own Funds of £33.4 million (2019: £33.1 million) and SCR of £18.5 million (2019: £19.4 million) which gives a SCR coverage ratio of 181% (2019: 171%).

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 (IoM FSA) on a quarterly basis.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to which the Company is exposed relate to the upstream of capital, predominantly from its regulated subsidiary, IFAL, in order to support its dividend-paying capacity to its shareholders. The key drivers of this upstream of capital are the underlying financial performance and solvency position of IFAL and its regulated subsidiaries. In summary, due to the nature of the business written by IFAL and the other regulated subsidiaries, profitability arises primarily from charges on the assets held in the portfolios less the expenses of administering those portfolios. As a consequence, the predominant risks to which the Company is exposed are market risk, liquidity risk, outflow risk, expense risk and operational risk. The Company seeks to limit its exposure to these and any other applicable financial and non-financial risks.

The following tables (split between financial and non-financial risks) describe the key risks of the Company with a summary description of how we manage and mitigate the risks and an assessment of the change over the year:

FINANCIAL RISKS

KEY RISK DESCRIPTION	MANAGEMENT AND CONTROLS	CHANGE OVER THE YEAR
Market risk – the impact changes in equity and property market values, currency exchange rates, credit spreads, interest rates and inflation, may have on the value of clients' portfolios, resulting in a reduction in future charges or an increase in future expenses.	The upstream of capital to the Company is exposed to second order impacts from market movements as future charges are predominantly determined based on clients' portfolio values. The Regulated Subsidiaries of the Group do not offer any guarantees on portfolio values and currently invest their shareholder assets in high quality, highly liquid, short-dated investments. Expense inflation risk is mitigated through regular stress testing, monitoring of expenditure and closely managing expenses in line with the business plan.	Increased as stock market volatility and uncertainty has impacted FUD.
Liquidity risk – this is the risk of the Company not having available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost.	The Company's principal liquidity risk is limited to paying out dividends and operating expenses as they occur. There are robust controls in place to mitigate liquidity 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.	No change.
Outflow risk – loss of future profits due to more clients than expected terminating policies or more outflows (e.g. withdrawals or transfers) than expected.	The Group seeks to mitigate outflow risk by focusing on providing the highest level of service that it can. Outflow rates are closely monitored and unexpected experience is investigated. Despite the current challenging and uncertain economic and geopolitical environment, net inflows remained positive.	Increased due to the growth of funds under direction.
Expense risk – administration costs exceed expense allowance, which can occur due to costs increasing 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. Expense risk is mitigated through regular stress testing, monitoring of expenditure and closely managing expenses in line with the business plan which is set and approved by the board on an annual basis.	Marginal increase due to the one off nature of managing operations under the COVID-19 pandemic.
Credit risk – loss due to defaults from holdings of cash and cash equivalents, deposits, formal loans and reinsurance treaties with banks and financial institutions.	The Group seeks to invest its shareholder assets in high quality, highly liquid, short-dated investments. Maximum counterparty limits are set for banks and minimum credit quality steps are also set.	No change.

NON - FINANCIAL RISKS

KEY RISK DESCRIPTION	MANAGEMENT AND CONTROLS	CHANGE OVER THE YEAR
Regulatory risk – the risk of new regulatory requirements having adverse impacts on the Group's business model, or the Group failing to comply with existing or new regulations resulting in a fine or regulatory censure.	Regulatory risk is mitigated through regular monitoring of regulatory developments and maintaining open and transparent dialogue with the regulators to which the different regulated subsidiaries are subject. Ongoing compliance with existing rules is monitored by the Compliance function with additional assurance provided by the Internal Audit function for the key regulatory risks on a regular basis.	Regulatory scrutiny, as a result of COVID-19 has increased. This is expected to continue in the near term.
Operational risk – the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.	The key operational risks are information security, IT infrastructure and business continuity related, all of which include exposures to cyber risks. The Group aims to minimise its operational risks at all times through a strong and well-resourced control and operational structure. In particular, the Group has in place a dedicated financial crime team and an ongoing fraud and cyber risk awareness programme. Additionally, the Group carries out regular IT system maintenance, and system vulnerability testing. The Crisis Management Team (CMT) effectively invoked the Group's business continuity plans during the course of the year. Robust process documentation and an effective risk and control framework, has supported the Group during the difficult second half year operating period allowing management to make effective and informed risk based operational decisions.	Increasing risk associated with the ongoing operating approach of working remotely.
Competition risk – the risk of competitor activity resulting in loss of new business, increased outflows of business or pressure on profit margins.	Competitor risk is mitigated by focusing on providing exceptionally high levels of service and being responsive to client and financial adviser demands through an efficient expense base.	No change.
Geopolitical risk – the risk of changes in the political landscape disrupting the operations of the business or resulting in significant development costs.	Geopolitical risk cannot be directly mitigated by the Group. However, through close monitoring of developments through its risk horizon scanning process, potential impacts are taken into consideration as part of the business planning process.	Unchanged, there remains near term uncertainty from the geopolitical environment, e.g. the end of the transitional period with the EU at the end of this year.
Reputational risk – the risk that current and potential clients' desire to do business with the Group reduces due to perception of the Transact service in the market place.	The Risk Management Framework provides the monitoring mechanisms to ensure that reputational damage controls operate effectively and reputational risk is mitigated, to some extent, by internal operational risk controls, error management and complaints handling processes as well as root cause analysis investigations.	Unchanged for the year.

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

GOING CONCERN AND VIABILITY STATEMENT

In accordance with the Code, the directors have assessed whether the Group is considered a going concern over the following twelve month period, as well as the prospects and viability of the Group over a period of three years.

Going concern

The Strategic Report sets out the Group's business model, its strategic objectives and the associated risks, and the annual financial review on pages 26 to 37.

Going concern is assessed over the 12-month period from when the Annual Report is approved, and the board has concluded that the Group has adequate resources to continue in operational existence for the next 12 months. As detailed in the going concern disclosure in the financial statements, on page 122, this is supported by:

- The current financial position of the Group;
- Detailed cash flow and working capital projections; and
- Stress-testing of liquidity, profitability and regulatory capital, taking account of possible adverse changes in trading performance, including the impact of COVID-19.

When making this assessment, the board has taken into consideration both the Group's current performance and the future outlook, including the impact of the COVID-19 pandemic. Market volatility and uncertainty is expected to continue for some time, due to the pandemic and the effect of measures taken to combat it, but the Group's fundamentals remain strong.

Having conducted detailed cash flow and working capital projections, and appropriate stress-testing on liquidity, profitability and regulatory capital, taking account of the COVID-19 pandemic and further possible adverse changes in trading performance, the board is satisfied that 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 FCA, PRA, and IoM FSA.

The board has concluded that the Group has adequate resources and there are no material uncertainties to the Group's ability to continue to operate 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

The key factors affecting the Group's viability and 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 24); the number of advisers using the platform increased by 6% during the year; the number of clients on the platform increased by 7%; and, our Net Promoter Score 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. 97% of revenue is of recurring nature (page 29).

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 Internal Capital Adequacy Assessment Process (ICAAP) and Own Risk and Solvency Assessments (ORSA) 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 stress and scenario tests applied are severe, yet plausible, and both individual and combined. The key scenarios are as follows:

Internal cyber-attack – considers the impact of a contractor or employee using their access to the site to steal personal/sensitive data.

System failure – considers the damage caused by insufficient controls within the bespoke operating system, "the platform".

Loss of investor confidence – considers the impact on investor confidence in capital and investment markets due to an extended period of pandemic, combined with the end of the transitional period with the EU.

Decline in investment adviser numbers – considers: prolonged economic downturn, with a reduced investor propensity for savings, which dramatically impacts the investor/independent adviser model; and, the impact of vertically integrated firms increasing acquisition activity.

Combined scenario – considers the impact of the combination of internal cyber-attack and loss of investor confidence scenarios.

The results of the above stress and scenario tests led to the following conclusions:

- Under a range of stressed scenarios no expected profit or liquidity issues are expected to arise in the Group over the three year business planning period and beyond;
- Each of the regulated entities has sufficient available capital to cover its regulatory solvency requirements, and this is expected to continue over the three year business planning period and beyond; and
- Under a range of stressed scenarios the entities are still able to meet their capital and liquidity requirements over the three year business planning period and beyond.

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 uncertainty caused by the COVID-19 pandemic and geopolitical uncertainty, as detailed in the strategic report.

In accordance with the Code, the directors have assessed the Group's prospects by reference to the three-year planning period to September 2023. The directors have a reasonable expectation that the Group will continue to meet its liabilities as they fall due, and that it will be able to operate within the regulatory capital limits imposed by the regulators over the period of this assessment and beyond.

By order of the board,

Helen Wakeford
Company Secretary

16 December 2020

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 four groups of stakeholders: clients, staff, suppliers 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 organisational 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 believe the culture that is promoted from the board down is one that helps instil staff engagement. This is due to an open culture and a relatively flat structure, which ensures all employees are able to share ideas and suggestions for improving the offering.

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 Human Resource 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.

Staff welfare during the COVID-19 pandemic

From late March onwards, the COVID-19 pandemic resulted in all staff working from our London, Isle of Man and Melbourne offices moving to working remotely. The agility, hard work and determination of our people to ensure operations continued seamlessly, from a myriad locations, has been hugely impressive and we are indebted to staff.

We are, however, cognisant of the toll on staff as they deal with concern for their family's and their own health and wellbeing, adapt to the change in working environment, and process daily media reporting on the pandemic, vaccination and the long term impact on the global economy.

With the above in mind, we have taken steps to ensure staff are fully supported and have resources they can call upon, should they need additional help. We have accessible, fully trained mental health first aiders in our Human Resources Department, we have promoted the Employee Assistance Programme and the Executive has given staff frequent updates and assurance on the future shape of working safely, as far as we are able, and bearing in mind government guidelines. We have also conducted a staff survey, in order to understand how our people feel about a future return to an office environment and this will be considered when we take steps to transition back to the office.

We have invested in staff engagement and contact through technology, which has facilitated the ability to stay in touch with fellow team members, face to face, through frequent virtual meetings, as well as the usual telephone calls. We have also launched a more informal, magazine style bulletin for all staff, called the "Transact Together Hub", which has reported some of the more lighthearted aspects of Transact culture and its translation to a home environment.

We are proud to say that the firm's culture is thriving, despite challenging circumstances for all.

Diversity

We recognise that diversity is not restricted to gender and, as reflected in the Nomination Committee report on page 73, the board acknowledges that we have not met the targets set out in the Hampton Alexander or the Parker review on diversity and is proactively reviewing the subsidiary boards.

Gender pay gap

Across the Group we employed 487 staff and six NEDs are officers of the Company. The breakdown by gender as at September 2020 was as follows:

		Male %		**Female %**
Board Directors[1]	8	80	2	20
Senior Managers	2	33	4	67
Direct Reports	19	61	12	41
All Staff	304	68	143	32
Total	**333**	**67**	**161**	**33**

[1] *Michael Howard, an Executive Director, is included in the gender pay reporting figures as he is an officer of the Company. He is not however an employee and the total employee count is 487.*

In 2020 the Company has changed the basis of reporting. The Code provides for the gender and diversity of senior management to be reported either by reference to the Company's executive committee, or by reference to the layer below the board, including the Company Secretary. In prior years the Company has reported Senior Management in accordance with the definition used in the prospectus, however we have changed this basis in 2020 to better reflect the management structure of the Group and have moved to reporting the layer below the board, including the Company Secretary, in accordance with the definition in the Code.

IntegraFin Services Ltd, the Company's services provision subsidiary, published its gender pay gap report in April 2020. The report can be found on our website, at **www.integrafin.co.uk/legal-and-regulatory-information**

Our reported mean gender pay gap rose slightly to 13%, and still 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, we employ the best person for the role; 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 2020, the Group paid suppliers, on average, within 14 days (2019: 15 days) and the Group paid 90% (2019: 92%) of suppliers within 30 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 recognise the importance of managing and minimizing the Group's environmental impact as much as reasonably possible, and we became Energy Savings Opportunities Scheme (ESOS) Phase 2 certified in 2019.

Financial year 2020 is a year in which the Group's key processes and work streams were modified to accommodate staff working from home for six months of the financial year. This led to agile development of processes that did not require paper and could rely on electronic signatures. This is a positive development for the Group and initiatives to further implement a paperless working environment will be actively sought going forward. Over the course of the year we saved 157 trees (FY19: 287) through recycling confidential waste, obviously with remote working there has been a significant reduction in paper consumption; we recycled 41% of total waste (FY19: 51%); and, maintained environmental initiatives previously introduced, such as a green energy supplier and chemical free cleaning systems.

Streamlined Energy and Carbon Reporting

The Group has adopted the reporting requirements of the Streamlined Energy and Carbon Reporting (SECR) policy as implemented by the government, and with effect for financial years commencing after 1 April 2019.
It is, therefore, the Group's first year reporting under the SECR regime.

Our emissions data for financial year 2020 and 2019 is presented below. We have calculated the emissions in line with the Greenhouse Gas Protocol Corporate standard.

Emissions tables

For the financial year ended 30 September 2020		UK	Aus	IoM	CO2 Tonnes Total
Scope 1	Printer emissions	6	-	-	6
Scope 1	Purchase of gas	212	24	2	238
Scope 1	Purchase of electricity	189	72	3	264
Scope 3	Business flights	5	11	1	17
Scope 3	Vehicle usage	44	0	0	44
	Total	**456**	**107**	**7**	**570**
Emissions Intensity Ratio (CO2 tonnes per member of staff)		**1.1**	**1.3**	**0.9**	**1.2**
Energy consumption in the UK ('000 kWh)		**1,469.1**			

For the financial year ended 30 September 2019		UK	Aus	IoM	CO2 Tonnes Total
Scope 1	Printer emissions	10	-	-	10
Scope 1	Purchase of gas	216	-	3	219
Scope 1	Purchase of electricity	251	-	3	254
Scope 3	Business flights	80	-	3	84
Scope 3	Vehicle usage	95	-	0	95
	Total	**653**	**0**	**9**	**662**
Emissions Intensity Ratio (CO2 tonnes per member of staff)		**1.6**	**0.0**	**1.4**	**1.6**
Energy consumption in the UK ('000 kWh)		**1,712.5**			

Waste	**CO2 Tonnes**	
	2020	**2019**
Not recycled	7	16
Recycled	4	18
Total	**11**	**34**

We believe number of staff is an appropriate business specific metric for calculating the Emissions Intensity Ratio, as it is the main driver of our energy consumption and, therefore, emissions.

We generate Scope 1 emissions directly through purchasing electricity and gas and general waste from running the premises in London, Melbourne and Douglas in the Isle of Man. Scope 3 emissions are generated through business flights and driving for work.

We have restated the financial year 2019 emissions comparative as the numbers had been incorrectly totalled in the Annual Report.

It should be noted that the largest fall in emissions is due to the reduction in business travel, due to staff working from home during the COVID-19 pandemic.

The general waste statistics are included above and the sharp fall, year on year, is due to six months of the reporting year being worked from home. In the previous year we recycled more waste than not, and it is expected that in financial year 2020 this trend would have continued. This is due to all confidential waste being recycled and numerous recycling bins placed on office floors in order that food and drink packaging can be collected and recycled.

The Group has not made progress in formulating a plan to reduce emissions, due to the focus on maintaining business as usual from home. However, the Group is aware of its duty to reduce its impact on the environment and will renew efforts in financial year 2021, with the goal of reducing its carbon footprint where it realistically can.

Community

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

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 2020 was £12.5 million (2019: £11.8 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.

COMPANIES ACT SECTION 172

The directors have a duty, under Section 172 of the Companies Act, to act in a way and in good faith, to promote the success of the Company for the benefit of its members as a whole.

The table below sets out the different matters that the directors must have regard to and how they have fulfilled their duties during the financial year.

The board considers the key stakeholders to be our clients, our shareholders, our staff and our suppliers. These groups are considered key as they are fundamental to the continuing success of the Group.

Consideration	What the directors have done
Long term consequences of decisions	IHP Group's primary strategic objective is stated in the Strategic Objectives section on page 12. How this strategy has been delivered during the financial year and the forward looking risks to being able to deliver it in future are set out. The directors make strategic decisions on future direction, investment and stakeholder value, based on the clear, sustainable, long term Group objective of delivering financial services infrastructure and associated services to UK advisers and mutual clients. By successfully achieving strategic objectives, which results in the ongoing and increased success of the offering, the directors are able to take decisions which share the Group's success with the key stakeholders. Key decisions taken by the directors in financial year 2020 include, but are not limited to: ▪ the responsible pricing strategy, which benefits our clients; ▪ the ability to maintain the dividend policy, which benefits out shareholders; ▪ resourcing the company with sufficient, appropriately skilled and expert employees to deliver the strategy of being the best platform; and ▪ the approach of treating our suppliers fairly by always striving to pay them within payment terms, and often more quickly, as detailed in the Corporate Social Responsibility (CSR) report on page 50. Decisions taken by the board in financial year 2020 include: ▪ the decision not to use any of the Government financial support schemes during the COVID-19 pandemic, as the Group does not require financial assistance and all staff have been fully employed throughout the pandemic; ▪ the decision to award all those employees the annual discretionary bonus, especially when they have continued to deliver outstanding customer service from home, due to the pandemic; and ▪ the decision to approve the interim dividend, paid in June 2020 and relating to the first half of financial year 2020, as the Group's financial performance was strong.

Consideration	What the directors have done
The interests of the Group's employees	The directors value our people and the Directors' Remuneration Report on page 76, sets out the Group's approach to remuneration, which is intended to ensure equitable remuneration across the Group and which improves value for employees. The Corporate Social Responsibility disclosure on page 50 also outlines the value directors place on staff welfare and the culture of the Group. A critical contributor to the success of the Group is the high standard of client service delivered, collectively, by our staff. The directors recognise and value the contribution made by staff and this is evidenced by resourcing the business at a level that ensures employees are able to deliver the Group's objective of high touch customer service with expert technical back office support, and by offering a basic salary and benefits package which attracts the right calibre of employee, supplemented with a cash bonus scheme and initiatives such as the board decision to implement an all staff Share Incentive Plan, to enable staff to directly share in the success of the Group. Staff engagement is important to the directors. Staff surveys are undertaken in order to gain direct feedback on some of the issues affecting staff. For example in financial year 2020, all staff were asked for their feedback on a number of key topics regarding their experience of working from home during the pandemic and if anything feasible could be done to assist them.
Fostering business relationships	The Group does not tolerate unethical behaviour, as stated on page 50 of the Corporate Social Responsibility section. It ensures suppliers are paid within payment terms and does not seek to disadvantage or compromise suppliers with whom we do business. An integral part of the service offering is the provision of regular relationship management to advisers as they are the platform's target market. This is achieved through regular market updates, dedicated adviser firm centric customer service teams, named contacts and personal support through our regionally based business development managers and adviser support managers.
The impact of operations on the community and environment	The Corporate Social Responsibility report on pages 50 to 55 sets out the impact of operations on the environment. The directors recognise that we have a responsibility to minimise the impact of the Group's business conduct on the environment and community. Due to the focus in the second half of financial year 2020 shifting to ensuring the business was conducted from home to the same high standards as when staff are in the office, consideration of improving our impact on the community and environment took a back seat. However, there will be renewed focus in the coming financial year and beyond. It is recognised that taking meaningful decisions to reduce impact in both areas will take time to formulate. The board is, however, committed to doing so.
Maintaining a reputation for high standards of business conduct	The business model and strategic objectives of the Group are set out on pages 8 to 15 and make clear the focus of the business on delivering impeccable service to clients and their advisers through investment in infrastructure and staff. The directors recognise that the service is only as good as the technology and people behind it and that the Group's reputation is built on high standards of business conduct which must be maintained in order for the business to thrive and grow. The directors also recognise that as the business is regulated by three separate regulators, as detailed on page 122, then maintaining strong, open and productive relationships with the respective regulators is also business critical.
Acting fairly between members of the Group	All shareholders are treated equally, with all information being made available to all shareholders in a consistent manner.

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 58 meets all relevant statutory objectives and requirements.

By order of the board,

Helen Wakeford
Company Secretary

16 December 2020

BOARD OF DIRECTORS

Richard Cranfield

Non-Executive Chair

Appointed to the board:
26 June 2019

Experience includes:

- Henderson High Income Trust Plc – Director since March 2020
- Allen & Overy LLP – Partner 1985 to present

Committees:

Nomination Committee (Chair), Remuneration Committee.

Alexander Scott

Chief Executive Officer (CEO)

Appointed to the board:
11 February 2014

Joined the Group as Actuary and Head of Group Technical Operations in October 2009. From November 2010 he was Chief Financial Officer and Head of Risk, becoming a director in July 2011. Alexander became Chief Executive Officer in March 2020.

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

Committees:

Nomination Committee.

Jonathan Gunby

Executive Director

Appointed to the board:
2 March 2020

Joined the Group in 2011 as Chief Development Officer and became an Executive Director in March 2020.

Experience includes:

- NMG Holdings – Executive Director 1999 – 2011.

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 an 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.

Ian Taylor

Executive Director

Appointed to the board:
24 January 2014

Executive Director and General Manager until April 2002 when he became Chief Executive Officer, until he stepped down from the position in March 2020.

Experience includes:

- AIB Govett Asset Management – Marketing Director 1992-1999
- Royal Life Fund Management – Marketing Development Manager 1990-1992

Caroline Banszky

Independent Non-Executive Director

Appointed to the board:
22 August 2018

Experience includes:

- 3i Group plc - Chair of Audit & 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 2015-2020
- HM Courts and Tribunal Service – Non-Executive Director 2014 to present
- Bowater Industries Ltd – Senior Adviser 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.

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
- Saffron Building Society – Non-Executive Director 2014 to present
- Albaco Limited – Non-Executive Director 2018 to present
- Sberbank CIB (UK) Limited – Non-Executive Director 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.

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.

Christopher Munro

Independent Non-Executive Director

Appointed to the board:
1 February 2017.

Experience includes:

- London and Continental Partners LLP – Founding Partner 2016
- Pembroke Square Freeholders Association Limited – Director 2013 to present
- Pacific Capital Partners – Director 2004 to present
- Beckwith Asset Management – Director 1994-2016
- 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 (Chair), Nomination Committee.

Jonathan Gunby was appointed as an executive director on 2 March 2020.

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

CORPORATE GOVERNANCE REPORT

Introduction

On behalf of the board, I am pleased to present the report setting out the Group's corporate governance arrangements which reflect the standards of practice required by the 2018 UK Corporate Governance Code (the Code) in relation to the management of the Group.

IHP Group's purpose is the successful delivery of financial services infrastructure and associated services to UK advisers and our mutual clients. To achieve this we have a number of strategic objectives set out on pages 12 to 15 and these are supported by the corporate culture set out in the Corporate Social Responsibility report on page 50.

We have adopted the new 2018 Code, which has applied to the Company since 1 October 2019. IHP has abided by the overriding principles which are designed to:

- Promote long term sustainable success of the Company, business effectiveness, efficiency, responsibility and accountability. Further details relating to this are set out in the long term consequences of decisions section in the Companies Act Section 172 statement, on page 56;
- Provide suitable opportunity for employee engagement in the business. Further details relating to this are set out in the interests of the Group's employees section in the Companies Act Section 172 statement, on page 57;
- 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.

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 noncompliance.

The areas of noncompliance comprise the following:

- The non-executive directors did not undertake an evaluation of the Chair of the board. Further explanation is set out in the board effectiveness review below;
- The Company's remuneration structure does not mandate post-employment shareholding and the Company's remuneration policy for all staff, including executive directors, permits employees to contribute a portion of cash bonus into their pension. None of the executive directors take advantage of this provision.
- The Company does not have a work force council, an employee representative on the board and has not designated responsibility for employee engagement to a non-executive director. The Company believes that it has implemented sufficient and appropriate measures for employee engagement without adopting one of these measures. Further information is available in the Directors' Report on page 101.

The Company did not evaluate the Chair of the board because an external evaluation of the board was undertaken. The board will undertake an evaluation of the Chair in 2021.

The Company does not intend to amend its approach to mandate post-employment shareholdings at this time.

The Company does not intend to change the policy on pension sacrifice at this time.

The Directors' Remuneration Policy is be subject to review in 2021.

Detailed reporting on remuneration, and the composition of the Remuneration Committee, can be found in the Directors' Remuneration Report on page 76.

With the exception of the areas of noncompliance set out above, the Company has complied with the principles and the provisions of the Code.

Board composition

The Company has four 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 2020 is set out below.

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

[1] Chair

[2] Mr Gunby joined the board on 2 March 2020

[3] Mr Cranfield joined the Remuneration Committee on 17 December 2019

[4] Mr Howard was unable to attend the February board meeting relating to the preparation for the AGM, due to the timing of board meeting and his residence in Australia. He was not able to attend the June board for personal reasons.

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 Chair and CEO 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 of half 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 Limited (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 ten years. In the light of this, and when repeating the review of Neil's independence, the board once again gave particular consideration to whether his long standing relationship with the executive directors had in any way impacted upon his independence and his ability to constructively challenge the executive through 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 objective and independent viewpoint. The board concluded that Neil Holden should remain as 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 the Chair, Richard Cranfield, is 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 Audit and Risk Committee and the Remuneration 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 members of the Nomination Committee comprise the senior independent non-executive director, the CEO and one other independent non-executive director.

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 delegating 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 – 2020

The board conducts an annual evaluation of its own effectiveness and that of individual board members. FTSE350 companies are required by the Code to have an externally facilitated board effectiveness evaluation at least every three years. In 2020 the Company engaged Independent Audit to undertake an external evaluation of the performance of the board. The Independent Audit has no connection with the Company or its individual directors. The findings and any action points were discussed in the September board meeting and actions agreed.

The non-executive directors did not undertake a review of the 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 and this formed part of the report from Independent Audit. A separate internal evaluation was therefore not considered necessary at this time.

Each board member is responsible for identifying training appropriate to their needs, and the non-executive directors maintain individual annual training logs. 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 external evaluation.

Some minor recommendations came out of this evaluation and the board has agreed an implementation plan.

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. Following the announcement of his retirement, Ian Taylor will not be standing for re-election at the AGM.

Annual General Meeting

The Company convened a general meeting on 30 September to propose a change to the articles to enable it to hold general meetings, including annual general meetings, where members may choose to attend either in person or electronically (known as 'hybrid' shareholder meetings). The Company used the provisions of the Corporate Insolvency and Governance Act 2020 (the "Act") to hold this general meeting as a closed meeting by telephone. Votes were cast in advance and the resolution was passed with 100% of the votes cast being in favour.

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 **integrafin.co.uk/shareholder-information** along with any other relevant documentation.

By order of the board,

Richard Cranfield
Chair

16 December 2020

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 2020. 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, with all committee members in attendance, 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 risks and controls, including financial, operational and compliance processes and procedures.

There were a number of operational, governance and regulatory reporting 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: a rolling programme of audits of the Group's key critical processes, Group Brexit preparation, cyber security controls, key regulatory reporting processes and outputs and a review of the effectiveness and independence of the internal audit function. The internal audit team also conducted regular assessments of any changes to business critical processes implemented due to all staff working from home.

A third party was appointed in order to undertake a Group wide penetration test of the Group's IT systems. The Committee received a presentation from the third party of its findings and management's response, this was in addition to the quarterly IT dashboard.

The Committee evaluates and challenges the Group's going concern and viability assessment annually and this was especially important in a year of such global economic uncertainty due to the COVID-19 pandemic. The viability work performed by the Committee is outlined in the table setting out the Committee's work throughout the year on page 70.

The IHP CEO, the IFAL CEO, Group Chief Financial Controller, 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 Group Chief Financial Controller, 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

16 December 2020

Governance

Committee membership during the year

Name	Date of appointment
Caroline Banszky (Chair)	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 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 ongoing 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 ongoing training for Committee members to support them in carrying out their duties effectively.

Area of focus	Work conducted
Going concern and viability	▪ In their Annual Report the directors are required to make a statement on IHP's long term viability. The Committee provided the board with advice on the form and content of that statement. In advance of the year end the Committee reviewed the Group's proposed stress test scenarios and the assumptions underlying them, used to support the Viability statement. ▪ At the year-end, management provided a report to the Committee setting out its view of IHP's long-term viability and the proposed Viability statement based on Group's three year business plan. This report included, at both an individual company and consolidated group level, forecast outcomes of the business plan under the stress scenarios agreed with the Committee, detailing capital and liquidity performance against an assessment of risk appetite. The report was produced on financial data to 30 September 2020 and included consideration of a range of COVID-19 outcomes and other stresses undertaken, both individually and combined. ▪ The Committee discussed whether the choice of a three-year period remained appropriate. It concluded that this remained appropriate due to the nature of the business. Taking account of the assessment of the Group's stress testing results, the Committee agreed to recommend the Viability statement and three-year viability period to the board for approval. ▪ The Committee concluded that the Group has sufficient financial resources and liquidity and is well placed to manage business risks in the current economic environment, having considered the potential impacts of COVID-19 together with other risks, and can continue operations for the foreseeable future.
Risk management	▪ Oversaw the risk management framework and reviewed its effectiveness in relation to IHP, and how Group companies have implemented the framework. ▪ Reviewed the work undertaken by Risk management to ensure the changes in the working processes implemented to successfully move the business from office based to home working did not introduce unexpected risks or cause client detriment. ▪ Reviewed and challenged the Risk Reports provided by the Head of Actuarial and Risk for IHP, and considered 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. ▪ Assisted the board in maintaining an appropriate culture within the Group which emphasises and demonstrates the benefits of the risk-based management of the Group. ▪ Considered the points escalated from the Group company boards or committees which affect IHP, or which may affect the Group as a whole.

Area of focus	Work conducted
Financial reporting	▪ Reviewed and challenged the financial reporting undertaken by the Group, with input and support from the Group's external auditor. ▪ Reviewed the Annual Report and financial statements, half-year reports, interim management statements and other formal announcements relating to financial performance. ▪ Reviewed and recommended the Annual Report and financial statements and the half-year report to the board with an emphasis on ensuring that the report is fair, balanced and understandable. ▪ Considered the consistency of accounting policies and the financial reporting process. ▪ Reviewed 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 pages 46 to 47. ▪ Reviewed 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. ▪ Considered the disclosures in particular under IFRS 16.
Policyholder tax provision overstatement error	▪ Considered the prior year error and subsequent restatement to reflect critical judgements and estimates in respect of the calculation and treatment of the policyholder tax provision.
Presentation restatement	▪ Considered the prior year error in presentation which has been corrected. This has the effect of reflecting items of income, expenses, gains and losses relating to the Group's insurance and life assurance segment on a gross basis, rather than on a net basis. In addition, cash held by the Group's insurance and life assurance segment, for the benefit of policyholders, has been separately disclosed in cash and cash equivalents.
Internal audit effectiveness and reporting	▪ Received and challenged Internal Audit reports at each committee meeting. The reports detailed audits of IHP recently completed, including the co-sourced IT Audit and any control recommendations made to management, and management response; ▪ Reviewed 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. ▪ Approved the Group Internal Audit Plan, including specific areas of review on matters relating to IHP. ▪ Received 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 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. ▪ Received 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.

Area of focus	Work conducted
Effectiveness and independence of the external auditor	▪ Evaluated the External Auditor's independence, objectivity and compliance with ethical and regulatory requirements. ▪ Made recommendations on appointment, reappointment and removal of External Auditors to the board to be put to shareholders for approval at the AGM. ▪ Reviewed 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. ▪ A new audit partner (Justin Chait) was interviewed and selected by management and the chair of the Committee and rotated onto the financial year 2020 Group audit, due to the former audit partner (Neil Fung-On) having served ten years. ▪ As reported in 2019, BDO has been the Group External Auditor for ten years. The Company had intended to put the external audit contract out for tender during 2020, but due to the COVID-19 pandemic, the Company applied to the FRC for, and was granted, an extension for the financial year 2021. The Company will put the external audit contract to tender in the financial year 2021. ▪ The Committee remains 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 2020. The external auditors did not provide non-audit services, they provided Other Assurance Services which were required by regulation, in line with the FRC's revised 2019 ethical standards. The cost of Other Assurance Services are disclosed in note 8. In addition, KPMG provides audit services to the Company's life company subsidiaries, ILUK and ILInt.
Whistleblowing	▪ The Group 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 via a portal. ▪ Neil 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 did not conduct a self-assessment of its own effectiveness because the board undertook an external evaluation which involved a review of the manner in which the committee escalated matters to the board. The Committee has considered the findings of the external evaluator and will be agreeing any enhancements with the board.

NOMINATION COMMITTEE REPORT

Statement from the Chair of the Nomination Committee

I am pleased to present the Nomination Committee's report for 2020.

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 a balanced board, the Committee considers 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 twice during the financial year.

During the year Ian stepped down as CEO and Alex acceded to the role. At the same time, Jonathan became CEO of IFAL and was appointed to the Company's board.

Having implemented the 2019 succession plan during 2020, the Committee has now commenced a review of the skills and experience of the board and senior management team. The Committee will recommend to the board a new succession plan which will ensure orderly succession to both the board and senior management team in the future.

Ian has since announced his intention to retire from the board in the New Year. We believe that with Alex in the role of CEO and Jonathan's appointment, the board is well resourced to take the Company forward.

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.

Richard Cranfield
Chair, Nomination Committee

16 December 2020

Governance

Committee membership during the year

The members of the Nomination Committee at 30 September 2020 were:

Name	Date of appointment
Richard Cranfield (Chair with effect from 3 December 2019)	1 August 2019
Victoria Cochrane	28 September 2018
Christopher Munro	2 February 2018
Alexander Scott	2 March 2020

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.

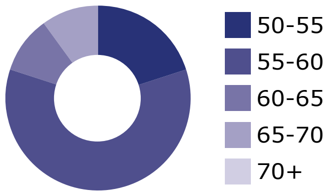
The Group also provides initial and ongoing training for Committee members, to support them in carrying out their duties effectively. This is delivered by in-house technical staff, through the attendance at formal conferences as required, and an in-house training programme.

Area of focus	Work conducted
Board appointments	▪ Considered the independence of the non-executive directors and made recommendations to the board.
External evaluation of the board	▪ Independent Audit conducted external evaluation of the board. They interviewed all board members and some senior managers and attended board and Committee meetings. A written report was provided to the Chair, which was shared with the board and actions were agreed.
Succession planning	▪ In light of the implementation of the 2019 Succession Plan, reviewed the skills, experience, expertise and composition of the new board with a view to recommending to the board, succession plans for the board and senior management team.
Diversity	▪ When reviewing the composition of the board, considered the diversity of board members. ▪ The gender diversity of the board and senior management is on page 51. ▪ The board acknowledges that we have not met the targets set out in the Hampton Alexander or the Parker review and is proactively reviewing the subsidiary boards. ▪ It is the board's policy that new appointments to any board are made on merit, taking into account the different skills, industry experience, independence, knowledge and background required to achieve a balanced and effective board; and ▪ In identifying suitable candidates for appointment to the board, the Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the board. ▪ No appointments have been made to the board this year, however the Committee has reviewed the diversity of the board following the changes to executive roles and the recent resignation of Ian Taylor and is considering the composition of the board in the context of age, gender, education and experience. ▪ Future appointments will be considered in the context of this information.

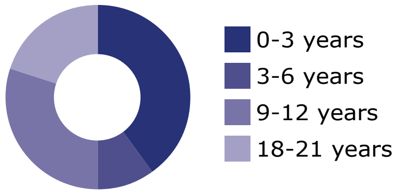
Composition of the board

The board membership comprises a mix of long-standing and more recent appointments who collectively deliver a balance of historical knowledge and industry experience.

Age profile of the board



Tenure of the board



Committee self-evaluation

The Nomination Committee did not conduct a self-assessment of its own effectiveness because the board undertook an external evaluation which involved a review of the manner in which the committee escalated matters to the board. The committee has considered the findings of the external evaluator and will be agreeing any enhancements with the board.

DIRECTORS' REMUNERATION REPORT

Statement by the Chair of the Remuneration Committee

On behalf of the board, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2020.

We were delighted to receive a vote of 96% for our remuneration report at the 2020 AGM.

Since the 2019 report, Transact has continued to grow despite the effects of the COVID-19 pandemic and, as at 30 September 2020, has 192,000 client investment portfolios, £41.09 billion of funds under direction and 487 staff across the Group companies.

We continue to retain a loyal work force, with more than 29% of our staff having 10 years' service or more.

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 the Company and individual performance. Our performance measurement framework considers at least four "quantitative anchors" – financial performance, stakeholder outcomes, risk, regulation and ESG, 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 2% for the CEO and 2% for Jonathan, 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 Code.
- **Share ownership** – Our executive directors are significant shareholders in the Company and all UK and Isle of Man based 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,

during financial year 2020, has once again had a 100% uptake for Free Shares and has had an 87% uptake for Partnership and Matching shares.

The Group operates a parallel plan for our Australian employees who are not eligible to join the HMRC approved plan. The Company also operates a discretionary deferred bonus share option scheme which is open to all employees, at the discretion of the Committee or the CEO. In financial year 2020 awards were made to all members of the management team in the UK, Isle of Man 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 has a maximum award opportunity of 33% of salary.
- We do not operate a long-term incentive plan, as we believe that applying formulaic measures can lead to undesirable behaviours and/or outcomes.
- For executive directors, we reference performance against four key areas – financial performance, stakeholder outcomes, risk, regulation and ESG, and strategy delivery, taking a holistic approach to reviewing performance.
- We operate an HM Revenue & Customs tax-advantaged 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 Annual General Meeting (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.

We were delighted to welcome Alexander Scott into the role of CEO and to welcome Jonathan Gunby (IFAL CEO) to the board as executive director. Ian Taylor who had previously held both CEO positions stepped down from these roles, but continued as an executive director. The Committee considered proposals for the remuneration to reflect their new responsibilities, further details of which are set out in this report.

The Company achieved strong financial results despite the COVID-19 pandemic, with an increase in profit before tax of £5.4 million (11%). Directors' salary and bonus awards were made in accordance with the Policy. Salary increases were in line with the payrise awarded to all staff at 3% for Alexander, Ian and Jonathan, compared to the 3% payrise awarded to all those UK and IoM based staff who were eligible for an award. Directors' bonuses were awarded within the parameters of the Policy. Alexander was awarded a cash bonus of 32% and a bonus award deferred into shares of 31%. Jonathan was awarded a cash bonus of 32% and a bonus award deferred into shares of 31%. Ian was awarded a cash bonus of 30% and a bonus award deferred into shares of 30%. Michael Howard did not receive a bonus.

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.

Ian has recently announced his retirement from the board, with effect from the end of February 2021. I would like to extend my thanks to Ian for his contribution and I wish him well in his retirement. Details of all executive directors' remuneration can be found on page 84 of this report.

Chris Munro
Chair, Remuneration Committee

16 December 2020

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 at **www.integrafin.co.uk/annual-reports/**

A summary of the policy is provided below.

Policy table

Element	Link to Strategy	Operation	Opportunity	Performance Measures
Salary	The purpose of the base salary is to attract and retain executive directors with the necessary skills, experience and expertise.	Base salary is reviewed annually.	There is no overall maximum monetary opportunity or cap on annual increase. Directors' salary increases will normally be in line with salary increases awarded to other staff. Increases will take into account a number of factors including, but not limited to, the scale of the role and the individual's experience.	None
Benefits	The purpose of the Company's staff benefits arrangements is to attract and retain executive directors and employees with the necessary skills, experience and expertise and to support their wellbeing.	The Company offers a Death in Service scheme with benefits set at four times base salary. The Company also offers all employees and their families the opportunity to participate in a private medical insurance scheme. The executive directors have all participated in the plan. Other benefits may include buying and selling of holiday, season ticket loans, child care vouchers and discounts on local retailers, eye tests and discounts for those with portfolios on the Transact platform. The benefits provided may be subject to minor amendment from time to time by the Committee within this policy. The Company provides overnight accommodation to the CEO during the week. In appropriate circumstances benefits may include relocation and tax equalisation.	There is no maximum monetary value.	None

Element	Link to Strategy	Operation	Opportunity	Performance Measures
Pension	The purpose of the employer contribution to pension arrangements is to attract and retain directors for the long term and to contribute to retirement income.	Contributions are by way of a defined contribution to the Group's contractual enrolment pension arrangement and by way of employer matching contributions to a salary sacrifice personal pension arrangement.	The maximum company contribution is in line with that of the wider workforce. The maximum contribution is 17.14% of salary. In line with our approach for all employees, executive directors may choose to sacrifice an element of their annual bonus into the Group pension. The Company wide policy (applied to all employees) is that in these circumstances a minor uplift is made to reflect the benefit of the NI saving to the employer.	None
Annual bonus and deferred bonus plan	The purpose of the cash bonus is to reward staff by reference to the financial success of the Group with an adjustment for individual performance. The purpose of the deferred bonus is to support long-term retention of senior staff and alignment with share price performance.	Cash bonus and deferred awards are considered annually after the end of the financial year. All bonus awards to executive directors are made at the discretion of the Committee. The Committee retains flexibility to determine each year the proportion in cash and the proportion as deferred shares. Where awarded, vesting of the deferred bonus awards will usually be on the third anniversary of the grant date. Dividends do not accrue on the shares that are the subject of the awards. In circumstances of significant individual misconduct or poor Group performance the Committee has the right to reduce or withhold the deferred bonus award and has limited rights to recover deferred bonus awards already made.	The overall maximum limit in respect of the total annual bonus is 100% of salary. However this level of award would only be made in exceptional circumstances. Deferred bonus awards would normally be made under the Performance Share Plan rules, where awards are capped at 33% of base salary.	Performance is assessed within a framework which includes consideration of: - Profitability - Customer - Risk and Regulation - Strategy delivery Individual performance is also considered. There are no prescribed targets. Instead, the Committee considers qualitative and quantitative actual performance within the above performance framework.
All employee share plan	The purpose of the SIP is to align the interests of all employees – including executive directors – and shareholders.	Executive directors are eligible to participate in the all-employee share incentive plan (SIP) in place on the same terms as all employees. The scheme is operated in line with HMRC guidance.	The SIP is subject to the limits set by HMRC from time to time.	None

Chair and Non-Executive Directors

Approach to Fees	Operation	Opportunity	Other Items
To attract non-executive directors with relevant experience to ensure the appropriate balance on the board and the effective management of the Company.	Non-executive director fees are reviewed annually. The review is by reference to the time commitment and responsibility of the role and will not necessarily result in an increase. The fee for the Chair of the board will be recommended to the board by the Committee. The fees for non-executive directors will be determined by the Chair and the CEO. None of the non-executive directors, including the Chair, is eligible for performance related remuneration or share awards.	There is no maximum fee. The fees are subject to maximum aggregate limits, as set out in the Articles of Association (£1,500,000).	The Company reimburses reasonable expenses incurred by the Chair and non-executive directors in the performance of their duties. This includes (but is not limited to) travel expenses and tax thereon.

ANNUAL REMUNERATION REPORT

Committee membership during the year

The members of the Remuneration Committee at 30 September 2020 were:

Name	Date of appointment
Christopher Munro (Chair with effect from 2 March 2020)	19 January 2018
Neil Holden	19 January 2018
Richard Cranfield	11 December 2019

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 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

Since our last annual report the board has appointed Richard Cranfield, the non-executive Chair of the Company, to the Committee.

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 four times during this financial year. Attendance by each member of the Committee as at 30 September 2020 is set out in the board and committee attendance table on page 64 of this report.

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:

Area of focus	Work conducted
Governance	▪ Reviewed the Committee Terms of Reference to ensure their continuing appropriateness. ▪ Considered the provisions of the Code and its application.
Awards	▪ Reviewed the appropriateness of the proposed annual staff pay award by reference to the RPS and the Remuneration Policy. ▪ Approved the proposed remuneration for the executive directors and senior managers. ▪ Considered the proposed remuneration of the new CEO upon appointment. ▪ Considered the proposed remuneration of the new executive director upon appointment. ▪ Considered the proposed adjusted remuneration for the outgoing CEO upon his stepping down from the role. ▪ Considered the appropriateness of remuneration for Code staff and the staff pay and bonus awards. ▪ Reviewed and approved the making of PSP awards to executive directors and senior managers. ▪ Approved the grant of the 2019 Free Share Award.

Committee self-evaluation

The Remuneration Committee did not conduct a self-assessment of its own effectiveness because the board undertook an external evaluation which involved a review of the manner in which the committee escalated matters to the board. The committee has considered the findings of the external evaluator and will be agreeing any enhancements with the board.

UK Corporate Governance Code – Provision 40

When developing the proposed Remuneration Policy and considering its implementation, the Committee was mindful of the UK Corporate Governance Code and considers that the executive remuneration framework appropriately addresses the following considerations:

Area of focus	Work conducted
Clarity	Our distinctive approach to remuneration supports the strategic objectives of the Company, and we seek to communicate with stakeholders, shareholders and employees in a clear and transparent way.
Simplicity	We consider that our remuneration framework is simple and effective. Our incentive framework comprises only a cash bonus award and a deferred share bonus award.
Risk	We believe our distinctive approach to performance measurement supports appropriate consideration of risk management and a long-term view of the business. The annual bonus rewards performance against four quantitative anchors for the business, ensuring a holistic view of business performance.
Predictability	The maximum opportunities are outlined in the Remuneration Policy. Taking into account our more modest approach to incentives, total remuneration is more predictable in comparison with other listed companies.
Proportionality	Executive director remuneration is modest compared to practice in other listed companies, and our approach is aligned with that of the wider workforce.
Alignment to culture	Our approach to remuneration for executive directors is consistent with that for all employees. Our incentive structure and pension policy is aligned across the workforce. We consider that our approach is fully aligned with our culture.

Remuneration 'at a glance'

Element	Operation	Out-turns 2020 and implementation in 2021
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% for the CEO and 3% for the two UK executive directors which was in line with the UK and IoM workforce increase of 3%. Salary with effect from 1 June 2020: ▪ Alexander Scott: £422,300 ▪ Jonathan Gunby: £417,108 ▪ Ian Taylor: £278,100
Benefits[1]	▪ Includes, for example, death in service and private medical insurance.	Benefits for Alexander Scott, Jonathan Gunby and Ian Taylor comprise private healthcare. Overnight accommodation in London was provided for Ian Taylor, save for the duration of the COVID-19 stay at home advice.
Pension	▪ The pension provision is equivalent to that of the wider workforce. ▪ The executive director's current pension arrangements are lower than those of the workforce.	Alexander Scott received a £7,000 pension contribution (2%). Jonathan Gunby received a £7,000 pension contribution (2%). Ian Taylor elected not to receive a pension contribution.
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 – financial performance; stakeholder outcomes; risk, regulation and ESG, and strategy delivery. ▪ For 2020 Alexander Scott was awarded a cash bonus of 32% and a bonus award deferred into shares of 31%. Jonathan Gunby was awarded a cash bonus of 32% and a bonus award deferred into shares of 31% and Ian Taylor was awarded a cash bonus of 30% and a bonus award deferred into shares 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.

2020 remuneration outcomes for our executive directors (audited)

			Total remuneration
Alexander Scott, CEO			
Fixed – £372k	Cash bonus – £135k	Deferred bonus – £132k	£639k
Ian Taylor, Executive Director			
Fixed – £367k	Cash bonus – £83k	Deferred bonus – £85k	£535k
Jonathan Gunby, Executive Director			
Fixed – £367k	Cash bonus – £134k	Deferred bonus – £130k	£631k

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 sets out voting outcomes in respect of the resolutions relating to approving directors' remuneration matters at the Company's AGM on 21 February 2020:

Year	Resolution	Votes for/ discretionary	% of vote	Votes against	% of vote	Votes withheld
2020	Approve the Remuneration Policy	190,331,885	96.47	6,967,430	3.53	4,682,400
2019	Approve the Remuneration Report	182,738,516	97.98	3,768,710	2.02	307,516

How the Policy was applied in 2020

Summary of total remuneration – executive directors (audited)

Director	Year	Gross Basic Salary £'000	Benefits £'000	Pension £'000	Total fixed pay £'000	Annual Bonus: Cash bonus £'000	Annual Bonus: Deferred shares £'000	LTIP £'000	Other[2] £'000	Total variable pay £'000	Total £'000
Alexander Scott	2020	356	1	7	**364**	135	132	0	8	**275**	**639**
	2019	263	1	10	**274**	81	82	0	7	**170**	**444**
Ian Taylor	2020	331	28[1]	0	**359**	83	85	0	8	**176**	**535**
	2019	400	47[1]	5	**452**	164	128	0	7	**299**	**751**
Jonathan Gunby	2020	351	1	7	**359**	134	130	0	8	**272**	**631**
	2019	-	-	-	**-**	-	-	-	-	**-**	**-**
Michael Howard	2020	0	0	0	**0**	0	0	0	0	**0**	**0**
	2019	0	0	0	**0**	0	0	0	0	**0**	**0**

[1] Benefits for Ian Taylor were £27,553 for 2020 and £46,945 for 2019
Benefits for Alexander Scott were £665 for 2020 and £630 for 2019
Benefits for Jonathan Gunby were £665 for 2020
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.

Michael Howard receives nil remuneration from the Group, 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.

Base salary (audited)

Alexander was appointed to the role of CEO on an equivalent salary to Ian, with a subsequent 3% salary increase which was in line with the company wide pay review. Ian's salary was adjusted downwards to reflect the change in his role and responsibilities. The basic salary for Jonathan was set taking into account his new role and responsibilities. These adjustments resulted in the following changes to the annualised salary figures:

Director	Basic annual salary as at 1 June 2020 £'000	Salary effective as at 1 June 2019 £'000
Alexander Scott	422	270
Ian Taylor	278	410
Jonathan Gunby	417	265

Benefits

Ian 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 the executive directors comprise private health care and an employee discount on platform charges, in line with all employees.

Incentives

The Group has a distinctive culture focused 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 of it is in shares through deferred bonus awards. We maintain flexibility on the proportion of each award. Deferred bonus awards is our preferred long-term alignment mechanism as we do not operate a long-term incentive plan because 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':
  - Financial performance
  - Stakeholder outcomes
  - Risk and Regulation (including Environmental Social and Governance)
  - Strategy delivery

We also consider individual performance.

Within these 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 particular metrics as these can change year on year. The essence of the process is to use the quantitative anchors 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 2020 (audited)

Director	Cash award		Deferred award	
Alexander Scott	£135k	32% of salary	£132k	31% of salary
Ian Taylor	£83k	30% of salary	£85k	30% of salary
Jonathan Gunby	£134k	32% of salary	£130k	31% of salary

The cash and deferred award percentages are by reference to the basic salary on 30 September 2020. This is aligned to the approach taken for all employees.

The bonus for Alexander is recommended by the board Chair. The bonus for Ian and Jonathan are recommended by Alex. 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 inadvertent 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 2020, the assessment of whether cash and deferred bonus awards were justified was informed by the following metrics and performance in the year:

Quantitative anchor (metrics and performance)

Financial performance	▪ Well managed costs and headcount in a challenging market. ▪ Financial performance was delivered against both original and adjusted forecasts despite effects of COVID-19 global pandemic and impact on stock markets. ▪ Dividend flow and distributable reserves/regulatory capital from subsidiaries to support group dividend managed effectively. ▪ Improved financial performance in other metrics (net inflows, earnings per share, expense ratio, profit margin, share price and market cap) has also been delivered. ▪ Forward looking projections indicate that the Company is well placed to sustain performance over the coming year taking into account stress-tested scenarios regarding the uncertainty of the ongoing impact of COVID-19.
Stakeholder outcomes	*Clients and Advisers* ▪ Market share of gross inflows remained above 12% and net flows make up approximately one fifth of the market. ▪ Net promoter score increased in the year and at 61% is the highest of all platforms. ▪ The Group received the 5* Investment award in the Financial Adviser Service Awards. ▪ Topped the Platforum User Leaderboard in September 2020. ▪ Achieved top position in both the CoreData Investment Platform Study and the Investment Trends UK Adviser Technology & Business Report for the eleventh year running. ▪ Introduced Upload Document tool in response to demand for paperless processes during COVID-19 pandemic. *Employees* ▪ Employees remain loyal and committed to the organisation with over 45% having service of more than 5 years and over 29% having service of more than 10 years. ▪ 100% of eligible employees took up the SIP free share award and 87% took up the Partnership Share award. *Shareholders* ▪ The Company has distributed dividends in accordance with its dividend policy. *Suppliers* ▪ The Group settled 90% of its invoices within 30 days of receipt.

Risk and regulation and ESG	▪ Remote working solution implemented whilst sustaining regulatory compliance in order to adapt to the impact of the COVID-19 pandemic. ▪ Maintained capital liquidity and operational resilience during alternative working arrangements and economic pressures related to the COVID-19 pandemic. ▪ Ongoing engagement with the FCA, the PRA and the IoM FSA regarding sustainability during COVID-19 pandemic. ▪ 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. The above achievements are also underpinned by the following: ▪ The Company has undertaken an external evaluation of the board with no significant areas of concern identified. ▪ 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	▪ Significant improvement in online platform functionality, widening the scope of the online offering for clients and their advisers. ▪ Enhanced resilience of core platform and associated services. ▪ Growth in both the number of advisers and clients whilst improving efficiency. ▪ Continuing with the "matchmaking service" for advisers and collaboration with a third party lender where finance is required.

Based on a holistic assessment of Group performance, including consideration of the 2020 outcomes set out in the quantitative anchors table above, and individual performance, the Committee granted Alexander, Ian and Jonathan the cash bonus and deferred bonus awards set out on page 85.

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. This includes but is not limited to where there has been a material misstatement and/or significant downward revision in the financial results, where the calculated number of shares awarded to an individual director is determined to be too high, or where the Award Holder has engaged in misconduct justifying the director's summary dismissal.

How the Committee's discretion was applied

In determining the award for the CEO, the Committee considered the performance of the Group in difficult market conditions, in particular the effects of the COVID-19 pandemic and the extent to which the Group met its strategic objectives. The Committee weighed up the performance of the Company in 2020 and the future projections in 2021 in the context of the COVID-19 pandemic and considered whether the awards were sustainable given the projections. The Committee concluded that the Company delivered its objectives for the year and that based on a review of performance in the year, the award was appropriate.

The Committee also sought assurance that the recommendations were made in accordance with a balanced view of future profitability and in the interests of all stakeholders, not just based on backward looking performance. The Committee concluded that payment of the award was sustainable in light of the forward looking projections and the forecast performance of the Company over the coming year.

In the light of these factors, the Committee is satisfied that the performance of the CEO and the Group as a whole justifies an overall award of 63%.

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 2020.

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 2020, the maximum SIP award was granted to qualifying employees (including Alexander, Ian and Jonathan). 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 2020 the board has not revoked that award. The board has considered the Group's performance in financial year 2020 and, with the approval of the Remuneration Committee, has approved the making of a further maximum SIP Free Share award to qualifying employees (including Alexander, Ian and Jonathan) 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 Alexander, Ian and Jonathan are currently made by reference to the relevant personal allowance. In the 2020 performance year the employer's pension contribution for Alexander was £7,000 and for Jonathan was £7,000. Ian elected not to receive any employer's pension contributions. 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 2020 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, none of the current executive directors has sacrificed salary.

Percentage change in remuneration of directors compared to the average employee

The table below shows the percentage movement in the salary, benefits and annual bonus for the directors compared to that for the average Group employee from FY2018 to FY2019 and FY2019 to FY2020.

	Salary and fees		Benefits		Annual bonus	
Director	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**
Alexander Scott	3.8%	56.4%	0.0%	0.0%	(9.4%)	63.8%
Ian Taylor	3.8%	(32.2%)	(3.0%)	(41.4%)	(9.9%)	(42.5%)
Jonathan Gunby	n/a	n/a	n/a	n/a	n/a	n/a
Mike Howard	n/a	n/a	n/a	n/a	n/a	n/a
Caroline Banszky	119.1%	0.0%	n/a	n/a	n/a	n/a
Robert Lister	n/a	0.0%	n/a	n/a	n/a	n/a
Christopher Munro	25.8%	(30.0%)	n/a	n/a	n/a	n/a
Neil Holden	0.0%	0.0%	n/a	n/a	n/a	n/a
Richard Cranfield	n/a	0.0%	n/a	n/a	n/a	n/a
Victoria Cochrane	0.0%	0.0%	n/a	n/a	n/a	n/a
Average employee	3.6%	2.9%	26.8%	5.5%	1.1%	12.8%

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

Notes to the table:

Ian Taylor stepped down from the role of CEO to become a director of IHP in March 2020, and Alexander Scott took on the role of CEO in March 2020.

Ian Taylor received a lower annual bonus in 2020 as a result of the reduction of his basic salary, following stepping down as CEO and his accommodation costs were reduced during the work from home requirements due to COVID-19.

Jonathan Gunby was appointed in 2020 and there is therefore no comparable data for 2019.

Michael Howard receives nil remuneration from the Group.

Chris Munro was appointed to interim chair in 2019 and then stood down from this position in 2020.

The change in salary for the directors is based on the salary as at 30 September for each financial year.

The average staff annual cash bonus was 19% in 2020, compared to 18% in 2019. 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.

Financial year 2020	Method	25th Percentile Pay Ratio	Median Pay Ratio	75th Percentile Pay Ratio
Salary	Option A	17:1	13:1	9:1
Total remuneration	Option A	18:1	15:1	10:1

The salary and total remuneration ratios above are based on the following figures:

Financial year 2020	CEO*	25th Percentile Pay Ratio	Median Pay Ratio	75th Percentile Pay Ratio
Salary	414,100	31,400	39,717	55,300
Total remuneration	718,922	42,515	54,176	76,550

*CEO figures are based on the salary and total remuneration of Alexander Scott and Ian Taylor for the period for which they were each CEO.

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 2020. 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 2020 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 2% 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 2020, compared to the year ending 30 September 2019.

	2020 £'000	2019 (restated) £'000	Percentage Change
IFRS profit after tax	45,484	41,107	11%
Dividends	26,165[2]	29,807[1]	-12%[3]
Employee remuneration costs	30,946	30,233	2%

[1] This figure represents the full year interim dividend for 2018 plus half year interim dividend for 2019, both paid during FY19.

[2] This figure represents one half year interim dividend for 2019 and one half year interim dividend for 2020, both paid during FY20.

[3] Shareholder returns in respect of FY18 were 6.4p per share and in respect of FY19 were 7.8p per share. This represented a percentage change of 22%. Future years will reflect dividends on a like for like basis.

Payments to past directors (audited)

There were no payments to past directors.

Payments for loss of office (audited)

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]	Date of award	Face value awarded[3]	Percentage receivable for minimum performance	Number of shares awarded	End of deferral period
Alexander Scott	Deferred bonus	Conditional share award	33% salary less award of SIP Free and Matching shares	19.12.18	£81,896.45	100%	17,797	24.12.22
	SIP	Free Shares	3% (Free and Matching shares) of Salary subject to maximum of £3,600 each per annum pro-rated for the period that the Company was listed and 1.5% (for Partnership Shares) subject to a maximum of £1,800 per annum	02.01.19	£3,599.60	100%	791 (Free)	N/A[4]
		Partnership Shares		21.01.20	£1,798.56			
		Matching Shares		21.01.20	£3,597.12			
		Dividend Shares		24.01.20 26.06.20			23 19	
Ian Taylor	Deferred bonus	Conditional share award	33% salary less award of SIP Free and Matching shares	24.12.18	£128,097.52	100%	27,837	24.12.22
	SIP	Free Shares	3% (Free and Matching shares) of Salary subject to maximum of £3,600 each per annum pro-rated for the period that the Company was listed and 1.5% (for Partnership Shares) subject to a maximum of £1,800 per annum	02.01.19	£3,599.6	100%	791 (Free)	N/A[4]
		Partnership Shares		21.01.20	£1,798.56			
		Matching Shares		21.01.20	£3,597.12			
		Dividend Shares		24.01.20 26.06.20			23 19	
Jonathan Gunby	Deferred bonus	Conditional share award	33% salary less award of SIP Free and Matching shares	24.12.19	£80,249.05	100%	17,439	24.12.22
	SIP	Free Shares	3% (Free and Matching shares) of Salary subject to maximum of £3,600 each per annum pro-rated for the period that the Company was listed and 1.5% (for Partnership Shares) subject to a maximum of £1,800 per annum	02.01.20	£3,599.60	100%	791 (Free)	N/A[4]
		Partnership Shares		21.01.20	£1,798.56			
		Matching Shares		21.01.20	£3,597.12			
		Dividend Shares		24.01.20 26.06.20			23 19	

[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 2019. SIP Partnership and Matching awards are loyalty awards and were granted in January 2020 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 19 December 2019 to 23 December 2019 which was £4.60. 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 £4.55. 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 (audited)

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 30.09.2020 Total	Shares held at 30.09.2019 Total
Alexander Scott	1,148,260	3,780	47,152	0	0	1,199,192	1,179,389
Ian Taylor	12,308,732	208,880[1]	73,518	0	0	12,591,130	13,057,813
Jonathan Gunby	836,031	3,780	46,677	0	0	886,488	0
Michael Howard	35,538,247	0	0	0	0	35,538,247	50,038,247
Christopher Munro	1,003,324	0	0	0	0	1,003,324	1,426,324
Neil Holden	15,000	0	0	0	0	15,000	15,000
Caroline Banszky	7,500	0	0	0	0	7,500	7,500
Victoria Cochrane	0	0	0	0	0	0	0
Richard Cranfield	10,000	0	0	0	0	10,000	10,000
Robert Lister	6,015	0	0	0	0	6,015	0

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

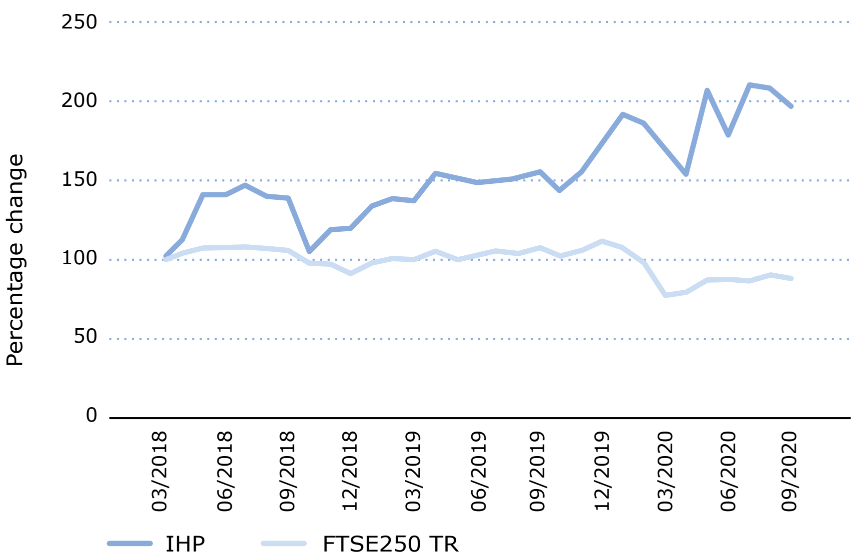
Shareholder return Performance Graph and CEO pay over the same period

This graph shows the Company's total shareholder return performance from Admission to 30 September 2020

The Company has chosen to show total shareholder return against the FTSE250 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 FY2020:

CEO remuneration	**CEO single figure of remuneration**	**Annual bonus payout** (as a % of maximum opportunity)	**LTIP vesting out-turn** (as a % of maximum opportunity)
2020[1]	£639k	72%	N/A
2019	£751k	82%	N/A
2018	£769k	83%	N/A

[1] The CEO remuneration reflected in the table is for the incumbent CEO at that financial year end.

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 2020 the amounts are as follows.

Element of remuneration by director	Year	Fees £'000	Expenses £'000
Richard Cranfield	2020	100	1
	2019	27	0
Caroline Banszky	2020	60	0
	2019	60	0
Victoria Cochrane	2020	60	0
	2019	60	0
Neil Holden	2020	60	0
	2019	60	0
Robert Lister	2020	60	0
	2019	16	0
Christopher Munro	2020	70	0
	2019	100	0

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 in relation to reviewing the Directors' Remuneration Report. For 2020, total fees were £7,400, 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, Helen Wakeford, Head of Legal and Company Secretary, has provided material advice and services to the Committee during the year.

DIRECTORS' REPORT

The directors present their report and financial statements for the year ending 30 September 2020.

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. This information is shown in the Strategic Report rather than in the Directors' Report under sections 414 C (11) of the Companies Act.

The Corporate Governance Report on pages 63 to 67 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
– *Directors' 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:

Richard Cranfield
Alexander Scott
Jonathan Gunby
(Appointed 2 March 2020)
Mike Howard
Ian Taylor
Caroline Banszky
Victoria Cochrane
Neil Holden
Robert Lister

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 Alexander, Jonathan and Ian, under the Company's deferred bonus Performance Share Plan.

Ian has informed the board of his intention to resign on 26 February 2021. He will therefore not be standing for re-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.

Executive directors' service agreements

All executive directors have written service contracts in place with an employing company in the Group. Executive directors' service contracts are terminable on six months' notice on either side. In the event that notice is given to terminate the executive director's contract, the Company may make a payment in lieu of notice or place the individual on garden leave. Entitlement to any variable remuneration arrangements will be determined in accordance with the relevant plan rules and the Directors' Remuneration Policy. Executive directors' service contracts do not make any other provision for termination payments.

Details of unexpired Non-Executive Directors' 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	3 years
Neil Holden	1 year
Caroline Banszky	0.75 years
Victoria Cochrane	0.75 years
Richard Cranfield	1.25 years
Robert Lister	1.25 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 currently no restrictions on the transfer of shares held by executive directors and senior managers.

Purchase of own shares

At the 2020 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 2021.

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 15 December 2020, 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 2020	% of voting rights at 30 September 2020	Number of Ordinary Shares at 15 December 2020	% of voting rights at 15 December 2020
BlackRock Inc	Indirect	21,518,605	6.49%	24,185,878	7.30%
	Securities Lending	1,765,074	0.53%	658,420	0.20%
	Contracts for difference	4,054,052	1.22%	3,551,580	1.07%
Montanaro Asset Management Limited	Direct	10,129,500	3.06%	10,129,500	3.06%
Liontrust Investment Partners LLP	Direct	18,241,627	5.51%	18,241,627	5.51%
Ninety One	Direct	11,873,819	3.58%	11,873,819	3.58%
Jupiter Asset Management	Direct	11,762,312	3.55%	11,762,312	3.55%
Troy Asset Management	Direct	10,076,532	3.04%	10,076,532	3.04%
Michael Howard	Direct	29,450,000	8.89%	29,450,000	8.89%

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 96.

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 2020 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 5.2 pence per share, which equates to £17.2 million, was paid on 24 January 2020.

An interim dividend of 2.7 pence per share, which equates to £8.9 million, was paid on 26 June 2020.

An interim dividend of 5.6 pence per share, which equates to £18.6 million, has been declared by the board and will be paid in January 2021.

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 (2019: nil), but the Group had 487 employees at year end (2019: 486). 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 s.172 of the Companies Act on page 57, 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 usually provides opportunities for all UK based staff to attend presentations following the publication of the interim and year end results. However, it was not possible to present the interim results this way in May 2020 due to COVID-19 restrictions. The CEO communicates with all staff following each quarterly market announcement, and in the event of any developments within the business. The CEO is 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 structure of the management team; and the many long and close working relationships that exist within the Group; the board has determined that it is appropriate to continue engaging with staff through collegiate and continuous collaboration combined with more formal staff surveys as and when necessary.

The Group provides the opportunity for all staff to make suggestions for improvements to our operating environment and the Board and senior management team have an open door policy for all staff and encourage constructive and frank discussion.

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 52 above.

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 53.

Political donations

As per the Corporate Social Responsibility report on page 55 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 52.

Post Year End Events

Events after the reporting date are detailed in note 37. There are no reportable events (2019: none).

Auditor

BDO LLP has indicated its willingness to continue in office, however, the audit contract will be up for tender in 2021 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.

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,

Alexander Scott
Chief Executive Officer

16 December 2020

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.

Company law requires the directors to prepare financial statements for each financial year.

Under that law the directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group and Company for that period.

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 they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business; and
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

- The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that they face.

The current directors, whose names and functions are listed on pages 59 to 62, 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

16 December 2020

INDEPENDENT AUDITOR'S 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 2020 which comprise the Consolidated Profit or Loss and Other Comprehensive Income, Company Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, Consolidated Statement of Changes in Equity, 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 2020 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 directors' confirmation set out on page 42 in the Annual Report that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the directors' statement set out on page 48 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 set out on page 48 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, including 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. These matters were 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 these matters.

Risk description	How our audit addressed the risk
Completeness, existence, and accuracy of revenue There are various performance incentive schemes in place which mean management may be incentivised to overstate revenue. We therefore consider the existence of revenue to be a significant risk. Revenue is automatically calculated by the IT system based on Transact (Integrated Financial Arrangement Ltd's (IFAL's) trading name) published rates. There is a risk that revenue may be misstated due to errors in system calculations or manual processes. The key risks in IFAL, IntegraLife UK Limited and IntegraLife International Limited is that fees are not calculated in line with commissions and charges schedules in place. We therefore consider the completeness, existence and accuracy of revenue to be a significant risk. As disclosed in note 1d and note 5 of the financial statements, management and the board categorise revenue into three sub categories: ▪ Annual commission income charged for the administration of products on the Transact platform ("IAS"); ▪ Wrapper fee income charged for each of the tax wrappers held by clients; and ▪ Other income comprising buy commission and dealing charges.	Controls testing: We tested the controls in place over accuracy of inputs into the Integrated Administration System (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 the Funds under Direction (FUD) and the number of wrappers on wrappers (investment products) on which revenue is generated from; ▪ Testing the execution controls in place over trade instructions from clients to provide assurance over accuracy and existence of revenue generated from these trades; ▪ Testing the controls in place covering the identification and resolution of rejected trades to provide assurance over the accuracy of revenue recognised; and ▪ Testing the controls in place covering the approval of fee exceptions (e.g. staff discounts) as changes in rates could affect revenue recognised. We tested the controls in place covering client money and custody asset records held within the IAS IT system as revenue is generated from these balances which comprise the Funds Under Direction (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 ▪ Testing the controls over external and physical custody asset reconciliations; 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 comprising annual commission; buy commission and wrapper fee income, with reference to stated commission rates. This was then compared against the amount recognised in the financial statements. ▪ We agreed a sample of off balance sheet FUD holdings to third party custodian statements. ▪ We agreed a sample of share prices in the IAS system to third party sources. ▪ 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. Separately, we reviewed the breaches register, complaints register and FCA correspondence in the year in respect of IFAL to determine whether there was any indication of control failures. Key observations: From testing we have concluded revenue to be appropriately stated and categorised.

Risk description	How our audit addressed the risk

Accuracy of the provision for IntegraLife UK Limited ('ILUK') policyholder tax (Note 30 of the financial statements)
 	
ILUK holds life policies which are subject to the 'I minus E' tax regime. This regime determines how much tax should be paid to HMRC and aims to tax both the policyholders and shareholders (Notes 11 and 12 of the financial statements).
 	
Given complexities in insurance tax regimes there is a risk that the provision for policyholder tax is incorrectly calculated.
 	
An overstatement error in the policyholder tax provision was identified by the Component auditor which has led to a prior year restatement as outlined in note 39.
	In order to address this risk we performed the following procedures:
	
	▪ Inquiries with executive management to understand the nature of the matter identified and their view on the principles to be applied in the policyholder tax calculation which results in the provision.
	
	▪ We consulted with our insurance tax specialist and directed them to engage directly with executive management of ILUK and the Component auditor's specialists.
	
	▪ Based on the above, directed our insurance tax specialist to form a view on the tax principles identified resulting in the error
	
	▪ We carried out a detailed review of the work of the Component auditor in this regard, which included a review performed by our insurance tax specialist which included:
	
	  ▪ A review of the component auditor tax specialists memorandum to the component audit team; and
	
	  ▪ A review of the component auditors working papers on the policyholder tax provision, including their work on the correcting journal entry.
	
	▪ Reviewed the appropriateness of disclosure in terms of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* relating to the prior year adjustment disclosed in note 39 of the financial statements.
	
	Key observations:
	
	Based on the work undertaken we consider the prior year restatement as outlined in note 39 to the financial statements to be appropriate.

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: £2.71m (2019: £2.45m) Performance materiality: £2.03m (2019: £1.84m)	Overall materiality: £460k (2019: £415k) Performance materiality: £345k (2019: (£311k)
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 £54.21m (2019: £48.9m). Profit on ordinary activities before taxation attributable to shareholders has been used as we consider this to be the most significant determinant of the Group's financial performance used by shareholders and other users of the financial statements. Performance materiality was calculated using 75% of overall materiality based on our risk assessment procedures and the expectation of a low level of misstatements.	We used 1% of total assets of £45.99m (2019: £41.5m) 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 level of misstatements.
Materiality for policyholder assets and liabilities	Overall materiality: £183.65m (2019: £168.86m) Performance materiality: £137.74m (2019: £126.6m)	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 (FRC) we have applied a higher materiality for 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. All significant components were audited to an overall materiality of £2.44m (2019: £2.21m) and £165.28m (£151.97m) was used for the application of a higher materiality for the policyholder assets and liabilities.

We agreed with the Audit Committee that we would report to them all individual audit differences identified during the course of our audit in excess of £54,000 (2019: £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 £3.31m (2019: £3.4m). We also agreed to report differences below these thresholds that, in our view, warranted reporting 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 subject to a full scope audit of their complete financial information.

Five components were considered to be financially 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: Integrated Financial Arrangements Ltd, IntegraFin Services Limited and Transact IP Limited (all within the United Kingdom) was performed by the Group audit team and the other two: ILUK and IntegraLife International Limited were performed by the component auditors in the Isle of Man, outside of the BDO network. We had overall responsibility for directing and supervising the work of component auditors.

As part of our audit strategy, as Group auditors we undertook the following:

- Detailed Group reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed above), and set out the information required to be reported to the Group audit team.
- We performed a review of the component audit files remotely and held calls and meetings with the component audit team during the planning, execution and completion phases of their audit.
- The Group audit team was actively involved in the direction of the audits performed by the component auditors for Group reporting purposes, along with the consideration of findings and determination of conclusions drawn.

For components that we considered to be non-significant, these components were principally subject to analytical review procedures performed by BDO as the Group auditor, together with additional testing over audit risk areas.

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 regarding instances of non-compliance and contingent liabilities;
- review of correspondence with the regulator;
- review of minutes of board meetings for discussions around potential irregularities throughout the period; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations

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. 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. 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 set out on page 103** – the statement given 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 position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 69 to 72** – 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 set out on page 49** – 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
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and 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 directors' responsibilities statement set out on page 103, 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 years. We were reappointed by the members at the AGM on 20 February 2020 to audit the financial statements for the year ending 30 September 2020. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is 10 years, covering the years ending 30 September 2011 to 30 September 2020.

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.

In addition to the statutory audit, we have provided the following permissible audit related services to the Group in the period; an interim review for the Group; quarterly profit reviews, two SIPP audits, country by country reporting review and a client money audit for the subsidiary Integrated Financial Arrangements Ltd.

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.

Justin Chait
(Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor

London, UK

16 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2020 £'000	2019 (restated) £'000
Revenue			
Fee income	**5**	107,320	99,165
Cost of sales		(865)	(806)
Gross profit		106,455	98,359
Administrative expenses	**8**	(51,016)	(48,773)
Credit loss allowance on financial assets	**23**	(176)	(20)
Net income attributable to policyholder returns	**12**	(3,066)	7,115
Operating profit		**52,197**	**56,681**
Operating profit attributable to policyholder returns	**12**	**(3,066)**	**7,115**
Operating profit attributable to shareholder returns		**55,263**	**49,566**
Change in investment contract liabilities	**20**	82,895	(554,767)
Fee and commission expenses	**20**	(137,536)	(125,618)
Investment returns	**10**	54,677	680,422
Interest expense	**26**	(233)	-
Interest income	**9**	256	308
Profit on ordinary activities before taxation		**52,256**	**57,026**
Profit on ordinary activities before taxation attributable to policyholder returns	**12**	**(3,066)**	**7,115**
Profit on ordinary activities before taxation attributable to shareholder returns		**55,322**	**49,911**
Policyholder tax	**12**	3,066	(6,969)
Tax on profit on ordinary activities	**11**	(9,838)	(8,950)
Profit for the financial year		**45,484**	**41,107**
Other comprehensive income			
Exchange gains/(losses) arising on translation of foreign operations		22	(20)
Total other comprehensive income for the financial year		**22**	**(20)**
Total comprehensive income for the financial year		**45,506**	**41,087**
Earnings per share			
Earnings per share – basic and diluted	**7**	13.7p	12.4p

All activities of the Group are classed as continuing.

Notes 1 to 40 form part of these financial statements

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2020 £'000	2019 £'000
Revenue		-	-
Cost of sales		-	-
Gross profit		**-**	**-**
Administrative expenses	**8**	(1,208)	(1,096)
Credit loss allowance on financial assets	**18**	(85)	(24)
Operating loss		**(1,293)**	**(1,120)**
Dividend income	**38**	32,326	30,118
Interest income	**9**	91	66
Profit on ordinary activities before taxation		**31,124**	**29,064**
Tax on profit on ordinary activities	**11**	-	-
Profit for the financial year		**31,124**	**29,064**
Other comprehensive income		-	-
Total comprehensive income for the financial year		**31,124**	**29,064**

All activities of the Company are classed as continuing.

Notes 1 to 40 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2020 £'000	2019 (restated) £'000	1 October 2018 £'000
Non-current assets				
Loans	**18**	2,647	1,185	1,189
Intangible assets	**13**	12,951	12,951	12,966
Property, plant and equipment	**14**	2,313	2,405	1,813
Right of use assets	**15**	3,961	-	-
Deferred tax asset	**28**	489	157	44
Deferred acquisition costs	**17**	53,482	50,443	46,073
		75,843	67,141	62,085
Current assets				
Financial assets at fair value through profit or loss	**22**	5,051	5,066	6,219
Other prepayments and accrued income	**23**	14,412	13,082	11,471
Trade and other receivables	**24**	3,556	7,189	4,591
Investments held for the benefit of policyholders	**19**	16,727,208	15,454,769	13,376,481
Cash and cash equivalents	**21**	1,539,843	1,342,619	1,230,301
Current tax asset		53	-	-
		18,290,123	16,822,725	14,629,063
Current liabilities				
Trade and other payables	**25**	18,366	17,024	14,764
Lease liabilities	**26**	2,375	-	-
Liabilities for linked investment contracts	**20**	18,112,935	16,665,048	14,489,933
Current tax liabilities		-	3,987	3,702
		18,133,676	16,686,059	14,508,399
Non-current liabilities				
Provisions	**30**	25,208	18,230	13,756
Lease liabilities	**26**	3,712	-	-
Deferred income liability	**27**	53,482	50,443	46,073
Deferred tax liabilities	**28**	8,968	13,248	12,570
		91,370	81,921	72,399
Net assets		**140,920**	**121,886**	**110,350**
Capital and reserves				
Called up equity share capital		3,313	3,313	3,313
Capital redemption reserve	**31**	2	2	2
Share-based payment reserve	**32**	1,698	1,008	530
Employee Benefit Trust reserve	**33**	(1,103)	(275)	-
Foreign exchange reserve	**34**	(22)	(44)	(24)
Non-distributable reserves	**34**	5,722	5,722	5,722
Non-distributable insurance reserves	**34**	501	501	501
Profit or loss account		130,809	111,659	100,306
Total equity		**140,920**	**121,886**	**110,350**

These financial statements were approved by the Board of Directors on 16 December 2020 and are signed on their behalf by:

Alexander Scott
Director
Company Registration Number: 08860879

Notes 1 to 40 form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2020 £'000	2019 £'000
Non-current assets			
Investment in subsidiaries	**16**	16,832	15,800
Loans	**18**	2,647	1,184
		19,479	16,984
Current assets			
Prepayments	**23**	56	30
Other receivables	**24**	342	86
Cash and cash equivalents		26,090	24,342
		26,488	24,458
Current liabilities			
Trade and other payables	**25**	491	518
		491	518
Net assets		**45,476**	**40,924**
Capital and reserves			
Called up equity share capital		3,313	3,313
Profit or loss account		41,962	37,006
Share-based payment reserve	**32**	1,070	880
Employee Benefit Trust reserve	**33**	(869)	(275)
Total equity		**45,476**	**40,924**

These financial statements were approved by the Board of Directors on 16 December 2020 and are signed on their behalf by:

Alexander Scott
Director
Company Registration Number: 08860879

Notes 1 to 40 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	2020 £'000	2019 (restated) £'000
Cash flows from operating activities		
Profit before tax	52,256	57,026
Adjustments for:		
Amortisation and depreciation	2,571	669
Share-based payment charge	1,776	1,237
Interest on cash held	(256)	(308)
Interest charged on lease	234	-
Investment returns	(36)	(37)
Increase in policyholder tax recoverable	(1,515)	-
Decrease in current asset investments	15	1,153
	55,045	**59,740**
Decrease/(increase) in trade and other receivables	2,305	(4,211)
Increase in trade and other payables	3,858	2,260
Increase in provisions	6,978	5,041
Decrease in share-based payment reserve	(1,126)	-
Increase in investments held for the benefit of policyholders	(1,272,440)	(2,078,288)
Increase in liabilities for linked investment contracts	1,447,887	2,175,115
Cash generated from operations	**242,507**	**159,657**
Income taxes paid	(13,803)	(15,633)
Interest paid on lease liabilities	(234)	-
Net cash flows from operating activities	**228,470**	**144,024**
Investing activities		
Acquisition of tangible assets	(859)	(1,246)
Decrease/(increase) in loans	(1,462)	3
Interest on cash held	256	308
Investment returns	36	37
Net cash used in investing activities	**(2,029)**	**(898)**
Financing activities		
Purchase of own shares in Employee Benefit Trust	(828)	(275)
Settlement of share-based payment reserve	-	(706)
Equity dividends paid	(26,158)	(29,807)
Repayment of lease liabilities	(2,244)	-
Net cash used in financing activities	**(29,230)**	**(30,788)**
Net increase in cash and cash equivalents	**197,211**	**112,338**
Cash and cash equivalents at beginning of year	**1,342,619**	**1,230,301**
Exchange gain/(losses) on cash and cash equivalents	13	(20)
Cash and cash equivalents at end of year	**1,539,843**	**1,342,619**

Notes 1 to 40 form part of these financial statements

COMPANY STATEMENT OF CASH FLOWS

	2020 £'000	2019 £'000
Cash flows from operating activities		
Loss before interest and dividends	(1,293)	(1,120)
Adjustments for:		
Increase in trade and other receivables	(306)	(30)
Decrease in trade and other payables	(4)	(205)
Net cash flows from operating activities	**(1,603)**	**(1,355)**
Investing activities		
Dividends received	32,326	30,118
Interest received	91	66
Decrease/(increase) in loans	(1,462)	3
Net cash generated from investing activities	**30,955**	**30,187**
Financing activities		
Purchase of own shares in Employee Benefit Trust	(594)	(275)
Settlement of share-based payment reserve	(843)	(706)
Equity dividends paid	(26,167)	(29,818)
Net cash used in financing activities	**(27,604)**	**(30,799)**
Net increase/(decrease) in cash and cash equivalents	**1,748**	**(1,967)**
Cash and cash equivalents at beginning of year	**24,342**	**26,309**
Cash and cash equivalents at end of year	**26,090**	**24,342**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Non-distrib-utable reserves £'000	Other reserves £'000	Share-based payment reserve £'000	Non-distrib-utable insurance reserves £'000	Employee Benefit Trust £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2018	**3,313**	**5,722**	**(22)**	**530**	**501**	**-**	**94,899**	**104,943**
Correction of retained earnings	-	-	-	-	-	-	5,408	5,408
Restated balance at 1 October 2018	**3,313**	**5,722**	**(22)**	**530**	**501**	**-**	**100,307**	**110,351**
Comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	41,107	41,107
Movement in currency translation	-	-	(20)	-	-	-	-	(20)
Total comprehensive income for the year	**-**	**-**	**(20)**	**-**	**-**	**-**	**41,107**	**41,087**
Distributions to owners:								
Dividends	-	-	-	-	-	-	(29,807)	(29,807)
Share based payment reserve	-	-	-	1,237	-	-	-	1,237
Settlement of share based payment expense	-	-	-	(707)	-	-	-	(707)
Purchase of own shares in EBT	-	-	-	-	-	(275)	-	(275)
Other movement	-	-	-	(52)	-	-	52	-
Total distributions to owners	**-**	**-**	**-**	**478**	**-**	**(275)**	**(29,755)**	**(29,552)**
Balance at 1 October 2019	**3,313**	**5,722**	**(42)**	**1,008**	**501**	**(275)**	**111,659**	**121,886**
Impact of IFRS 16	-	-	-	-	-	-	(240)	(240)
Deferred tax on IFRS 16	-	-	-	-	-	-	31	31
Adjusted balance at 1 October 2019	**3,313**	**5,722**	**(42)**	**1,008**	**501**	**(275)**	**111,450**	**121,677**
Comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	45,484	45,484
Movement in currency translation	-	-	22	-	-	-	-	22
Total comprehensive income for the year	**-**	**-**	**22**	**-**	**-**	**-**	**45,484**	**45,506**
Distributions to owners:								
Share-based payment expense	-	-	-	1,776	-	-	-	1,776
Settlement of share based payment	-	-	-	(1,126)	-	-	-	(1,126)
Purchase of own shares in EBT	-	-	-	-	-	(828)	-	(828)
Excess tax relief charged to equity	-	-	-	73	-	-	-	73
Other movement	-	-	-	(33)	-	-	33	-
Dividends paid	-	-	-	-	-	-	(26,158)	(26,158)
Total distributions to owners	**-**	**-**	**-**	**690**	**-**	**(828)**	**(26,125)**	**(26,263)**
Balance at 30 September 2020	**3,313**	**5,722**	**(20)**	**1,698**	**501**	**(1,103)**	**130,809**	**140,920**

Notes 1 to 40 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 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 1 October 2019	**3,313**	**880**	**(275)**	**37,006**	**40,924**
Comprehensive income for the year:					
Profit for the year	-	-	-	31,124	31,124
Total comprehensive income for the year	**-**	**-**	**-**	**31,124**	**31,124**
Distributions to owners:					
Dividends	-	-	-	(26,167)	(26,167)
Share-based payment expense	-	1,032	-	-	189
Settlement of share-based payments	-	(843)	-	-	-
Purchase of own shares in EBT	-	-	(594)	-	(594)
Total distributions to owners	**-**	**189**	**(594)**	**(26,167)**	**(26,572)**
Balance at 30 September 2020	**3,313**	**1,069**	**(869)**	**41,963**	**45,476**

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and significant accounting policies

General information

IntegraFin Holdings plc (the "Company"), a public limited company incorporated and domiciled in the United Kingdom ("UK"), along with its subsidiaries (collectively the "Group"), offers a market leading investment platform which enables advisers to implement financial plans as simply and efficiently as possible.

The registered office address, and principle place of business, is 29 Clement's Lane, London, EC4N 7AE.

a) Basis of preparation

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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.

Going concern

The financial statements have been prepared on a going concern basis, following an assessment by the board.

Going concern is assessed over the 12 month period from when the Annual Report is approved, and the board has concluded that the Group has adequate resources to continue in operational existence for the next 12 months. This is supported by:

- The current financial position of the Group;
  - The Group maintains a conservative balance sheet and manages and monitors solvency and liquidity on an ongoing basis, ensuring that it always has sufficient financial resources for the foreseeable future.
  - As at 30 September 2020, the Group had £154 million of shareholder cash on the balance sheet, demonstrating that liquidity remains strong.
- Detailed cash flow and working capital projections; and
- Stress-testing of liquidity, profitability and regulatory capital, taking account of possible adverse changes in trading performance, including the impact of COVID-19.

When making this assessment, the board has taken into consideration both the Group's current performance and the future outlook, including the impact of the COVID-19 pandemic. Market volatility and uncertainty is expected to continue for some time, due to the pandemic and the effect of measures taken to combat it, but the Group's fundamentals remain strong.

As detailed in the Going Concern and Viability Statement (page 48), stress and scenario testing has been carried out, in order to understand the potential financial impacts of severe, yet plausible, scenarios on the Group. The following scenarios have been considered that give specific consideration to COVID-19:

- A prolonged economic downturn as COVID-19 cases increase, leading to a reduced investor propensity for savings;
- Loss of investor confidence in capital and investment markets due to an extended period of pandemic, combined with the end of the transitional period with the EU;
- Loss of investor confidence (as above), combined with an internal cyber-attack.

Having conducted detailed cash flow and working capital projections, and stress-tested liquidity, profitability and regulatory capital, taking account of the impact of the COVID-19 pandemic and further possible adverse changes in trading performance, the board is satisfied that 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 the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), and Isle Man Financial Services Authority (IoM FSA). Accordingly, the board does not believe a material uncertainty exists that would have an effect on the going concern of the Group and have prepared the financial statements on a going concern basis.

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

IFRS 16 Leases

The Group adopted IFRS 16 on 1 October 2019. The Group used the modified retrospective approach 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 recognised right of use assets all relate to rental leases for the offices of the Group previously classified as "operating leases". Such leases have varying terms, clauses and renewal rights.

The Group recognises a right of use asset and corresponding lease liability on the date a leased asset is made available for use by the Group, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expenses on a straight line basis over the term of lease.

On commencement date, the Group measured the lease liability as the present value of all future lease payments, discounted using the incremental borrowing rate of 3.2% at the date of transition. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions.

The standard allows companies to apply practical expedients when using the modified retrospective approach of transition. The Group has chosen to use a single discount rate to its portfolio of leases as they all have reasonably similar characteristics.

The right of use asset was measured at its net book value, assuming it had been capitalised and depreciated from inception. The net effect is recognised through an adjustment to retained earnings. Prior periods have not been restated.

The table below shows the impact on retained earnings of recognising the asset and the corresponding liabilities for each of the leases, and the release of the rent free reserve.

Right of use assets – 1 October 2019	£5.6m
Lease liabilities – 1 October 2019	(£8.3m)
Release of rent free reserve liability	£2.5m
Reduction to retained earnings – 1 October	(£0.2m)

Details of the right of use asset and the lease liability are set out in Notes 15 and 26 respectively.

The following is a reconciliation of total operating lease commitments at 30 September 2019 (as disclosed in the Annual Report to 30 September 2019) to the lease liabilities recognised at 1 October 2019:

	£'000
Lease commitments - 1 October 2019	8,841
Discounted using incremental borrowing rate	(505)
Lease liabilities on adoption of IFRS 16 – 1 October 2019	**8,336**

No other standards or amendments adopted in the period had a material effect on the financial statements.

c) Future standards, amendments to standards, and interpretations not early-adopted in the 2020 annual financial statements.

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 2023, subject to EU endorsement.

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.

No other future standards, amendments to standards, or interpretations are expected to have a material effect on the financial statements.

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 average value of assets and cash held on the platform in the month.

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 ongoing basis, and revenue is therefore recognised on an ongoing basis to reflect the nature of the performance obligations being discharged.

Accrued income on both annual commission and wrapper fees is recognised as a trade receivable on the statement of financial position, as the Group's right to consideration is conditional on nothing other than the passage of time.

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. 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 (2019: 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.

Deferred acquisition costs and deferred income liability 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 in each of the companies and in the consolidated statements of financial position.

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. These investments are mandatorily held at '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 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' in order to reduce an accounting mismatch with the underlying financial assets.

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.

Intangible non-current assets

Intangible non-current assets, excluding goodwill, are stated at cost less accumulated amortisation and comprise intellectual property software rights. The software rights were amortised over seven years on a straight line basis, as it was estimated that the code would be replaced every seven years, and therefore have a finite useful life. The software rights are now fully amortised, but due to ongoing system development and coding updates no replacement is required. Goodwill is held at cost and, in accordance with IFRS, is not amortised but is subject to annual impairment reviews.

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 profit and loss and other comprehensive income statement 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 improvements	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 10 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, right of use assets 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 Group 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 13.

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 directly in the reserves.

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 2020, 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. They are designated as financial assets at 'fair value through profit or loss' in order to reduce an accounting mismatch option with the equivalent financial liabilities. Gains and losses arising from changes in fair value are presented in the consolidated profit and loss and other comprehensive income statement within "investment returns".

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 consolidated profit and loss and other comprehensive income statement are offset entirely by the gains and losses on linked liabilities, which are recognised within the "change in investment contract liabilities" line. The overall 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 29) as they are owned by the clients of IFAL.

Lease agreements

Prior year rental costs were recognised as operating leases and 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 had been taken, the incentive was spread on a straight line basis over the lease term. However, with the introduction of IFRS 16 from 1 October 2019, rental costs are now recognised on the balance sheet under 'Lease liabilities', with interest charged to the statement of profit or loss. A corresponding asset is recognised and depreciation is charged to the statement of profit or loss on a straight line basis over the lease term. Details of the lease commitments are set out in Note 26.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances from instant access and notice accounts, call deposits, 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.

Cash and cash equivalents held for the benefit of the policyholders are held to cover the liabilities for unit linked investment contracts. These amounts are 100% matched to corresponding liabilities.

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 "investment returns" 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 where there is a significant risk of material adjustment in the next 12 months, and critical judgements are those that have the most significant effect on amounts recognised in the accounts.

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. Management uses its knowledge of current facts and applies estimation and assumption techniques that are aligned with relevant accounting policies to make predictions about the future. Actual results may differ from these estimates.

The area where judgements and estimates have the most significant effect in these financial statements is the tax provision for its subsidiary, ILUK.

In assessing whether to recognise a provision, the Group has evaluated the likelihood of a constructive or legal obligation, and whether that obligation can be estimated reliably.

The provision required has been calculated based on an estimation of tax payable to HMRC (through detailed calculations on the forecasted income and expenses for the financial year) and refunds payable back to policyholders. As explained in note 39, the balances relating to prior years have been restated due to an error attributable to changes in the treatment of tax reserves. Further details regarding the current year provision can be found in note 30.

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 for the Group:

Financial assets:

	Fair value through profit or loss		**Amortised cost**	
	2020 £'000	**2019 £'000**	**2020 £'000**	**2019 £'000**
Cash and cash equivalents	-	-	1,539,843	1,342,619
Listed shares and securities	92	69	-	-
Loans	-	-	2,647	1,185
Investments in quoted debt instruments	4,959	4,997	-	-
Accrued income	-	-	10,244	9,768
Trade and other receivables	-	-	786	3,444
Investments held for the policyholders	16,727,208	15,454,769	-	-
Total financial assets	**16,732,259**	**15,459,835**	**1,553,520**	**1,357,016**

Financial liabilities:

	Fair value through profit or loss		**Amortised cost**	
	2020 £'000	**2019 £'000**	**2020 £'000**	**2019 £'000**
Trade and other payables	-	-	8,660	5,893
Accruals	-	-	7,792	6,908
Lease liabilities	-	-	6,087	-
Liabilities for linked investments contracts	18,112,935	16,665,048	-	-
Total financial liabilities	**18,112,935**	**16,665,048**	**22,539**	**12,801**

The following tables show the carrying values of assets and liabilities for each of these categories for the Company:

Financial assets:

	Fair value through profit or loss		**Amortised cost**	
	2020 £'000	**2019 £'000**	**2020 £'000**	**2019 £'000**
Cash and cash equivalents	-	-	26,090	24,342
Loans	-	-	2,647	1,185
Total financial assets	**-**	**-**	**28,737**	**25,527**

Financial liabilities:

	Fair value through profit or loss		**Amortised cost**	
	2020 £'000	**2019 £'000**	**2020 £'000**	**2019 £'000**
Trade and other payables	-	-	56	49
Accruals	-	-	311	390
Total financial liabilities	**-**	**-**	**367**	**439**

(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 below 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 below.

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 three levels of the fair value hierarchy:

Fair value hierarchy	**Description of hierarchy**	**Types of investments classified at each level**
Level 1	Quoted prices (unadjusted) in active markets for identical assets	Cash and cash equivalents, listed equity securities, gilts, actively traded pooled investments such as OEICS and unit trusts
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)	Actively traded unlisted equity securities where there is no significant unobservable inputs, structured products and regularly priced but not actively traded instruments
Level 3	Inputs that are not based on observable market data (unobservable inputs)	Unlisted equity securities with significant unobservable inputs, inactive pooled investments

For the purposes of identifying level 3 assets, unobservable inputs means that fair values of the assets may be based on estimates and assumptions that cannot be corroborated with observable market data.

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

2020	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments and assets held for the benefit of policyholders				
Policyholder cash	1,385,736	-	-	1,385,736
Investments and securities	506,286	154,810	751	661,847
Bonds and other fixed-income securities	12,404	1,891	15	14,310
Holdings in collective investment schemes	15,930,106	120,026	910	16,051,042
	17,834,532	**276,727**	**1,676**	**18,112,935**
Other investments	4,959	-	-	4,959
Total	**17,839,491**	**276,727**	**1,676**	**18,117,894**

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**

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 2020 and 30 September 2019 are presented in the table below at their valuation at 30 September 2020:

Transfers from	Transfers to	£'000
Level 1	Level 2	3,493
Level 2	Level 1	7,834

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

	£'000
Opening balance	**11,529**
Unrealised gains or losses in the year ended 30 September 2020	(57)
Transfers in to Level 3 at 30 September 2020 valuation	224
Transfers out of Level 3 at 30 September 2020 valuation	(8,280)
Purchases, sales, issues and settlement	(1,740)
Closing balance	**1,676**

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

The Group regularly assesses assets to ensure they are categorised correctly and FVH levels adjusted accordingly. The Group monitors situations that may impact liquidity such as suspensions and liquidations while also actively collecting observable market prices from relevant exchanges and asset managers. Should an asset price become observable following the resumption of trading the FVH level will be updated to reflect this.

(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 2020 were £212.9 million (2019: £216.3 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 38 to 45.

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. Qualitative aspects of risk, despite being more difficult to express quantitatively, are also 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.

(a) Price risk

Market price 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, which are determined by the market prices of the underlying assets. The Group's revenue is therefore affected by the value of assets on the platform, and consequently it has exposure to equity market levels and economic conditions.

The Group mitigates the second order market price risk by applying fixed charges per tax wrapper in addition to income derived from the charges based on clients' linked portfolio values. This approach of fixed and variable charging offers an element of diversification to its income stream. The risk of stock market volatility, and the impact on revenue, is also mitigated through a wide asset offering which ensures the Group is not wholly correlated with one market, and which enables clients to switch assets, including into cash on the platform, in times of uncertainty.

Sensitivity testing has been performed to assess the impact of market movements on the Group's Profit for the year. The sensitivity is applied as an instantaneous shock at the start of the year, and shows the impact of a 10% change in values across all assets held on the platform.

	Impact on profit for the year	
	2020 £'000	**2019 £'000**
10% increase in asset values	6,931	6,145
10% decrease in asset values	(6,931)	(6,145)

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.

(b) 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.

(c) 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	**2020 £'000**	**2020 %**	**2019 £'000**	**2019 %**
GBP	17,983,651	99.3	16,564,270	99.4
USD	106,532	0.6	79,716	0.5
EUR	13,862	0.1	14,263	0.1
Others	8,890	0.0	6,799	0.0
Total	**18,112,935**	**100.0**	**16,665,048**	**100.0**

99.3% 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 favourable movement in policyholder assets is entirely offset by a corresponding movement in the linked liability.

(2) Credit (counterparty default) risk

Credit risk is the risk that the Group or 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.

Assets held at amortised cost

(a) Accrued income

This comprises fees owed by clients. These are held at amortised cost, less expected credit losses ("ECLs").

Under IFRS 9, a forward-looking approach is required to assess ECLs, so that losses are recognised before the occurrence of any credit event. The Group estimates that pending fees three months or more past due are unlikely to be collected and are written off. Based on management's experience, pending fees one or two months past due are generally expected to be collected. However, consideration is also given to potential losses on these fees. Historical loss rates have been used to estimate expected future losses, while consideration is also given to underlying economic conditions, in order to ensure that expected losses are recognised on a forward-looking basis. This has led to the additional recognition of an immaterial amount of ECLs.

Details of the ECLs recognised in relation to accrued income can be seen in note 23.

(b) Loans

Loans subject to the 12 month ECL are £2.7m (2019: £1.2m). While there is increased economic uncertainty in the current climate, leading to potentially higher credit risk, there is not considered to be a significant increase in credit risk, as all of the loans are currently performing to schedule, and there are no concerns regarding the borrowers. There is therefore no need to move from the 12 month ECL model to the lifetime ECL model. Expected losses are recognised on a forward-looking basis, which has led to the additional recognition of an immaterial amount of ECLs.

Details of the ECLs recognised in relation to loans can be seen in note 18.

(c) Cash and equivalents

The Group has a low risk appetite for credit risk, which is limited to exposures to credit institutions for its bank deposits. A range of major regulated UK high street banks is used. A rigorous annual due diligence exercise is undertaken to assess the financial strength of these banks with those used having a minimum credit rating of A (Fitch). In order to actively manage the credit and concentration risks, the Board has agreed risk appetite limits for the regulated entities of the amount of corporate and client funds that may be deposited with any one bank; which is represented by a set percentage of the respective bank's total customer deposits. Monthly monitoring of these positions along with movements in Fitch ratings is undertaken, with reports presented to the Directors for review. Collectively these measures ensure that the Group diligently manages the exposures and provides the mitigation scope to be able to manage credit and concentration exposures on behalf of itself and its customers.

Counterparty default risk exposure to loans

The Company has loans of £2,647k (2019: £1,185k). 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 £342k (2019: £86k) from other Group companies.

Counterparty default risk exposure to other receivables

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 are 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 which affects funds held on behalf of clients.

There are robust controls in place to mitigate credit risk, for example, holding corporate and client cash across a range of banks in order to minimise 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 £10.2m (2019: £9.8m) 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 primarily covered through the terms and conditions with clients' taking 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 obligations 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.

The Company has set out two key liquidity 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 and client 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 2019 and 30 September 2020.

Financial assets:

2019	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Investments held for the policyholders	15,454,769	-	-	-	15,454,769
Investments	69	-	4,997	-	5,066
Accrued income	9,768	-	-	-	9,768
Trade and other receivables	3,250	188	7	-	3,445
Loans	-	-	1,185	-	1,185
Cash	1,342,619	-	-	-	1,342,619
Total	**16,810,475**	**188**	**6,189**	**-**	**16,816,852**

2020	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Investments held for the policyholders	16,727,208	-	-	-	16,727,208
Investments	92	-	4,959	-	5,051
Accrued income	10,244	-	-	-	10,244
Trade and other receivables	614	165	7	-	786
Loans	-	-	2,647	-	2,647
Cash	1,539,843	-	-	-	1,539,843
Total	**18,278,001**	**165**	**7,613**	**-**	**18,285,779**

Financial liabilities:

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**

2020	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Liabilities for linked investment contracts	18,112,935	-	-	-	18,112,935
Trade and other payables	16,257	195	-	-	16,452
Lease liabilities	614	1,761	3,712	-	6,087
Total	**18,129,806**	**1,956**	**3,712**	**-**	**18,135,473**

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.

Undiscounted cash flows

2020	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000	Carrying amount £'000
Lease liabilities	689	1,936	3,883	-	6,508	6,087
Total	**689**	**1,936**	**3,883**	**-**	**6,508**	**6,087**

The undiscounted cash flows are in relation to the lease liabilities and are presented at their gross undiscounted contractual amounts i.e. the principle amounts to be paid for the periods stated.

There is no comparative for the 2019 financial year as the Group did not have any lease liabilities.

(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 focusing 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". The Group and the Company has exposure related to expense inflation risk, where actual inflation deviates from expectations. As a significant percentage of the Group's expenses are staff related, the key inflationary risk arises from salary inflation. The Group and the Company have no exposures to defined benefit staff pension schemes or client related index linked liabilities.

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. Disaggregation of revenue

	For the financial year ended 30 September	
	2020 £'000	**2019 £'000**
Annual commission income	94,468	86,715
Wrapper fee income	9,743	8,961
Other income	3,109	3,489
Total fee income	**107,320**	**99,165**

Total fee income relates to both classes of business (see note 6 for details).

6. 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 overleaf.

Statement of profit or loss on continuing operations – segmental information for the year ended 30 September 2020:

	Investment administration services	Insurance and life assurance business	Other income	Consolidated adjustments	Total
	£'000	£'000	£'000	£'000	£'000
Revenue					
Fee income	55,923	51,355	42	-	107,320
Cost of sales	(543)	(323)	-	-	(865)
Expenses					
Admin expenses	(61,170)	(55,760)	-	65,914	(51,016)
Impairment losses	(109)	(67)	-	-	(176)
Net income attributable to policyholders	-	(3,066)	-	-	(3,066)
Change in investment contract liabilities	-	82,895	-	-	82,895
Fee and commission expenses	-	(137,536)	-	-	(137,536)
Investment returns	-	54,677	-	-	54,677
Interest expense	(120)	(113)	-	-	(233)
Interest income	121	135	-	-	256
Profit before tax	41,402	43,180	-	(32,326)	52,256
Policyholder tax	-	3,066	-	-	3,066
Tax on profit on ordinary activities	(4,641)	(5,197)	-	-	(9,838)
Profit for the financial year	**36,761**	**41,048**	**-**	**(32,326)**	**45,484**

Statement of profit or loss on continuing operations – segmental information for the year ended 30 September 2019:

	Investment administration services	Insurance and life assurance business	Other income	Consolidated adjustments	Total
	£'000	£'000	£'000	£'000	£'000
Revenue					
Fee income	52,045	47,120	-	-	99,165
Cost of sales	(495)	(312)	-	-	(806)
Expenses					
Admin expenses	(58,722)	(53,404)	-	63,353	(48,773)
Impairment losses	(3)	(17)	-	-	(20)
Net income attributable to policyholders	-	7,115	-	-	7,115
Change in investment contract liabilities	-	(554,767)	-	-	(554,767)
Fee and commission expenses	-	(125,618)	-	-	(125,618)
Investment returns	-	680,422	-	-	680,422
Interest expense	-	-	-	-	-
Interest income	146	162	-	-	308
Profit before tax	38,198	48,946	-	(30,118)	57,026
Policyholder tax	-	(6,969)	-	-	(6,969)
Tax on profit on ordinary activities	(4,230)	(4,720)	-	-	(8,950)
Profit for the financial year	**33,969**	**37,256**	**-**	**(30,118)**	**41,107**

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.

Disaggregation of revenue by segment – for the financial year ended 30 September 2020

	Investment administration services	Insurance and life assurance business	Other	Total
	£'000	£'000	£'000	£'000
Annual commission income	51,873	42,595	-	94,468
Wrapper fee income	2,337	7,406	-	9,743
Other income	1,713	1,354	42	3,109
Total fee income	**55,923**	**51,355**	**42**	**107,320**

Disaggregation of revenue by segment - for the financial year ended 30 September 2019

	Investment administration services	Insurance and life assurance business	Total
	£'000	£'000	£'000
Annual commission income	48,013	38,702	86,715
Wrapper fee income	2,137	6,825	8,961
Other income	1,895	1,593	3,489
Total fee income	**52,045**	**47,120**	**99,165**

Statement of financial position – segmental information for the years ended 30 September 2020 and 30 September 2019:

	2020 £'000	2019 £'000
Net assets		
Investment administration services	68,434	61,009
Insurance and life assurance business	72,486	60,877
	140,920	**121,886**

Segmental information: Split by geographical location

	2020 £'000	2019 £'000
Revenue		
United Kingdom	103,089	95,192
Isle of Man	4,231	3,974
Total	**107,320**	**99,165**

	2020 £'000	2019 £'000
Non-current assets		
United Kingdom	19,128	15,310
Isle of Man	97	46
Total	**19,225**	**15,356**

The non-current assets excludes the deferred acquisition costs and deferred tax assets.

7. Earnings per share

	2020 £'000	2019 (restated) £'000
Profit		
Profit for the year and earnings used in basic and diluted earnings per share	£45.5m	£41.1m
Weighted average number of shares		
Weighted average number of Ordinary Shares	331.3m	331.3m
Weighted average numbers of Ordinary Shares held by Employee Benefit Trust	(0.1m)	-
Weighted average number of Ordinary Shares for the purposes of basic EPS	**331.2m**	**331.3m**
Adjustment for dilutive share option awards	0.1m	-
Weighted average number of Ordinary Shares for the purposes of diluted EPS	**331.3m**	**331.3m**
Earnings per share		
Basic earnings per share	13.7p	12.4p
Earnings per share – basic and diluted	13.7p	12.4p

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

Basic EPS is calculated by dividing profit after tax attributable to ordinary equity shareholders of the Company by the weighted average number of Ordinary Shares outstanding during the year. The weighted average number of shares excludes shares held within the Employee Benefit Trust to satisfy the Group's obligations under employee share awards.

Diluted EPS is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all potentially dilutive Ordinary Shares.

As noted in note 39, the 2019 EPS was restated due to the identification of an error in the calculation of the policyholder tax provision.

8. Expenses by nature

The following expenses are included within administrative expenses:

Group	2020 £'000	2019 (restated) £'000
Depreciation	2,561	654
Amortisation	-	15
Wages and employee benefits expense	36,732	36,093
Other staff costs	200	241
Auditor's remuneration:		
▪ Auditing of the financial statements of the Company pursuant to the legislation	78	70
▪ Auditing of the financial statements of subsidiaries	99	91
▪ Other assurance services	118	100
Other Auditor's remuneration:		
▪ Auditing of the financial statements of subsidiaries	154	115
▪ Other assurance services	97	147
Other professional fees	2,808	2,314
Regulatory fees	3,643	2,689
Operating lease costs:		
▪ Land and buildings	4	1,822
▪ Equipment	3	3
Other occupancy costs	2,001	1,817
Other costs	3,589	3,555
Other income – tax relief due to shareholders	(1,071)	(953)
Total administrative expenses	**51,016**	**48,773**

"Other income – tax relief due to shareholders" relates to the release of policyholder tax provisions to the statement of profit or loss and other comprehensive income. Details of the 2019 restatement can be found in note 39.

	2020 £'000	2019 £'000
Company		
Wages and employee benefits expense	475	514
Other staff costs	24	59
Auditor's remuneration:		
▪ Auditing of the financial statements of the Company pursuant to the legislation	78	70
▪ Other assurance services	18	17
Other professional fees	422	314
Regulatory fees	30	16
Other costs	161	106
Total administrative expenses	**1,208**	**1,096**

Wages and employee benefits expense

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

	2020 No.	2019 No.
CEO	1	1
Client services staff	213	230
Finance staff	60	57
Legal and compliance staff	31	30
Sales, marketing and product development staff	40	43
Software development staff	104	96
Technical and support staff	45	52
	494	**509**

The Company has no employees (2019: nil).

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

	2020 £'000	2019 £'000
Wages and salaries	29,307	28,987
Social security costs	3,085	3,203
Other pension costs	2,714	2,657
Share-based payment costs	1,626	1,246
	36,732	**36,093**

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.

	2020 £'000	2019 £'000
Short term employee benefits*	2,622	2,331
Post employment benefits	40	47
Share based payment	522	192
Other benefits	33	4
Social security costs	211	322
	3,428	**2,896**
Highest paid Director:		
Short term employee benefits*	491	564
Other benefits	140	86
Post employment benefits	7	5
Number of Directors for whom pension contributions are paid	2	5

*Short term employee benefits comprise salary and cash bonus.

9. Interest income

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Interest income on bank deposits	194	29	272	30
Interest income on loans	62	62	36	36
	256	**91**	**308**	**66**

10. Investment returns

	2020 £'000	2019 £'000
Interest on fixed-interest securities	80	95
Realised losses on fixed-interest securities	-	(34)
Unrealised losses on fixed-interest securities	(44)	(24)
Change in fair value of underlying assets	(73,093)	546,149
Investment income	127,734	134,236
Total investment returns	**54,677**	**680,422**

11. Tax on profit on ordinary activities

Group

a) Analysis of charge in year

The income tax expense comprises:

	2020 £'000	2019 (restated) £'000
Corporation tax		
Current year – corporation tax	9,879	8,994
Adjustment in respect of prior years	125	7
	10,004	**9,001**
Deferred tax		
Current year	(38)	29
Adjustment in respect of prior years	(113)	(95)
Change in deferred tax charge/(credit) as a result of lowered tax rate	(15)	15
Total tax charge for the year	**9,838**	**8,950**

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:

	2020 £'000	2019 (restated) £'000
Profit on ordinary activities before tax	52,256	57,026
Policyholder tax	3,066	(6,969)
Effect of gross overseas withholding tax	-	-
	55,322	50,057
Profit on ordinary activities multiplied by effective rate of Corporation Tax 19% (2019: 19%)	10,511	9,511
Effects of:		
Non-taxable dividends	(187)	(141)
Income / expenses not taxable/deductible for tax purposes multiplied by effective rate of corporation tax	(17)	12
Adjustments in respect of prior years	(356)	(459)
Effect of lower tax rate	(15)	15
Rate differences	30	12
Other adjustments	(128)	-
	9,838	**8,950**

Company

a) Analysis of charge in year

	2020 £'000	2019 £'000
Deferred tax charge/(credit) (see note 28)	-	-
Total	**-**	**-**

b) Factors affecting tax charge for the year

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	31,124	29,064
Profit on ordinary activities multiplied by effective rate of Corporation Tax 19% (2019: 19%)	5,914	5,522
Effects of:		
Non-taxable dividends	(6,142)	(5,722)
Income/expenses not taxable/deductible for tax purposes multiplied by effective rate of Corporation Tax	9	19
Group loss relief to ISL	219	181
	-	**-**

12. Policyholder income and expenses – Group

	2020 £'000	2019 (restated) £'000
Net income attributable to policyholder returns	(3,066)	7,115
Policyholder tax	3,066	(6,969)

This relates to income and expenses, and the associated tax charges, on policyholder assets and liabilities.

13. Intangible assets – Group

Cost	Software and IP rights £'000	Goodwill £'000	Total £'000
At 1 October 2019	12,505	12,951	25,456
At 30 September 2020	**12,505**	**12,951**	**25,456**
Amortisation			
At 1 October 2019	12,505	-	12,505
Charge for the year	-	-	-
At 30 September 2020	**12,505**	**-**	**12,505**
Net Book Value			
At 30 September 2019	-	12,951	12,951
At 30 September 2020	-	12,951	12,951

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

Amortisation of the software and IP rights is recognised within administrative expenses in the statement of profit or loss and comprehensive income.

Goodwill impairment assessment

In accordance with IFRS, the goodwill is not amortised, but is assessed for impairment on an annual basis. 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 ("CGUs") that are benefitting from the acquisition as follows:

	2020 £'000	2019 £'000
Investment administration services	7,256	7,313
Insurance and life assurance business	5,695	5,638
Total	**12,951**	**12,951**

Other assumptions are as follows:

	2020	2019
Discount rate	8.8%	4.6%
Period on which detailed forecasts are based	5 years	5 years
Long term growth rate	1.0%	-

The recoverable amounts of the above CGUs 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 2025. Post the five year business plan, the growth rate used to determine the terminal value of the cash generating units was based on a long term growth rate of 1.0%.

Based on management's experience, the key assumptions on which management has calculated its projections are net inflows, market growth and expense inflation.

The annual impairment test showed that there was significant headroom in the recoverable amount over the carrying value of the CGUs. There is therefore no indication of impairment.

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.

14. Property, plant and equipment – Group

Cost	Leasehold improvements £'000	Equipment £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
At 1 October 2019	1,728	2,607	186	111	4,632
Additions	-	852	-	-	852
Disposals	-	(152)	-	(9)	(161)
Foreign exchange	4	7	-	1	12
At 30 September 2020	**1,732**	**3,314**	**186**	**103**	**5,335**
Depreciation					
At 1 October 2019	1,008	1,020	127	72	2,227
Charge in the year	148	758	18	22	946
Disposals	-	(149)	-	(9)	(158)
Foreign exchange	1	5	-	1	7
At 30 September 2020	**1,157**	**1,634**	**145**	**86**	**3,022**
Net Book Value					
At 30 September 2019	720	1,587	59	39	2,405
At 30 September 2020	575	1,680	41	17	2,313
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'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

The Company holds no property, plant and equipment.

15. Right of use assets – Property – Group

	Total
	£'000
At 1 October 2019	15,800
Capital contributions in the year	1,032
At 30 September 2020	**16,832**
Net Book Value	
At 30 September 2019	15,800
At 30 September 2020	16,832

	Total
	£'000
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

Cost	**£'000**
Additions on adoption of IFRS 16 – 1 October 2019	5,581
Australian dollar foreign exchange adjustment	5
At 30 September 2020	**5,586**
Depreciation	
Charge in the year	1,615
Foreign exchange adjustment	10
At 30 September 2020	**1,625**
Net Book Value	
At 30 September 2019	-
At 30 September 2020	3,961

Depreciation is calculated on a straight line basis over the term of the lease.

16. Investment in subsidiaries

Company

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 Insurance
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.

17. Deferred acquisition costs

	2020 £'000	2019 £'000
Opening balance	50,443	46,073
Capitalisation of deferred acquisition costs	10,615	11,668
Amortisation of deferred acquisition costs	(7,576)	(7,298)
Change in deferred acquisition costs	3,039	4,370
Closing balance	**53,482**	**50,443**

18. Loans

This note analyses the loans and advances the Company has made. The carrying amounts of loans and advances are as follows:

	2020 £'000	2019 £'000
Loans to third parties	2,716	1,203
Interest receivable on loans	16	9
Total gross loans	**2,732**	**1,209**
Credit loss allowance	(85)	(24)
Total net loans	**2,647**	**1,185**

The loans are measured at amortised cost with the credit loss allowance charged straight to the profit or loss account. The total movement in the credit loss allowance can be seen in Note 23.

19. Investments held for the benefit of policyholders

ILInt	2020 Cost £'000	2020 Fair value £'000	2019 Cost £'000	2019 Fair value £'000
Investments held for the benefit of policyholders	1,346,990	1,534,080	1,218,143	1,440,852
	1,346,990	**1,534,080**	**1,218,143**	**1,440,852**
ILUK				
Investments held for the benefit of policyholders	13,482,294	15,193,128	11,994,153	14,013,917
	13,482,294	**15,193,128**	**11,994,153**	**14,013,917**
Total		**16,727,208**		**15,454,769**

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.

20. Liabilities for linked investment contracts

ILInt	2020 Fair value £'000	2019 Fair value £'000
Unit linked liabilities	1,636,781	1,541,917
	1,636,781	**1,541,917**
ILUK		
Unit linked liabilities	16,476,154	15,123,131
	16,476,154	**15,123,131**
Total	**18,112,935**	**16,665,048**

Analysis of change in liabilities for linked investment contracts

	2020 £'000	2019 £'000
Opening balance	16,665,048	14,489,933
Investment inflows	2,415,445	2,515,577
Investment outflows	(834,454)	(850,772)
Compensation	47	679
Changes in fair value of underlying assets	(72,990)	545,902
Investment income	127,734	134,236
Other fees and charges – Transact	(50,360)	(44,888)
Other fees and charges – third parties	(137,535)	(125,619)
Closing balance	**18,112,935**	**16,665,048**

The benefits offered under the unit-linked investment contracts are based on the risk appetite of policyholders and the return on their selected collective fund investments, whose underlying investments include equities, debt securities, property and derivatives. This investment mix is unique to individual policyholders. When the diversified portfolio of all policyholder investments is considered, there is a clear correlation with the FTSE 100 index and other major world indices, providing a meaningful comparison with the return on the investments.

The maturity value of these financial liabilities is determined by the fair value of the linked assets at maturity date. There will be no difference between the carrying amount and the maturity amount at maturity date.

21. Cash and cash equivalents

	2020 £'000	**2019 £'000**
Bank balances – Instant access	148,617	132,340
Bank balances – Notice accounts	5,500	-
Cash and cash equivalents held for the benefit of the policyholders – instant access – ILUK	1,231,043	1,048,129
Cash and cash equivalents held for the benefit of the policyholders – term deposits – ILUK	51,982	61,085
Cash and cash equivalents held for the benefit of the policyholders – instant access – ILINT	100,716	98,083
Cash and cash equivalents held for the benefit of the policyholders – term deposits – ILINT	1,985	2,982
Total	**1,539,843**	**1,342,619**

Bank balances held in instant access accounts are current and available for use by the Group.

All of the bank balances held in notice accounts require less than 35 days' notice before they are available for use by the Group.

The cash and cash equivalents held for the benefit of the policyholders are held to cover the liabilities for unit linked investment contracts. These amounts are 100% matched to corresponding liabilities.

22. Financial assets at fair value through profit or loss

	Group 2020 £'000	**Group 2019 £'000**
Listed shares and securities	92	69
Gilts	4,959	4,997
	5,051	**5,066**

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

23. Other prepayments and accrued income

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Accrued income	10,956	-	10,390	-
Less: credit loss allowance	(712)	-	(622)	-
Accrued income - net	**10,244**	**-**	**9,768**	**-**
Prepayments	4,168	56	3,314	30
	14,412	**56**	**13,082**	**30**

Movement in the credit loss allowance (for accrued income and loans receivable) is as follows:

	2020 £'000	2019 £'000
Opening credit loss allowance	(646)	(796)
Reduction in credit loss allowance	-	170
(Increase)/decrease during the year	(176)	(20)
Balance at 30 September	(822)	(646)

24. Trade and other receivables

	Group 2020 £'000	Company 2020 £'000	Group 2019 (restated) £'000	Company 2019 £'000
Amounts owed by Group undertakings	-	342	-	86
Amounts due to HMRC	2,227	-	1,384	-
Amount due from policyholders to meet current tax liability	-	-	3,098	-
Other receivables	1,329	-	2,707	-
	3,556	**342**	**7,189**	**86**

Amount due from HMRC is in respect of tax claimed on behalf of policyholders for tax deducted at source.

25. Trade and other payables

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Trade payables	1,716	7	498	-
PAYE and other taxation	1,420	67	1,343	70
Due to Group undertakings	-	56	-	9
Other payables	7,436	49	8,242	49
Accruals and deferred income	7,794	312	6,941	390
	18,366	**491**	**17,024**	**518**

Other payables mainly comprises £6.2m (2019: £5.1m) in relation to bonds awaiting approval and the rent free reserve of £2.5m in 2019.

26. Lease liabilities

Lease liabilities – Property:

	£'000
Lease liabilities on adoption of IFRS 16 – 1 October 2019	8,336
Lease payments	(2,477)
Interest expense	233
Foreign exchange adjustment	(5)
Balance at 30 September 2020	**6,087**
Amounts falling due within one year	2,375
Amounts falling due after one year	3,712

The above table provides a reconciliation of the financial liabilities arising from financing activities.

The total future minimum lease payments of operating leases are due as follows:

Group	Land and Buildings 2020 £'000	Land and Buildings 2019 £'000
Within 1 year	-	2,511
Within 2-5 years	-	6,257
Over 5 years	-	-

The introduction of IFRS 16 has meant that for financial year to 30 September 2020, the land and building lease commitments (which related to the leasehold premises at 29 Clement's Lane, ILInt leasehold premises at 18/20 North Quay on the Isle of Man, and the IAD Pty leasehold premises at 19-25 Camberwell Road, Melbourne, Australia) are not classified as operating leases, but rather finance leases which have been recognised on the balance sheet.

Short term, low value leases include a car park at the ILInt leasehold premises (£4,000) and a franking machine at the ISL premises (£3,000). These lease payments have been charged to the profit or loss account on a straight line basis over the lease terms.

27. Deferred income liability

	2020 £'000	2019 £'000
Opening balance	50,443	46,073
Capitalisation of deferred income	10,615	11,668
Amortisation of deferred income	(7,576)	(7,298)
Change in deferred acquisition costs	3,038	4,370
Closing balance	**53,482**	**50,443**

28. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2019: 17%).

Deferred Tax Asset	**Accelerated capital allowances £'000**	**Share based payments £'000**	**Policyholder tax £'000**	**Other deductible temporary differences £'000**	**Total £'000**
At 1 October 2018	44	-	-	-	44
Charge to income	(44)	110	-	47	113
At 30 September 2019	-	110	-	47	157
Adjustment in respect of prior year	-	108	-	18	127
Adjustment to opening balances	-	-	-	32	32
Excess tax relief charged to equity	-	60	-	-	60
Charge to income	-	124	-	(10)	113
At 30 September 2020	**-**	**402**	-	**87**	**489**

Deferred Tax Liability	**Accelerated capital allowances £'000**	**Share based payments £'000**	**Policyholder tax £'000**	**Other deductible temporary differences £'000**	**Total £'000**
At 1 October 2018	-	-	13,187	-	13,187
Charge to income	60	-	1	-	61
At 30 September 2019	60	-	13,188	-	13,248
Charge to income	61	-	(4,341)	-	(4,280)
At 30 September 2020	**121**	**-**	**8,847**	**-**	**8,968**

The Company has no deferred tax assets or liabilities.

29. Client monies and client assets

2020	**£'000**		**£'000**
Client monies	3,106,978	Amounts due to clients	3,106,978
Client assets	37,985,921	Corresponding liability	37,985,921
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

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

30. Provisions

	Group 2020 £'000	Group 2019 (restated) £'000
Balance brought forward	18,230	13,756
Increase in dilapidations provision	52	38
Increase in ILInt non-linked unit provision	2	3
Increase/(decrease) in ILUK tax provision	6,924	4,632
Release of rent provision	-	(102)
Other provisions	-	(97)
Balance carried forward	**25,208**	**18,230**
Dilapidations provisions	464	413
ILInt non-linked unit provision	41	39
ILUK tax provision	24,703	17,778
	25,208	**18,230**

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.

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. These are expected to be paid to policyholders over the course of the next seven years.

31. Capital redemption reserve – Group

	2020 £'000	2019 £'000
Balance brought forward	2	2
Balance carried forward	**2**	**2**

On 12 December 2013 IFAL was granted authority by shareholders to repurchase £4,500,000 worth of ordinary shares from shareholders. IFAL purchased 45,917 shares, and they were then cancelled, giving rise to a capital redemption reserve of £2,271.

32. Share-based payments

Share-based payment reserve

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Balance brought forward	1,008	880	530	350
Movement in the year	723	190	531	530
Transfer to profit and loss reserve	(33)	-	(53)	-
Balance carried forward	**1,698**	**1,070**	**1,008**	**880**

The reduction in reserves of £33k (2019: £53k) is due to former members of staff leaving the SIP 2005 scheme.

Share schemes

(i) SIP 2005

IFAL 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 entitled all the staff who were employed in October 2005 to Class C shares in IFAL, 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 IFAL.

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 Group in the financial year to 30 September 2020 was £nil (2019: £nil). 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 2020 was £649k (2019: £641k).

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 2020 was £555k (2019: £427k).

(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 2020 was £423k (2019: £194k). 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	2020 Shares (number)	2019 Shares (number)
Shares in the plan at start of the year	251,541	-
Granted	275,249	264,661
Shares withdrawn from the plan	(53,107)	(13,120)
Shares in the plan at end of year	473,683	251,541
Available to withdraw from the plan at end of year	83,569	61,446

Details of the movements in the share scheme during the year are as follows:

SIP 2005	2020 Weighted average exercise price (pence)	2020 Shares (number)	2019 Weighted average exercise price (pence)	2019 Shares (number)
Outstanding at start of the year	0.00	1,630,190	0.00	2,307,274
Shares withdrawn from the plan	0.00	(428,967)	0.00	(677,084)
Shares in the plan at end of year	0.00	1,201,223	0.00	1,630,190
Available to withdraw from the plan at end of year	0.00	1,201,223	0.00	1,630,190

The weighted average share price at the date of withdrawal for shares withdrawn from the plan during the year was 487.76p (2019: 342.39p).

At 30 September 2020 the exercise price was £nil as they were all nil cost options.

PSP	2020 Weighted average exercise price (pence)	2020 Share options (number)	2019 Weighted average exercise price (pence)	2019 Share options (number)
Outstanding at start of the year	0.00	269,511	0.00	-
Granted	0.00	165,132	0.00	275,481
Forfeited	0.00	-	0.00	(5,970)
Outstanding at end of year	0.00	434,643	0.00	269,511
Exercisable at end of year	0.00	-	0.00	-

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	2020	2019
Share price at date of grant	454.5	276.5
Exercise price	Nil	Nil
Expected life	3 years	3 years
Risk free rate	0.52%	0.73%
Dividend yield	1.7%	1.4%
Weighted average fair value per option	431.7 p	**265.1 p**

33. Employee Benefit Trust reserve

Group:

	2020 £'000	2019 £'000
Balance brought forward	(275)	-
Purchase of own shares	(828)	(275)
Balance carried forward	**(1,103)**	**(275)**

Company:

	2020 £'000	2019 £'000
Balance brought forward	(275)	-
Purchase of own shares	(594)	(275)
Balance carried forward	**(869)**	**(275)**

The Employee Benefit Trust ("EBT") was settled 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. IHP is considered to be the sponsoring entity of the EBT, and the assets and liabilities of the EBT are therefore recognised as those of IHP. Shares held in the trust are treated as treasury shares and shown as a deduction from equity.

34. Other reserves – Group

	2020 £'000	2019 £'000
Foreign exchange reserves	(22)	(44)
Non-distributable reserves	5,722	5,722
Non-distributable insurance reserves	501	501

Foreign exchange reserves are gains/losses arising on retranslating the net assets of IAD Pty into sterling.

Non-distributable reserves relate to share premium held by one of the Company's subsidiaries, IFAL, which is classified within other reserves on a Group level.

Non-distributable insurance reserves arose due to the transition from UK GAAP to IFRS in financial year 2015, whereupon actuarial reserving required under the old standards became impermissible under new standards.

35. 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	**2020 £'000**	**2019 £'000**
Integrated Financial Arrangements Ltd	8	11
IntegraFin Services Limited	277	70
IntegraFin Limited	(9)	(9)
IntegraLife UK Limited	4	4
Integrated Application Development Pty Limited	6	1

The Group has not recognised any expected credit losses in respect of related party receivables, nor has it been given or received any guarantee during 2020 or 2019 regarding related party transactions.

Payments to key management personnel, defined as members of the Board, are shown in the Remuneration Report. Directors of the Company received a total of £4.3m in dividends during the year. The number of IHP shares held at the end of the year by key management personnel was 51,256,896, a decrease of 14,477,377 from last year.

All of the above transactions are commercial transactions undertaken in the normal course of business.

36. Contingent liabilities

In January 2020 the Group received notice from HMRC that the inclusion of Integrated Application Development Pty Ltd (IAD) in the UK VAT group was terminated with effect from 16 July 2016. The Group included IAD in the UK VAT group having taken specialist advice to ensure its actions were in accordance with the relevant laws. The consequence of the exclusion of IAD from the UK VAT group is that the services provided from Australia would now be subject to reverse-charge VAT.

The Group has challenged this notification and opened a discussion with HMRC about its intention to exclude IAD from the UK VAT group, therefore the financial implications of this notice, including the timing of any potential payment, remain uncertain, pending the outcome of the reconsideration of the exclusion.

HMRC's notice states that the VAT due since July 2016 until October 2019 will be approximately £4.3m and that going forward there would be an additional annual VAT charge of approximately £1.4m. The Group does not yet know whether HMRC will charge interest and/or a penalty if the appeal to the notification is unsuccessful.

Due to the ongoing uncertainty around the additional VAT charges, pending the outcome of the dialogue with HMRC, the Directors do not believe it would be appropriate to recognise a provision in these financial statements. Payment of the additional VAT charges is considered to be less than probable and this is supported by both the original VAT advice received from specialists when the VAT group was created, and subsequent specialist advice following HMRC's challenge in January 2020.

37. Events after the reporting date

As per the Chair's statement on page 4, a second interim dividend of 5.6 pence per share was declared on 16 December 2020.

38. Dividends

During the year to 30 September 2020 the Company paid interim dividends of £26.2m (2019: £29.8m) to shareholders. The Company received dividends from subsidiaries of £32.3m (2019:£30.1m).

39. Restatement of prior years

Profit after tax for financial year 2019 has been restated to £41.1 million, an increase from £40.1 million, and an adjustment to 2019 opening retained earnings has been made of £5.4m.

The restatement of profit after tax across prior years is due to the identification of an error in the calculation of the policyholder tax provision (over) in the subsidiary, ILUK, which is one of the elements of the Group's insurance and life assurance segment. The error was due to corporate expenses being deducted in the policyholder tax calculation resulting in an overprovision of tax reserves due back to policyholders. As a result, there has been a release of the policyholder tax provision to the retained earnings as at 1 October 2018 and to the statement of profit or loss and other comprehensive income in 2019.

The above change has been reflected by restating each of the affected financial statement line items for the periods as follows:

a) Statement of Profit or Loss and Other Comprehensive Income (extract)

	2019 £'000	Increase to profit £'000	2019 (restated) £'000
Other income included within administration expenses	(49,726)	953	(48,773)
Operating profit attributable to shareholder returns	**48,613**	**953**	**49,566**
Profit on ordinary activities before taxation	**56,073**	**953**	**57,026**
Profit before shareholder taxation	**48,958**	**953**	**49,911**
Policyholder tax	(7,115)	146	(6,969)
Shareholder tax	(8,811)	(139)	(8,950)
Profit after policyholder and shareholder tax	**40,147**	**960**	**41,107**
Earnings per share – basic and diluted	12.1	0.3p	12.4p

b) Statement of Financial Position (extract)

	2019 £'000	Increase/ (decrease) £'000	2019 (restated) £'000
Trade and other receivables	6,510	679	7,189
Total current assets	**16,822,046**	**679**	**16,822,725**
Provisions	24,564	(6,334)	18,230
Current tax liability	3,342	645	3,987
Total liabilities	**16,773,669**	**(5,690)**	**16,767,979**
Net assets	**115,518**	**6,369**	**121,887**
Retained earnings	105,291	6,369	111,660
Total equity attributable to equity holders	**115,518**	**6,369**	**121,887**

c) Statement of Financial Position (extract)

	1 October 2018 £'000	Increase/ (decrease) £'000	1 October 2018 (restated) £'000
Trade and other receivables	4,058	533	4,591
Total current assets	**14,628,530**	**533**	**14,629,063**
Provisions	19,137	(5,381)	13,756
Current tax liability	3,195	507	3,702
Total liabilities	**14,585,672**	**(4,874)**	**14,580,798**
Net assets	**104,943**	**5,407**	**110,350**
Retained earnings	94,899	5,407	100,306
Total equity attributable to equity holders	**104,943**	**5,407**	**110,350**

40. Restatement of presentation

In addition to the restatement explained above, certain comparatives have been reclassified due to an error in presentation in prior years.

This has the effect of reflecting items of income, expenses, gains and losses relating to the Group's insurance and life assurance segment on a gross basis, rather than on a net basis.

In addition, cash held by the Group's insurance and life assurance segment, for the benefit of policyholders has been separately disclosed in cash and cash equivalents.

These changes have no effect on net assets or overall profit.

Details of these changes are shown below.

a) Statement of Profit or Loss and Other Comprehensive Income (extract)

	2019 £'000	Increase to profit £'000	2019 (restated) £'000
Investment returns	37	680,385	680,422
Fee and commission expenses	-	(125,618)	(125,618)
Change in investment contract liabilities	-	(554,767)	(554,767)

b) Statement of Financial Position (extract)

	2019 £'000	Increase/ (decrease) £'000	2019 (restated) £'000
Cash and cash equivalents	132,340	1,210,279	1,342,619
Investments held for the benefit of policyholders	16,665,048	(1,210,279)	15,454,769

c) Statement of Financial Position (extract)

	1 October 2018 £'000	Increase/ (decrease) £'000	1 October 2018 (restated) £'000
Cash and cash equivalents	116,849	1,113,452	1,230,301
Investments held for the benefit of policyholders	14,489,933	(1,113,452)	13,376,481

d) Statement of Cash Flows (extract)

	2019 £'000	Increase/ (decrease) £'000	2019 (restated) £'000
Cash flows from operating activities			
(Increase) in investments held for the benefit of policyholders	-	(2,078,288)	(2,078,288)
Increase in liabilities for linked investment contracts	-	2,175,115	2,175,115
Increase in cash	15,511	96,827	112,338
Cash and cash equivalents at the beginning of the year	116,849	1,113,452	1,230,301
Cash and cash equivalents at the end of the year	**132,340**	**1,210,279**	**1,342,619**

OTHER INFORMATION

DIRECTORS, COMPANY DETAILS, ADVISERS

Executive Directors

Ian Taylor

Michael Howard

Alexander Scott

Jonathan Gunby (appointed 2nd March 2020)

Non-Executive Directors

Richard Cranfield

Christopher Munro

Neil Holden

Caroline Banszky

Victoria Cochrane

Robert Lister

Company Secretary

Helen Wakeford

Independent Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Solicitors

Eversheds Sutherland (International) LLP
One Wood Street
London
EC2V 7WS

Corporate Advisers

Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

Principal Bankers

NatWest Bank Plc
135 Bishopsgate
London
EC2M 3UR

Registrars

Equiniti Group plc
Sutherland House
Russell Way
Crawley
RH10 1UH

Registered Office

29 Clement's Lane
London
EC4N 7AE

Investor Relations

Jane Isaac
020 7608 4900

Website

www.integrafin.co.uk

Company number

08860879

OTHER INFORMATION

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
Gross 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

ALTERNATIVE PERFORMANCE MEASURES

Various alternative performance measures are referred to in the Annual Report, which are not defined by IFRS. They are used in order to provide better insight into the performance of the Group. Further details are provided below.

FUD – represents the total market value of all cash and investments on the platform. The value of FUD is the primary driver of revenue as it forms the basis of annual commission payable which is the largest component of Group revenue.

Net inflows – represent the net new business onto the platform, which is the gross new business onto the platform less the business leaving platform. Net inflows are a key driver of FUD, and therefore revenue.

Investment in the business – represents the total amount spent on platform development in the year. This is a combination of staff costs and training, as well as capital and operating expenditure on software and equipment.

Operating Margin – represents operating profit divided by revenue. Operating margin is a measurement of the efficiency of the Group's business model in converting revenue into profits.

Shareholder returns – represent the total dividend per share relating to a financial year. There are generally two dividend payments relating to each financial year, so shareholder returns represent the total dividend per share of the two dividends.

M137 September 2020

IntegraFin Holdings plc,
29 Clement’s Lane, London, EC4N 7AE
Tel: (020) 7608 4900 Fax: (020) 7608 5300

(Registered office: as above; Registered in England and Wales under number: 08860879)
The holding company of the Integrated Financial Arrangements Ltd group of companies.